



The ARAG Group: The dynamic positive growth trend continues

Key figures

ARAG Holding SE (in million EUR)	2015	+/-	2014
Gross written premiums	1,656.1	4.3 %	1,588.2
Expenditures for insurance claims for own account	974.6	- 1.1 %	985.9
Claims ratio	59.7 %	- 3.2 %-pts.	62.9 %
Costs of insurance business for own account	530.7	3.8 %	511.5
Cost ratio	32.5 %	- 0.1 %-pts.	32.6 %
Underwriting result for own account	66.1	9.1 %	60.6
Income from capital investments	211.0	- 22.9 %	273.5
Profit on ordinary activities	66.7	- 21.1 %	84.5
Net income before external components	29.2	- 38.1 %	47.2

- **ARAG Group reports strong growth at 4.7 percent**
- **Premium growth well ahead of the market average in Germany**
- **7.7 gain in premium revenues in international markets**
- **Customer base in Germany grows by 1.3 percent**
- **Positive earnings in all segments**
- **Underwriting result up once again in spite of business expansion**
- **Group profits from its focus on property and health insurance**
- **Forecast for 2016: continued business growth**

"The ARAG Group presented itself in excellent shape in 2015. We are clearly performing much better than our competitors in some segments. That is the result of many years of meticulous effort of the kind that is possible only within the stable environment of a family enterprise," explained Dr. Paul-Otto Faßbender, Chairman, CEO and majority shareholder of the ARAG Group, at the Annual Press Conference. The Düsseldorf family enterprise reported premium income amounting to 1.65 billion EUR for fiscal year 2015. The Group's German insurance business grew by 2.6 percent, well ahead of the market average of 0.6 percent. Premium revenues from the international legal insurance business rose by 7.7 percent – an even larger gain than that achieved in 2014. Overall, ARAG posted a 4.3 percent increase in premium income – once again the best result in years. This growth was based on a real increase in the insurance portfolio: The policy portfolio grew from 6.4 million to 6.6 million. Total Group revenue – including service companies – rose by 4.7 percent to 1.72 billion EUR. In spite of the substantial business expansion, the underwriting result increased by a solid 9.1 percent from 60.6 million EUR to 66.1 million EUR. Under the influence of a difficult capital market environment, profit on ordinary activities declined from the record figure of 84.5 million EUR (2014) to 66.7 million EUR in 2015.

The Group significantly improved its underwriting result, thus underscoring its high operational productivity. The marked increase in premium income combined with the profit on ordinary activities exerted strong downward pressure on the Group's combined ratio, which improved from 95.5 percent



to 92.3 percent – the best result posted in the past ten years. ARAG paid benefits amounting to 974.6 million EUR (2014: 985.9 million EUR) to policyholders during the past fiscal year. The Group claims ratio declined accordingly from 62.9 to 59.7 percent in 2015. At 32.5 percent, the cost ratio remained virtually unchanged as compared to the previous year (32.6 percent). Group equity capital rose from 400.6 million EUR to 426.5 million EUR during the reporting year. In spite of this increase in equity capital and the influence of weak capital markets, the Group achieved a very good return on equity (after taxes) of 7.1 percent. “As majority shareholder, I feel that my investments are in good hands with ARAG,” emphasized Dr. Paul-Otto Faßbender.

As the largest single business segment served by the ARAG Group, **legal insurance** presented itself in excellent shape during the past fiscal year and posted a gain of nearly 55 million EUR in gross premium income. Gross premium revenues rose by a further solid 6.9 percent from 787 million EUR to 842 million EUR. Premium income from international operations increased by 7.7 percent from 474.8 million EUR to 511.2 million EUR. Especially gratifying gains were achieved in Spain, Scandinavia and the US. The large markets in Italy and the Netherlands contributed significantly as well. The German legal insurance business grew ahead of the market average once again in 2015. Premium income from self-contracted business rose by 6 percent from 291.2 million EUR to 308.9 million EUR, clearly surpassing the market average of 4.0 percent. The growth in acquired business resulted in an increase in total gross premium revenues to 330.5 million EUR (2014: 312.5 million EUR).

Business in the Group’s **composite segment** is growing and proving highly profitable. Premium income rose by 3.3 percent from 238.8 million EUR to 246.6 million EUR. Hurricane “Niklas” caused substantial damage in some areas and generated an increase in the number of building insurance claims. Nevertheless, the growth in premium income contributed to a marked decline in the claims ratio from 56.1 percent to 52.5 percent.

ARAG’s strengthened its position as a high-quality partial-cost insurer in the German **health insurance market** in fiscal year 2015. The number of customers in this segment rose by 4 percent, while the full-coverage insurance business remained practically stagnant along with the market as a whole. Total premium income from private health insurance rose ahead of the market average of 1.5 percent, with a 2.1 percent gain from 340.5 million EUR to 347.5 million EUR.

In the **life insurance segment**, ARAG was one of the first German insurers to reduce sales commissions significantly effective 1 January 2015 in accordance with the new Life Insurance Reform Act (LVRG) during the low-interest phase. As a result, premium income declined by 0.6 percent from 221.6 million EUR to 220.3 million EUR. Although the decline was less severe than expected, total premium income from new business fell markedly from 687.2 million EUR to 461 million EUR.



Outlook for the current fiscal year 2016

The positive business growth achieved in 2014 and 2015 is expected to continue in 2016, as indicated by the results achieved during the first half of the year. During the first six months of the current fiscal year, Group premium income has risen by 4.3 percent to 890 million EUR (first half of 2015: 853.2 million EUR). That is the strongest first half year ARAG has experienced in more than ten years. This growth trend has been driven by both national and international business operations. Business continues to progress positively and dynamically outside of Germany. Revenue from international business is expected to grow by 6.7 percent to 320 million EUR. In the largest markets, the ARAG branches in Spain and Italy have posted particularly strong growth rates of 10.5 and 22.2 percent, respectively. ARAG's US subsidiary, ARAG North America, has also had a very good first half year marked by 9.3 percent growth. ARAG plc in Great Britain has actually posted a steep revenue gain of nearly 30 percent. ARAG remains on course for growth ahead of the market average in Germany as well. Premium income in Germany will rise by 3.1 percent from 553.7 million EUR to 570.7 million EUR. The German legal insurance business is showing significant growth once again (6.5 percent), and business in the composite segment is also up by 5.4 percent. The Health insurance business continues to show strong growth as well, with a gain of 2.7 percent.

“Business performance in 2015 and the very good start we have made in 2016 clearly show that the ARAG Group is truly in very good shape. We at ARAG rely on precise attention to detail and a concerted team effort,” emphasized Chairman and CEO Dr. Paul-Otto Faßbender. The greatest challenge will be to maintain this positive growth trend. “The ARAG Group has the potential to achieve even more in the interest of our customers in the future. That is our credo, and it will continue to guide us in everything we do,” added Dr. Paul-Otto Faßbender.

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The **ARAG Group** is the largest family enterprise in the German insurance industry. ARAG has positioned itself as a versatile quality insurer. In addition to specializing in legal insurance, ARAG also offers its customers needs-based products and services from a single source through its strong subsidiaries in the German composite, health and life insurance segments as well as international branches, subsidiaries and shareholdings in 14 other European countries and the U.S. – many of which hold leading positions in their respective legal insurance markets. With 3,800 employees, the Group generates revenue and premium income amounting to over 1.7 billion EUR.

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Board of Management Dr. Dr. h. c. Paul-Otto Faßbender (Chairman) · Dr. Renko Dirksen · Dr. Johannes Kathan · Dr. Matthias Maslaton · Werner Nicoll · Hanno Petersen · Dr. Joerg Schwarze **Seat and court of registry** Düsseldorf · HRB 66846 · VAT ID.: DE 119 355 995