



**ARAG's continuing success confirmed by growth and earnings gains in 2014**

**Key figures**

<b>ARAG Holding SE (in million EUR)</b>	<b>2014</b>	<b>+/-</b>	<b>2013</b>
Gross written premiums	1,588.2	3.8%	1,530.1
Expenditures for insurance claims for own account	985.9	5.4%	935.7
Claims ratio	62.9%	1.2 %-pts.	61.7%
Costs of insurance business for own account	511.5	5.4%	485.4
Cost ratio	32.6%	0.6 %-pts.	32.0%
Underwriting result for own account	60.6	15.4%	52.5
Income from capital investments	273.5	22.9%	222.6
Profit on ordinary activities	84.5	11.0%	76.1
Net income before external components	47.2	- 3.3%	48.8

- **The ARAG Group's insurance business grows by 3.8 percent**
- **Number of new customers up by 14.5 percent in Germany alone**
- **Good growth in legal insurance and composite segments as well as in health insurance**
- **Strong 6.4 percent growth in premium income from international legal insurance business**
- **German legal insurance business posts growth at a rate of 2.8 percent above market average**
- **Underwriting result improved by 15.4 percent**
- **New high in net income before tax and external components: 84.5 million EUR**
- **Forecast for 2015: continued promising and dynamic business growth**

"ARAG demonstrated considerable agility and a very healthy constitution in 2014. We have come up with a formula that enables us to extend our business successfully, solidly, and quietly," noted ARAG Chairman, CEO, and majority shareholder Dr. Paul-Otto Faßbender in his address at the Annual Press Conference. The Düsseldorf family enterprise reported premium income amounting to 1.59 billion EUR for fiscal year 2014. The Group's German insurance business grew by 2.5 percent, well ahead of the market average, while the international insurance business shows a solid gain of 6.4 percent. Overall, ARAG posted a 3.8 percent increase in insurance income and thus achieved its best growth rate in years. This growth was based on a real insurance portfolio increase: The policy portfolio grew from 5.7 million to 6.4 million. Including service companies, total Group revenue rose by 4.1 percent to 1.65 billion EUR. Profit on ordinary activities increased by a substantial 11 percent to 84.5 million EUR. "Thus we actually exceeded the already good forecasts for fiscal year 2014," emphasized Dr. Paul-Otto Faßbender.

The Group improved its underwriting result for the third year in a row, thus underscoring its high operational productivity. The underwriting result increased by 15.4 percent to 60.6 million EUR in fiscal year 2014 – in spite of higher outlays necessitated by the increase in attorneys' fees and court costs in Germany and rising expenditures for commissions resulting from the expansion of new business in Germany and international markets. The combined ratio rose accordingly from 93.7 to 95.5 percent. ARAG made insurance payments for its customers amounting to 985.9 million EUR (2013: 935.7 million



EUR). This increase is largely attributable to the rise in attorneys' fees and court costs in Germany. The Group claims ratio rose to 62.9 percent, up slightly from 61.7 percent in 2013. Due to the increased expenditures for commissions, the rise in premium income resulted in a slightly higher cost ratio of 32.6 percent (2013: 32.0 percent). Group equity capital rose from 394.1 million EUR to 400.6 million EUR during the fiscal year. In spite of this increase in equity capital, the Group achieved a very good return on equity of 12.7 percent (2013: 13.5 percent).

As the largest single business segment served by the ARAG Group, **legal insurance** presented itself in excellent shape during the past fiscal year. The good growth achieved in 2013 was exceeded in 2014. Premium income rose by 5.4 percent from 746.9 million EUR to 787.2 million EUR. Profit on normal activities improved markedly, thanks to the highly profitable international legal insurance business, rising from 36.6 million EUR to 43.9 million EUR. Thus the legal insurance segment is the Group's largest source of income. Premium income from international business increased by 6.4 percent from 446.3 million EUR to 474.8 million EUR. The branches in southern Europe battled their way through the recession with very good results and are now contributing more and more impulses for growth. The legal insurance business in Germany grew ahead of the market average for the first time in a long while. Premium income from self-contracted business rose by 2.8 percent from 283.6 million EUR to 291.4 million EUR. The growth in acquired business resulted in an increase in total premium revenues of 312.5 million EUR (2013: 300.6 million EUR).

Premium income in the **composite segment** grew by 5.4 percent from 226.5 million EUR to 238.8 million EUR, following a slight decline in premium revenues in 2013. Spring storm "Ela" generated a slight increase in the volume of residential building insurance claims. At 28.0 million EUR, profit from ordinary activities in this segment practically matched the goods results recorded in 2013. Thus the composite segment remains a highly stable source of income for the Group and second only to legal insurance.

ARAG's **health insurance business** proved quite agile once again following the planned growth pause in 2013. Premium income rose ahead of the market average (by 1.5 percent). Premium revenues increased by 2.7 percent from 331.7 million EUR to 340.5 million EUR. The number of new customers rose by 14 percent as compared to the previous year. ARAG health insurance benefited in particular from its traditionally strong role as an attractive supplementary insurer. In addition to this growth, the profitability of this segment improved as well, as underscored by the underwriting result, which was nearly 40 percent higher than in 2013. Premium income in the **life insurance business** declined under the influence of low interest rates from 225.0 million EUR to 221.6 million EUR. The first effects of the decision to reduce sales commissions significantly were also apparent in this segment. ARAG was one of the first insurers to respond rapidly and clearly to the new Life Insurance Reform Act (LVRG) and implement a reduction of sales commissions in accordance with the new law during the past year.



### **Outlook for the current fiscal year 2015**

Fiscal year 2015 has progressed in a promising and dynamic manner thus far. Total premium income earned during the first half of 2015 is up by 3 percent from 825.7 million EUR to 850,1 million EUR. ARAG has increased its income from international business by 4.1 percent from 287.6 million EUR to 299.4 million EUR. Premium revenues have grown at an especially good rate in Spain (+9.4 percent), the UK (+13.5 percent), and the U.S. (+4.6 percent). The still young business in Scandinavia continues to show strong growth of nearly 20 percent. ARAG has also achieved further gains in the German market during the first half of the year – at a rate of 2.3 percent. Particularly noteworthy in this context is the performance of the property insurance segment. The German legal insurance business has achieved its best start in 15 years, with a 4.5 increase in premium income. The German composite insurance segment also recorded very good growth of 4.1 percent. The health insurance business of ARAG’s personal insurance providers will continue to grow at a calm and solid rate of nearly 2 percent. A slight decline in income from life insurance is expected due to the new pre-financing costs incurred in connection with the LVRG.

“Growth, earnings, and financial strength have improved progressively at ARAG over the past several years. We clearly profit from our diversified business model – both nationally and internationally,” noted Chairman and CEO Dr. Paul-Otto Faßbender. A great deal, he added, now depends on ARAG’s ability to work consistently and with total commitment to strengthen its position while continuing to focus on the needs of its customers.

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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 affiliates in 13 other European countries and the U.S. – many of which hold leading positions in their respective legal insurance markets. With 3,700 employees, the Group generates revenue and premium income amounting to over 1.6 billion EUR.

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**Board of Management** Dr. Dr. h. c. Paul-Otto Faßbender (Chairman) · 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