2024
Annual Report

ARAG Allgemeine Versicherungs-AG
Single-entity financial statements
and management report

Contents

Overview of the Company

I. Profile of the ARAG Group

Overview

The ARAG Group is the largest family enterprise in the German insurance industry and the leading legal insurer worldwide. When it was founded 90 years ago, the Company focused purely on legal insurance. Today, ARAG positions itself as an innovative and high-quality insurer that is international and independent. In addition to legal insurance, its portfolio in Germany includes effective, needs-based products and services covering health insurance and casualty and property insurance. The Company aims to generate growth across all insurance segments in Germany and to exploit the potential for expansion in the international legal insurance business.

ARAG SE is responsible for operational Group management and the legal insurance operating business at both domestic and international levels. The ARAG insurance and service companies are responsible for the other lines of business and the related operational management. ARAG Holding SE manages the assets and is the parent company of the Group from a company law perspective.

Legal insurance

In its core legal insurance segment, ARAG is growing rapidly in both Germany and abroad and plays a major role in shaping its markets with innovative products and services. The international legal insurance business is the Group's most significant area of activity. Worldwide, the Group helps its legal insurance customers with just over 1.2 million cases per year, thereby playing its part in resolving sometimes existential legal problems.

Personal insurance

In the private health insurance market, ARAG Krankenversicherungs-AG (ARAG Health) offers a broad range of products with outstanding customer benefits, emphasizing its appeal as one of the best providers of full-coverage and supplementary health insurance. ARAG Core Sales also offers products from a strategic partner, complementing ARAG's services with a retirement pension offering.

Casualty and property insurance

In a fiercely competitive market, ARAG Allgemeine Versicherungs-AG is demonstrating its strength as a competitive provider of property, liability, and accident insurance policies. This company is also Germany's largest sports insurer, providing cover for more than 20 million recreational sports participants and top-ranking athletes across the country. Its subsidiary Interlloyd specializes in attractive brokering products in the commercial and private customer segments, adding a further dimension to the Group's portfolio.

II. Key Figures

Key figures

(€'000)	2024	2023	2022
Sales revenue			
Gross premiums written	224,991	213,839	220,093
Premiums earned net of reinsurance	214,479	206,242	210,285
Expenses			
Claims incurred net of reinsurance	130,693	108,159	101,936
Insurance business operating expenses net of reinsurance	95,356	90,981	93,925
Net income overview			
Underwriting result before equalization provision, gross	– 14,433	12,007	16,106
Underwriting result before equalization provision, net of reinsurance	– 12,406	6,082	13,576
Underwriting result after equalization provision, net of reinsurance	– 3,617	9,481	8,618
Gains and losses on investments	14,471	6,924	1,230
Other net income / expense	– 1,947	– 3,746	– 4,761
Profit / loss from ordinary activities	8,907	12,658	5,086
Net income for the year (before profit transfer under profit-and-loss transfer agreement)	8,681	12,158	4,941
Technical provisions / net premiums earned	132.2%	136.1%	136.8%
Equity / premiums earned net of reinsurance	25.8%	26.8%	26.3%
Key ratios			
Claims ratio, net (basis: premiums earned)	60.9%	52.4%	48.5%
Cost ratio, net (basis: premiums earned)	44.5%	44.1%	44.7%
Net yield	4.0%	2.0%	0.4%
Current average yield	2.6%	2.0%	1.2%

Management Report

I. Company Fundamentals

Business model

The ARAG Group is the largest family enterprise in the German insurance industry and the leading legal insurer worldwide. Its Group companies operate in the health, property, liability, and accident insurance segments in Germany. Service companies and brokerage firms round off the ARAG Group's service offering and support the operating insurance companies. Including Germany, the Group currently operates in a total of 20 countries through branches, subsidiaries, and equity investments.

ARAG Allgemeine offers modular insurance cover for accident insurance, liability insurance, and private property insurance (mainly composite residential buildings and home contents insurance) to its predominantly private and small business customers.

ARAG Allgemeine also considers itself to be a partner of the sports community, based on long-established ties in this area of business. The Company provides needs-based insurance cover for insured clubs and associations involved in sports and the arts, largely under group and supplementary insurance policies. In addition to its head office in Düsseldorf, ARAG Allgemeine maintains 15 offices at insured state sports associations and one office at the German Ski Association.

Territory

The territory covered by ARAG Allgemeine encompasses the Federal Republic of Germany and, for some classes of insurance, the United Kingdom and the Republic of Ireland. The UK branch is being wound up. The permanent establishment in the Republic of Ireland opened in 2019.

Segments and classes of insurance

The Company's operations cover direct business in the following segments and classes of insurance:

Accident insurance
- Individual accident insurance without premium refunds
- Group accident insurance without premium refunds
- Motor accident insurance

Liability insurance
- Personal liability insurance
- Commercial general liability and professional indemnity insurance
- Environmental liability insurance
- Financial loss liability insurance
- Sundry and non-itemized liability insurance

Motor insurance
- Motor liability insurance
- Full-coverage vehicle insurance
- Cost-share vehicle insurance

Legal insurance

Fire insurance
- Industrial fire insurance
- Agricultural fire insurance
- Miscellaneous fire insurance

Burglary, theft, and robbery insurance

Water damage insurance

Glass insurance

Storm and tempest insurance
- Storm and tempest insurance with/without cover for other natural disasters

Composite home contents insurance
- Composite home contents insurance with/without cover for other natural disasters

Composite residential buildings insurance
- Composite residential buildings insurance with/without cover for other natural disasters

Technical insurance
- Electronic equipment insurance
- Construction contractors' all risks insurance
- Sundry and non-itemized technical insurance

Marine insurance

Insurance for additional risks under fire insurance and under insurance for business interruption caused by fire (extended coverage [EC] insurance)

Business interruption insurance
- Insurance for business interruption caused by fire
- Insurance for business interruption caused by technical failure
- Miscellaneous business interruption insurance

Emergency assistance insurance
- Special service package insurance
- Sundry and non-itemized assistance insurance

Miscellaneous indemnity insurance
- Miscellaneous property insurance (including cycle and baggage insurance)
- Miscellaneous consequential loss insurance (including pet health and loss of rent insurance [tenant default])
- Miscellaneous endowment insurance
- Fidelity insurance
- Sundry and non-itemized miscellaneous indemnity insurance

The Company's operations cover inward reinsurance business in the following segments and classes of insurance:

Accident insurance
- Individual accident insurance without premium refunds
- Group accident insurance without premium refunds
- Sundry and non-itemized general accident insurance

Liability insurance
- Personal liability insurance
- Commercial general liability and professional indemnity insurance
- Environmental liability insurance
- Financial loss liability insurance
- Carrier's liability insurance
- Sundry and non-itemized liability insurance

Legal insurance

Fire insurance
- Miscellaneous fire insurance

Burglary, theft, and robbery insurance

Water damage insurance

Glass insurance

Storm and tempest insurance
- Storm and tempest insurance with/without cover for other natural disasters

Composite home contents insurance
- Composite home contents insurance with/without cover for other natural disasters

Composite residential buildings insurance
- Composite residential buildings insurance with/without cover for other natural disasters

Technical insurance
- Electronic equipment insurance
- Construction contractors' all risks insurance
- Sundry and non-itemized technical insurance

Marine insurance

Insurance for additional risks under fire insurance and under insurance for business interruption caused by fire (extended coverage [EC] insurance)

Business interruption insurance
- Insurance for business interruption caused by fire
- Insurance for business interruption caused by technical failure
- Miscellaneous business interruption insurance

Emergency assistance insurance
- Special service package insurance
- Sundry and non-itemized assistance insurance

Miscellaneous indemnity insurance
- Miscellaneous property insurance (including exhibition, cycle, and camera insurance)
- Miscellaneous consequential loss insurance (including pet health and loss of rent insurance [insured events])
- Miscellaneous endowment insurance
- Sundry and non-itemized miscellaneous indemnity insurance

Customers who have taken out an AUB 2007, AUB 2012, or AUS 2016 version of the ARAG Unfall-Schutz accident insurance policy (general terms and conditions of accident insurance 2007, general terms and conditions of accident insurance 2012, and general terms and conditions of accident insurance 2016 respectively) also continue to enjoy a bonus in the form of a special payment in the event of a successful claim, depending on the length of time the policy has been in force. The bonus entitlement is published in the Company's annual report and applies to all new claims submitted in the 2024 and 2025 financial years in respect of accidents occurring in 2024 and 2025.

In addition to the contractually agreed benefits, holders of an AUB 2007, AUB 2012, or AUS 2016 version of the ARAG Unfall-Schutz accident insurance policy receive, in the event that benefits are paid out under the policy, the following bonus (as a percentage of the contracted benefits) in accordance with the special terms and conditions of the insurance:

Bonus

Number of complete years policy in force	Benefit bonus level	2024/2025 bonus declaration Benefit type		
		Disability	Accident disability	Death
1	1	0.0%	0.0%	0.0%
2	2	3.0%	3.0%	3.0%
3	3	6.0%	6.0%	6.0%
4	4	8.0%	8.0%	8.0%
5	5	10.0%	10.0%	10.0%
6	6	10.0%	10.0%	10.0%
7	7	11.0%	11.0%	11.0%
8	8	11.0%	11.0%	11.0%
9	9	12.0%	12.0%	12.0%
10	10	12.0%	12.0%	12.0%
11	11	13.0%	13.0%	13.0%
12	12	13.0%	13.0%	13.0%
13	13	14.0%	14.0%	14.0%
14	14	14.0%	14.0%	14.0%
15	15	15.0%	15.0%	15.0%
16	16	15.0%	15.0%	15.0%
17	17	15.0%	15.0%	15.0%
18	18	15.0%	15.0%	15.0%
19	19	15.0%	15.0%	15.0%
20	20	15.0%	15.0%	15.0%
21	21	15.0%	15.0%	15.0%
22	22	15.0%	15.0%	15.0%
23	23	15.0%	15.0%	15.0%
24	24	15.0%	15.0%	15.0%
25 or more	25	15.0%	15.0%	15.0%

II. Economic and Sector Conditions

Macroeconomic backdrop

The German insurance industry was once again affected by upheaval and global uncertainties in 2024. Broadly speaking, the German economy was increasingly thwarted by economic and structural problems. The Russian Federation’s ongoing war of aggression against Ukraine and the conflicts in the Middle East meant that concerns surrounding the economic and political outlook persisted. Structural issues emerged in relation to the competitiveness of capital goods and energy-intensive sectors in light of high energy prices and increasing competition from high-quality industrial goods from the Far East. Despite a significant rise in wages in real terms, consumer spending and investment by private households barely picked up. Energy prices stabilized at a lower level following the highs seen in previous years. In mid-2024, the European Central Bank (ECB) began to lower interest rates again. Overall, inflation weakened and, according to the German Council of Economic Experts, was well below the prior-year level at around 2.2 percent in 2024 (2023: 5.9 percent) and within the ECB’s target range.

The macroeconomic situation remains volatile, shaped by flatlining growth, high costs, and persistent geopolitical uncertainty. General developments will therefore be continuously monitored to ensure that individual companies can respond quickly and appropriately if need be.

Insurance industry

Based on provisional information from the German Insurance Association (GDV), the volume of business in the insurance industry in Germany is expected to have remained stable in 2024. Across all insurance segments, a notable premium increase of 5.3 percent overall is anticipated (2023: increase of 1.4 percent), with casualty and property insurance and private health insurance – business lines in which the ARAG Group operates – particularly contributing to this industry growth. In direct casualty and property insurance business, the overall market is expected to have grown by 7.8 percent (2023: 7.4 percent). A key growth driver in 2024 was composite residential buildings insurance with anticipated growth of 12.0 percent (2023: 16.5 percent), primarily forged through renewed premium and index adjustments. Legal insurance is also expected to have grown, by 5.0 percent (2023: 2.3 percent), on the back of higher premiums in new business and sustained growth in existing business in 2024. In the private health insurance business, the GDV is forecasting a premium increase of 6.3 percent (2023: 3.2 percent), also primarily thanks to premium adjustments.

III. Business Performance

The business performance of ARAG Allgemeine, broken down by net assets, financial position, and results of operations, is presented using the following KPIs, which have not been weighted. Premiums written and profit before tax are the most important KPIs.

Due to currency amounts being presented in thousands, the precise mathematical amounts may differ from those presented as a result of rounding differences. Those differences may affect totals and percentages.

Results of operations

Premiums
Income from gross premiums written totaled €224,991 thousand in 2024, following €213,839 thousand in the prior year. Of this total, 81.8 percent related to direct business in Germany, which saw gross premiums written rise by 6.5 percent to €184,149 thousand (2023: €172,968 thousand). Whereas premium income at the UK branch fell significantly once again from €3,048 thousand to €122 thousand due to the restructuring of the UK business, Germany saw premium growth that was primarily driven by premium and index adjustments in the composite residential buildings insurance business and a renewed year-on-year increase in the number of new policies underwritten in Germany (including in liability, home contents, and pet health insurance).

Income from gross premiums written in the Company's inward reinsurance business in Germany rose by 5.9 percent in 2024, from €29,465 thousand to €31,194 thousand. This income was almost exclusively attributable to premiums from the wholly owned subsidiary Interlloyd Versicherungs-AG, Düsseldorf, with which ARAG Allgemeine has entered into a quota-share reinsurance treaty. Interlloyd's quota share of 50.0 percent remained unchanged in 2024.

The insurance business brokered through international branch business generated income from gross premiums written of €9,648 thousand (2023: €11,405 thousand), which almost exclusively related to business from the branch in the Republic of Ireland.

After taking into account unearned premiums and after deduction of the external reinsurers' shares, the Company's remaining net premiums earned amounted to €214,479 thousand (2023: €206,242 thousand). The volume of gross premiums ceded to reinsurers went up from €9,849 thousand to €9,981 thousand in the reporting year, a rise of 1.3 percent.

The number of in-force insurance policies came to 2,058,255 at the end of 2024 (December 31, 2023: 1,965,260). Of this total, 1,024,675 (December 31, 2023: 1,000,254) were attributable to the business in Germany and 1,033,580 (December 31, 2023: 965,006) to the international branch business. The growth in in-force policies was primarily attributable to the year-on-year increase in the number of new policies underwritten in Germany.

Policyholder benefits

The total gross expenses for claims incurred came to €141,438 thousand in 2024, compared with €111,028 thousand in 2023.

Overall, the gross claims ratio therefore stood at 63.0 percent (2023: 51.4 percent). Direct insurance business in Germany accounted for €120,297 thousand (2023: €89,914 thousand), which means that the claims ratio before reinsurance in this business was 65.5 percent (2023: 52.3 percent). The rise was due in large part to higher expenses for major claims for the reporting year. All in all, the claims reported for the year in Germany rose by 9.5 percent compared with the prior year.

The claims incurred in inward reinsurance business in Germany amounted to €18,247 thousand in 2024 (2023: €14,619 thousand). This gave rise to a gross claims ratio of 58.6 percent (2023: 50.0 percent).

Gross international branch business accounted for €2,895 thousand (2023: €6,495 thousand), which means that the claims ratio before reinsurance was 30.5 percent (2023: 43.6 percent). The absolute figures once again reflect the discontinuation of active insurance brokerage in the United Kingdom.

The Company's remaining claims incurred net of reinsurance amounted to €130,693 thousand, compared with €108,159 thousand in 2023. Based on premium income earned net of reinsurance, the net claims ratio therefore came to 60.9 percent (2023: 52.4 percent).

Insurance business operating expenses

Gross insurance business operating expenses rose by 4.9 percent to €96,570 thousand in 2024 (2023: €92,039 thousand). The cost ratio before reinsurance came to 43.0 percent (2023: 42.6 percent).

Direct insurance business in Germany accounted for €75,859 thousand (2023: €71,916 thousand). The increase was due to higher commissions as a result of the rise in premium income in Germany. Based on the gross premium income earned in direct insurance business in Germany, the cost ratio stood at 41.3 percent (2023: 41.8 percent).

Insurance business operating expenses in the inward reinsurance business in Germany came to €14,839 thousand (2023: €13,970 thousand). The rise in commissions as a result of growth in premium income led to higher costs in this business too. The cost ratio for this part of the business was 47.7 percent, compared with 47.8 percent in the prior year.

Insurance business operating expenses before reinsurance of €5,872 thousand (2023: €6,153 thousand) were attributable to international branch business. In line with the premiums and claims, this decline was also due to the restructuring of the business in the United Kingdom. The gross cost ratio for the international branch business was 61.9 percent, compared with 41.3 percent in the prior year. This was mainly due to the significant decline in premiums.

Overall, the ratio of insurance business operating expenses net of reinsurance to premiums earned went up by 0.4 percentage points year on year to 44.5 percent.

Results of operations by insurance segment

The business performance of the individual insurance segments in direct insurance and inward reinsurance business was as follows:

Direct insurance and inward reinsurance business

	Accident insurance		Liability insurance		Composite home contents insurance		Composite residential buildings insurance		Legal insurance		Emergency assistance insurance		Miscellaneous insurance		Inward reinsurance business	
(€'000)	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Gross premiums written	48,620	47,348	49,083	46,714	26,181	24,185	22,977	21,168	6,285	8,676	8,588	8,051	29,284	25,973	33,975	31,723
Premiums earned net of reinsurance	45,778	44,889	46,631	44,462	24,293	22,315	21,261	19,249	6,188	10,822	8,605	8,761	27,824	24,327	33,900	31,417
Claims incurred net of reinsurance	22,230	22,269	22,320	15,127	16,480	12,166	22,528	20,449	1,577	3,887	6,947	8,037	19,434	10,102	19,176	16,123
Insurance business operating expenses net of reinsurance	18,297	18,445	19,461	19,007	11,712	10,855	9,997	9,224	4,396	4,823	3,835	2,980	11,662	10,667	15,996	14,981
Underwriting result net of reinsurance before equalization provision	5,466	4,416	4,937	10,440	– 3,939	– 729	– 11,398	– 10,843	214	2,111	– 2,151	– 2,228	– 3,591	3,243	– 1,944	– 327
Change in the equalization provision	0	0	– 954	– 3,296	– 2,903	– 1,000	– 1,316	– 1,326	– 1,931	– 446	0	0	775	4,041	2,462	1,372
Underwriting result net of reinsurance after equalization provision	5,466	4,416	5,890	13,736	– 1,037	271	– 10,082	– 9,517	2,145	2,557	– 2,151	– 2,228	– 4,366	– 797	518	1,044

Reinsurance

The volume of outward reinsurance, measured on the basis of insurance premiums ceded, was up slightly year on year at €9,981 thousand (2023: €9,849 thousand). There were no material changes to the reinsurance program, which continued to focus on insuring the risk from large claims and accumulation losses through non-proportional reinsurance treaties. Reinsurance business was dominated by the settlement of various property, liability, and accident insurance claims in 2024. In total, the reinsurers' underwriting result deteriorated to a loss of €2,027 thousand in 2024 (2023: profit of €5,925 thousand).

Underwriting result

For the aforementioned reasons, the net underwriting result before the equalization provision amounted to a loss of €12,406 thousand in 2024 (2023: profit of €6,082 thousand) and was therefore substantially down on the prior-year figure. The combined ratio net of reinsurance stood at 105.4 percent (2023: 96.6 percent). In accordance with the calculation requirements specified in the German Regulation on the Accounting of Insurance Undertakings (RechVersV), there was a reversal of the equalization provision in an amount of €8,790 thousand on the basis of the trends in claims and premiums (2023: reversal of €3,399 thousand). The underwriting result net of reinsurance after the equalization provision came to a loss of €3,617 thousand (2023: profit of €9,481 thousand).

Gains and losses on investments

Gains and losses on investments at ARAG Allgemeine amounted to a net gain of €14,471 thousand (2023: €6,924 thousand), an increase of €7,547 thousand. The institutional funds that existed until mid-2023 were transferred to a fund of funds structure in 2023. To this end, the individual themed funds were integrated into the Alltri fund, which now functions as a fund of funds. Income from investments of €16,190 thousand was generated in 2024, compared with €11,356 thousand in the prior year. The main components of income from investments were gains on the disposal of investments of €5,406 thousand (2023: €2,966 thousand), income from equity investments of €4,685 thousand (2023: €2,589 thousand), and income under the profit-and-loss transfer agreement with the subsidiary Interlloyd of €2,684 thousand (2023: €3,958 thousand). Expenses for investments amounted to €1,604 thousand in the reporting year (2023: €4,315 thousand). The decline was due in large part to lower losses on disposals of €11 thousand (2023: €2,771 thousand). The write-downs required stood at €84 thousand (2023: €87 thousand). The net yield on investments was 4.0 percent in the year under review (2023: 2.0 percent); the current average yield was 2.6 percent (2023: 2.0 percent).

Other net income/expense

Overall, the Company's other net non-underwriting income/expenses improved year on year, amounting to a net expense of €1,947 thousand (2023: net expense of €3,746 thousand). The improvement was attributable, in particular, to income from an intercompany loss equalization agreement and a lower level of reclassifications to the non-underwriting result at the branches in Germany.

Profit/loss from ordinary activities

Profit from ordinary activities stood at €8,907 thousand (2023: €12,658 thousand).

Net extraordinary income/expense

There was no extraordinary income or expense in either 2024 or 2023.

Net income for the year

Considering the economic conditions and financial key performance indicators, the Company's overall business performance was positive again in 2024.

Under a profit-and-loss transfer agreement, ARAG Allgemeine was required to transfer the full sum of its net income for the year amounting to €8,681 thousand (2023: €12,158 thousand) to the parent company.

Comparison of business performance with the forecast

The comparison of business performance in 2024 with the forecasts made in the 2023 outlook and opportunity report shows that the decrease in gross premiums written was much less pronounced than forecast. At 5.2 percent, the rate of increase in premiums was higher than the rate anticipated in the forecast in the 2023 annual report of around 3 percent. This was due to a higher number of new policies being underwritten than had been budgeted.

Contrary to the forecast, claims incurred net of reinsurance climbed by around €21,071 thousand, chiefly as a result of the increase in major claims for the reporting year. The net claims ratio was around 8.3 percentage points above budget at 60.9 percent.

Insurance business operating expenses, net of reinsurance, were around €1,193 thousand higher than the level forecast in 2023. This was due to commission expenses being higher than the budget. The target combined ratio (net) of below 100 percent was not achieved at 105.4 percent.

Gains and losses on investments fared much better than forecast. In particular, unexpected gains on the disposal of investments and higher income from equity investments and other investments led to a better result than forecast.

Profit after tax was more than one and a half times higher than originally forecast, largely as a result of much higher reversals of the equalization provision than budgeted.

Financial position

The objective of the financial management system is to ensure that the Company holds adequate financial resources and manages its liquidity such that it is able to satisfy its obligations arising from the insurance business at all times and to exceed, rather than simply satisfy, the regulatory requirements concerning the capital adequacy of insurance entities.

In addition to current bank balances and cash on hand of €9,288 thousand (December 31, 2023: €20,261 thousand), the Company has investments at its disposal that can be sold on the capital and financial markets at short notice, thus ensuring that the Company is able to satisfy its payment obligations at all times.

Net assets

The breakdown of investments by asset class was as follows:

Investments breakdown

(€'000/%)	Dec. 31, 2024		Dec. 31, 2023	
Land and buildings	0	0.0%	0	0.0%
Affiliated companies and equity investments	44,777	12.4%	49,589	13.8%
Lending to affiliated companies	0	0.0%	0	0.0%
Equities and investment fund shares/units	163,505	45.1%	171,994	47.7%
Bearer bonds	96,338	26.6%	80,315	22.3%
Loans secured by mortgages or land charges and fixed-income receivables	0	0.0%	0	0.0%
Registered bonds	44,500	12.3%	44,500	12.3%
Promissory notes, loans	12,990	3.6%	13,996	3.9%
Sundry lending	0	0.0%	0	0.0%
Bank deposits	90	0.0%	87	0.0%
Other investments	0	0.0%	0	0.0%
Deposits with ceding insurers	0	0.0%	0	0.0%
Total	**362,201**	**100.0%**	**360,481**	**100.0%**

Further information on the changes in investments and the fair values as of the balance sheet date can be found in the breakdown of investments shown in the notes to the financial statements. The volume of investments designated for permanent use in the insurance business is shown in the disclosures on accounting policies in the notes to the financial statements.

Overall, the Company continues to be able to satisfy all obligations under existing insurance contracts at all times.

Equity
Overall, the equity of ARAG Allgemeine came to €55,323 thousand as of the reporting date (December 31, 2023: €55,323 thousand).

The Company continues to have subscribed capital of €44,000 thousand, capital reserves of €10,491 thousand, statutory reserves of €744 thousand, and other revenue reserves of €89 thousand.

Corporate governance declaration

Targets for the proportion of women in management functions
The ARAG Group firmly believes in the importance of equality and diversity. The development of female managerial staff at all levels is therefore a key priority. ARAG Allgemeine Versicherungs-AG endeavors to continually and permanently increase the proportion of women at the first two management levels below the Management Board as well as on the Management Board itself and on the Supervisory Board.

The targets for the proportion of women in management functions, which were set in 2023 with a deadline of June 30, 2025, remained in place in 2024.

Because no personnel changes are expected at the level of the Supervisory Board in the short term, the target of 0 percent for the period to June 30, 2025 was retained. It tallied with the actual proportion as of June 30, 2024.

The Management Board has a target of 25 percent for the period to June 30, 2025. This also tallied with the actual proportion as of June 30, 2024.

Because no personnel changes are expected at the first management level below the Management Board in the short term, the target of 0 percent for the period to June 30, 2025 was retained. It tallied with the actual proportion as of June 30, 2024.

At the second management level below the Management Board, the actual proportion was 18 percent as of June 30, 2024. The target set for June 30, 2025 remains unchanged at 13 percent, meaning that the target was exceeded in 2024.

Non-financial reporting
ARAG Holding SE prepares a combined non-financial report (ARAG Sustainability Report) in accordance with German accounting standard (GAS) 20 paragraph 111, which is part of the group management report pursuant to section 341j (4) in conjunction with section 315b (1) of the German Commercial Code (HGB) and section 315c in conjunction with sections 289c to 289e HGB.

Pursuant to section 341a (1a) in conjunction with section 289b (1) HGB, ARAG Allgemeine is required to report on non-financial matters. As the Company is included in the group management report issued by its parent company ARAG Holding SE, Düsseldorf, the Company has elected to exercise the exemption option under section 341a (1a) sentence 3 in conjunction with section 289b (3) HGB.

Thanks to ARAG employees, sales partners, customers, and the Works Council
ARAG Allgemeine thanks all its employees and sales partners for their hard work and dedication, and its customers for the trust they have placed in the Company. It also extends its thanks to the employee representatives on the Works Council and its committees for the close and constructive cooperation.

IV. Outlook, Opportunity and Risk Reports

Outlook and opportunity report

According to the forecast produced by the insurance markets commission of the German Insurance Association (GDV), the German insurance markets will continue to generate robust growth in 2025 despite global economic and political uncertainty. This growth will stem from downstream, inflation-related increases in premiums and persistently high demand for innovative and risk-related products.

The GDV believes that premium income in Germany could rise by around 5.0 percent across all insurance segments in 2025. As the economic outlook entails a high level of volatility, legal insurance, in particular, can give customers and consumers peace of mind. The GDV anticipates growth of 4.0 percent in premium income in this segment in 2025. For the casualty and property insurance segment as a whole, the association is forecasting a substantial increase in premiums of 7.5 percent. In private health insurance, the experts are also projecting a rise of 7.5 percent.

Digitalization continues to offer substantial opportunities. The integration of technologies such as artificial intelligence and machine learning mean that it is possible to set up much more efficient administrative channels and, above all, facilitate and develop customer contact, regardless of the time of day or where the parties are located. The huge volumes of data available to insurance companies allow them to perform even more precise risk assessments, offer more personalized policies, or improve their recognition of emerging trends.

The sustainable transformation of the economy and society continues to be one of the defining challenges for the insurance industry, along with digitalization. In terms of regulation, the insurance industry and the banking industry will play a pivotal role.

With its focus on legal insurance and health insurance, the ARAG Group is well positioned for the future in these times of major upheaval and far-reaching global turmoil. The ARAG 5>30 development program, which the Group launched at the end of 2022, specifies five key areas of action that set out the Group's strategic direction in the period up to 2030.

In view of the current opportunities, ARAG Allgemeine believes it has a stable basis on which to be successful and profitable in 2025. The Company's continued objective is to focus on strategic core segments in its private customers business. In the sports insurance business, the Company will maintain its strategy of providing needs-based insurance cover for organizations offering recreational and high-performance sports activities.

For 2025, the Company anticipates premium growth at roughly half the level projected by the GDV for the overall German market. The growth in premiums will result primarily from direct insurance business in Germany, specifically composite residential buildings insurance.

Climate change means that claim figures remain volatile for non-life insurers. The last few years have clearly demonstrated that storms and hurricanes are not the only natural disasters that can hit the whole of a country; natural disaster loss events can also be triggered by hail, heat waves, and rain. In terms of expenses for claims incurred, 2024 saw an extremely high level of major claims for the reporting year, especially in the composite residential buildings insurance business. These figures are expected to return to normal levels in 2025, and the Company anticipates a much lower claims ratio before reinsurance than in 2024.

The gross cost ratio, by contrast, is expected to be slightly higher than in 2024 due to increases in intragroup services.

The projection for gains and losses on investments remains very uncertain, especially in view of the impact of unforeseen geopolitical events on the economy and financial markets, which is still very difficult to predict. In a persistently volatile capital market environment, gains and losses on investments are expected to deteriorate sharply compared with the average for the past two years (excluding any possible profit or loss transfer from the subsidiary Interlloyd).

ARAG Allgemeine is confident that it can maintain its profitability at a high level over the coming years. Overall, taking into account the discernible opportunities, ARAG Allgemeine forecasts that business performance will again be positive in 2025. However, the Company's planning envisages a much lower level of profit after tax being transferred to the parent company ARAG SE in 2025 than was the case in 2024. This is partly due to the anticipated additions to the equalization provision.

Risk report

Risk management system

Risk strategy The objective of pursuing a conservative risk and solvency policy, as specified in the business strategy, provides the framework for the structure of the risk strategy. The risk strategy sets out the Company's risk profile and the structure of the individual risk exposures associated with the strategic business objectives. It also describes the tools for ensuring compliance with the prescribed risk-bearing capacity based on the risk appetite specified by the Management Board. Risks are therefore managed in the round, ensuring at all times that the overall risk profile is consistent with the risk strategy. Risks are quantified and risk-bearing capacity is measured in line with the statutory requirements of Solvency II.

Limit system The maximum permitted solvency capital requirement for the Company is determined on the basis of the risk appetite and the eligible own funds. Using this maximum requirement, the Management Board sets an overall limit that is then apportioned to the most important risks and sub-risks. The limit system is reviewed annually. The utilization of the limits is calculated during the year so that an assessment can then be made as to whether further risks can be assumed or if risks need to be reduced. A traffic light system is used, for both risk-bearing capacity and the limits at risk category level. The system enables ARAG to monitor changes in the utilization of limits and initiate corrective measures if necessary.

ORSA The own risk and solvency assessment (ORSA) process verifies that the changes in the most significant individual risks over the next four financial years will remain manageable, thereby ensuring that the ARAG Group continues to meet the objective of the conservative risk and solvency policy over the long term. To this end, the ORSA process determines ARAG's overall solvency requirement and own funds for each planning year, providing an indication of the future coverage requirement. The Management Board is responsible for the annual ORSA process and takes a lead role in ensuring it is carried out.

Independent risk control function The independent risk control function is responsible for implementing the risk management system. This function is carried out by the Group Risk Management Central Department. Group Risk Management is separate from the operational departments with profit-and-loss responsibility up to Management Board level. The Chief Risk Officer is a member of the Management Board of ARAG SE and bears responsibility for the implementation of the risk management system in all Group companies. The system is largely implemented in the form of a risk governance model, through which rules for implementing the risk-relevant processes in the Company are defined in groupwide policies and guidelines. By reporting regularly to the Company's Management Board, the independent risk control function also ensures comprehensive transparency with regard to the risk position and any changes to the risk position.

Operating decisions about whether or not to pursue opportunities and/or take on risk are made in the units with relevant responsibility.

Risk management process The risk management process comprises risk identification, risk analysis, risk assessment, risk management, risk monitoring, and risk reporting.

The aim of risk identification is to identify the emergence of new risks or changes in existing risks at an early stage and to assess them using a standard procedure. For example, risks arising in connection with the development of new markets or the launch of new products are identified, analyzed, measured, and submitted to the Management Board for decision using appropriate cross-functional review processes, such as the new-product process.

To ensure risks are assessed appropriately, the influencing factors determining the relevant exposure on the Solvency II balance sheet are analyzed. These influencing factors are validated to check that they are appropriate for the measurement of risk.

All identified risks are regularly measured. The key element in this process is the solvency capital requirement that is calculated for all downside risk. The purpose is to ensure that unexpected losses are covered. This requirement quantifies the loss from the risk exposures occurring within a specific holding period (one year) and with a specified level of probability (99.5 percent). In addition, a qualitative assessment is carried out in the ORSA process.

Operational management of risk is carried out by the managers and process owners in those departments where the risks occur. Risk management consists of implementing measures to reduce, mitigate, transfer, and diversify risks.

A key element of risk monitoring is examining changes in the risk profile over time, focusing on risk-bearing capacity and utilization of the limits.

Risk monitoring takes into account the regulatory and internal requirements regarding minimum cover. The results from the risk monitoring process and the associated recommendations for action are reported to the Management Board promptly and on a continual basis. Unexpected or extreme events can also affect a company's risk profile. Ad hoc reports are submitted if this is the case.

Internal control system The internal control system (ICS) refers to all control and monitoring mechanisms as well as other measures that help to support the effectiveness and profitability of business activities and to identify and minimize risk at an early stage. It also ensures compliance with the applicable laws and regulations, all regulatory requirements, and internal rules.

The ARAG Group structures its ICS in accordance with the 'three lines of defense' model, which the Company also uses:

First line of defense: The first line of defense is formed by all employees and managers in operational roles who are responsible for identifying and evaluating the risks in their area as part of the risk control process.

Second line of defense: The monitoring of the business and central units is carried out by various interdisciplinary functions (the Group Controlling, Legal/Compliance, and Group Risk Management Central Departments and the Actuarial function) that specify standards for the design and monitoring of controls and the handling of risk.

Third line of defense: Under its remit as the internal auditor for the Group companies, the Group Audit Central Department conducts internal audits of the functions in the first and second lines of defense within the ARAG Group. The Group Audit Central Department is also the internal auditor for the Group companies that have contractually appointed it to this role. Following the orders issued by the Management Board, Group Audit examines the operational and organizational structure as well as the ICS for all operating and business processes from a risk perspective.

Risk categories

Underwriting risk and market risk are of considerable significance for the Company, whereas counterparty default risk, liquidity risk, and operational risk are of lesser importance.

Underwriting risk Underwriting risk is the risk of a loss arising from inadequate pricing or inadequate assumptions used in determining underwriting liabilities. These losses result from various risk types, including:

- Premium/reserve risk: fluctuations in the timing, frequency, and severity of insured events and in the duration of claims settlement and the amount involved in relation to the premiums generated in an insurance period.
- Catastrophe risk: significant uncertainties regarding pricing and assumptions in respect of the recognition of technical provisions for extreme or exceptional events.
- Lapse risk: adverse changes in the level or volatility of the rates of insurance policy lapses and terminations.

These risks are measured using an internal model. A simulation is used to forecast a level of loss that would only be expected every 200 years (a 1 in 200 year event indicates the one-year loss anticipated with a probability of 99.5 percent). Future claims and/or required additions to reserves are calculated for premium and reserve risk on the basis of historical claims. Likewise, catastrophe and accumulation risk is assessed by simulating losses. Lapse risk is calculated on the basis of past lapse rates. The actual underwriting risk arises from the aggregation of the individual risks, taking diversification effects into account. The methodology used for the internally modelled risks is regularly reviewed using backtesting and validation tests.

The ORSA process identified events that can have a material impact on underwriting risk. They include, for example, natural disasters due to climate change and conventional polices that do not explicitly mention cyber risk but where it is insured due to it not being explicitly excluded.

The effects of these events are managed by making adjustments in product design and underwriting. Important measures implemented to restrict the risks include risk limits and a reinsurance program. The program focuses on insuring the risk from large claims and accumulation losses related to natural disasters through non-proportional reinsurance treaties. There are also facultative reinsurance arrangements for large risks and special risks.

The consistency of the insurance business and the adequacy of the claims provisions at all times can be seen in the following disclosures on the changes in the claims ratio for the entire direct insurance business over the last ten financial years.

Changes in claims ratio

Financial year	Claims ratio, gross, total		Profit/loss on settlements
(%)	FY ratio	Financial statements	% of initial reserve
2024	64.4	64.2	0.2
2023	59.8	51.4	7.2
2022	58.3	49.4	7.6
2021	66.7	59.6	6.1
2020	55.0	49.2	4.6
2019	61.9	55.1	5.5
2018	63.3	59.9	2.8
2017	62.3	59.4	2.5
2016	57.9	51.9	4.9
2015	58.3	49.0	7.1

Market risk Market risk is the risk of loss due to adverse changes to market prices of assets, liabilities, and financial instruments. The risk arises directly or indirectly from the following sub-risks:

- Interest-rate risk: changes in the term structure or volatility of interest rates. For example, an assumed increase or decrease of 1 percentage point in the general level of interest rates would increase or decrease the fair value of the fixed-income securities by approximately €13,617 thousand.
- Equity risk: changes in the level or volatility of the market prices of equities. For example, an assumed fall in equities markets of 20.0 percent would cause a loss in fair value of €15,215 thousand.
- Property risk: changes in the level or volatility of the market prices of real estate.
- Currency risk: changes in the level or volatility of exchange rates.
- Spread risk: changes in the level or volatility of credit spreads over the risk-free interest-rate term structure.
- Migration/default risk: rating changes or changes in the extent of projected defaults. The breakdown of interest-bearing investments by rating is as follows:

Rating class (direct investment and funds)

(Proportion [%] by fair value)	Dec. 31, 2024
AAA	22.9%
AA	16.1%
A	27.9%
BBB	23.8%
BB	5.7%
B	2.7%
CCC	0.8%
CC	0.0%
C	0.0%
D	0.1%
Not rated	0.0%

The breakdown of fixed-income securities is as follows (fair values): Of the fixed-income securities – including securities held indirectly through institutional funds – approximately 37 percent are accounted for by financial services entities, 33 percent by corporate bonds, and 31 percent by public-sector bonds.

These risks are measured with an internal model. An economic scenario generator is used to simulate capital market scenarios looking at factors such as interest rates, share prices, real estate prices, credit spreads, credit ratings/defaults, and exchange rates. These risk factors are used to determine the possible fair values of investments in one year's time. The market risk itself results from the 1 in 200 year event considering all risk factors simultaneously, and from concentration risk, taking diversification effects into account. The methodology used for the internally modelled risks is regularly reviewed using back-testing and validation tests.

The ORSA process identified events that can have a material impact on market risk. They include corrections in the financial markets, the impact of climate change on investments, and negative changes in investments due to the escalation of geopolitical conflicts.

At strategic level, risk is limited by virtue of the fact that market risk limits are taken into account when determining the strategic asset allocation each year. An annual review of the asset/liability management (ALM) situation also ensures that these risk mitigation measures remain effective over the long term. Operational measures to mitigate risk are set out in the investment guidelines.

Counterparty default risk Counterparty default risk in the insurance business largely arises in connection with receivables from reinsurers and receivables from policyholders and insurance brokers. It is the downside risk arising from the unexpected default or deterioration in the credit standing of counterparties and debtors during the next twelve months.

Counterparty default risk is measured with the partial internal model. The risk of default on receivables from reinsurers is measured on the basis of the information available and proportionality considerations. The counterparties' individual credit ratings are explicitly used. To measure the risk of default on receivables from policyholders and insurance brokers, a constant factor is applied to the fair value of the relevant exposures on the Solvency II balance sheet.

The measures implemented to limit risk include requirements in respect of the selected reinsurers (such as a minimum rating) and an automated procedure for issuing reminders to recover receivables due from policyholders.

The amount of the receivables due from reinsurers, broken down by external ratings, can be found in the notes to the financial statements. As of the balance sheet date, receivables from policyholders more than 90 days past due amounted to €3,693 thousand (December 31, 2023: €4,503 thousand). The average default rate for these receivables over the last three years as of December 31, 2024 was 0.5 percent (December 31, 2023: 0.4 percent).

Liquidity risk Liquidity risk is the risk that insurance companies are unable to realize investments and other assets in order to settle their financial obligations when they fall due. Liquidity risk is therefore a derived risk: It is a type of investment risk (assets are not liquid) and a type of underwriting risk (insurance benefits due for payment may exceed available liquidity).

Liquidity risk is measured by calculating the monthly excess liquidity cover or liquidity shortfall on a rolling basis. Liquidity planning is updated constantly so that ARAG has early warning of whether it will require liquidity in the coming months. ALM is used to determine the liquidity requirement over the medium to long term.

Risk limitation measures include ALM and rolling liquidity planning.

Operational risk Operational risk is the risk arising from inadequate or failed internal processes or systems, employee misconduct, or unexpected external events that disrupt or even prevent business operations. Operational risk also encompasses legal risk and reputational risk but does not include risks arising from strategic decisions.

The Company uses the standard formula to determine the appropriate solvency capital requirement. Measurement for operational purposes is carried out using an expert assessment on the basis of two dimensions: probability of occurrence and impact. The probability of occurrence describes the likelihood that an operational risk will materialize within a defined period. The second dimension describes the potential impact of the occurrence of an operational risk and is measured in quantitative or qualitative terms. The gross and net values are recorded for each dimension. The gross values are the values before implementation of possible measures to mitigate the risk; the net values are the values after implementation of the chosen measures. Risk limitation measures are specified by the managers concerned on a case-by-case basis. When identifying and evaluating operational risks, the risk managers consider known loss events that are recorded in a loss database. This contains data on all loss events that have occurred and their actual impact. Consequently, the plausibility of subjective estimates can be tested.

The ORSA process identified events that can have a material impact on operational risk. They include cyberattacks, power failures, or risks of a legal nature. Mounting regulations and a potential resulting rise in bureaucracy may tie up resources in the operating business. Penetration (PEN) tests are carried out to prevent cyberattacks. In the event of power failures, technical and organizational measures are taken in order to maintain IT operations and avoid the loss of data. To reduce risks of a legal nature, extensive legislative monitoring has been established in order to identify changes at the earliest opportunity. In addition, internal training is held on an ongoing basis to avoid violations of the law.

Strategic risk Strategic risk arises from strategic business decisions, including business decisions that have not been adapted in line with changes in the economic environment. Such changes include the shortage of skilled workers. Furthermore, the increasing use of artificial intelligence by competitors may also have a negative impact on existing and new business.

In line with the specific nature of the individual risks, individual management measures are put in place as part of the ORSA and are monitored on an ongoing basis.

Overall risk position

The regulatory minimum capital requirement in accordance with the provisions of the German Insurance Supervision Act (VAG) is met in full. The Solvency II coverage ratio of 170.0 percent shows that the eligible own funds are higher than the solvency capital requirement calculated in accordance with VAG.

Over a planning period of three years, the risks of rising costs and claims and of climate change were assessed for investments and underwriting business. The impact on investments was also quantified in line with the 2024 stress test defined by the European Insurance and Occupational Pensions Authority (EIOPA). The outcome showed that the solvency capital requirement will be sufficiently covered for the next three years of the plan.

The overall risk position does not currently point to any trends that could jeopardize the continued existence of the Company as a going concern or cause a significant negative impact on net assets, financial position, or results of operations.

Financial Statements

I. Balance Sheet

Balance sheet as of December 31 – assets

(€)	Dec. 31, 2024	Dec. 31, 2023
A. Intangible assets		
I. Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	0.00	0.00
II. Goodwill	1,897,499.00	2,282,973.00
	1,897,499.00	**2,282,973.00**
B. Investments		
I. Land, land rights and buildings, including buildings on third-party land	0.00	0.00
II. Investments in affiliated companies and equity investments		
1. Shares in affiliated companies	44,776,896.47	49,589,081.82
2. Lending to affiliated companies	0.00	0.00
3. Equity investments	0.00	0.00
4. Lending to long-term investees and investors	0.00	0.00
	44,776,896.47	49,589,081.82
III. Miscellaneous investments		
1. Equities, investment fund shares/units, and other variable-yield securities	163,505,145.12	171,994,438.41
2. Bearer bonds and other fixed-income securities	96,338,082.59	80,315,046.62
3. Loans secured by mortgages or land charges and fixed-income receivables	0.00	0.00
4. Miscellaneous lending		
a) Registered bonds	44,500,000.00	44,500,000.00
b) Promissory notes and loans	12,990,100.00	13,995,747.15
c) Sundry lending	0.00	0.00
	57,490,100.00	58,495,747.15
5. Bank deposits	90,364.24	86,512.18
6. Other investments	0.00	0.00
	317,423,691.95	310,891,744.36
IV. Deposits with ceding insurers	0.00	0.00
	362,200,588.42	**360,480,826.18**

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→ Balance sheet as of December 31 – assets

(€)	Dec. 31, 2024	Dec. 31, 2023
C. Receivables		
I. Receivables from direct insurance business		
1. from policyholders	7,179,293.50	6,945,224.14
of which from affiliated companies: €0.00 (Dec. 31, 2023: €0.00)		
2. from insurance brokers	6,713,088.15	5,926,142.92
of which from affiliated companies: €0.00 (Dec. 31, 2023: €0.00)		
	13,892,381.65	12,871,367.06
II. Receivables from reinsurance business	1,453,375.11	422,563.36
of which from affiliated companies: €0.00 (Dec. 31, 2023: €0.00)		
III. Miscellaneous receivables	13,050,571.96	10,259,351.03
of which from affiliated companies: €12,813,002.49 (Dec. 31, 2023: €10,192,015.40)		
	28,396,328.72	**23,553,281.45**
D. Miscellaneous assets		
I. Property and equipment and inventories	85,898.00	13,748.00
II. Current bank balances, checks and cash on hand	9,197,454.50	20,174,448.80
III. Other assets	20,770.31	0.00
	9,304,122.81	**20,188,196.80**
E. Prepaid expenses and accrued income		
I. Accrued interest and rent	1,390,178.94	925,678.06
II. Miscellaneous prepaid expenses and accrued income	106,335.94	201,676.67
	1,496,514.88	**1,127,354.73**
Total assets	**403,295,053.83**	**407,632,632.16**

Balance sheet as of December 31 – equity and liabilities

(€)	Dec. 31, 2024	Dec. 31, 2023
A. Equity		
I. Subscribed capital	44,000,000.00	44,000,000.00
II. Capital reserves	10,490,518.89	10,490,518.89
III. Revenue reserves		
1. Statutory reserves	743,744.95	743,744.95
2. Other revenue reserves	88,641.88	88,641.88
	832,386.83	832,386.83
IV. Net retained profit	0.00	0.00
	55,322,905.72	**55,322,905.72**
B. Technical provisions		
I. Unearned premiums		
1. Gross amount	31,185,205.37	30,604,960.48
2. less: portion for outward reinsurance business	– 146,070.99	– 96,123.40
	31,039,134.38	30,508,837.08
II. Actuarial reserve		
1. Gross amount	11,743.00	13,051.00
2. less: portion for outward reinsurance business	0.00	0.00
	11,743.00	13,051.00
III. Provision for outstanding claims		
1. Gross amount	252,514,442.56	234,581,149.66
2. less: portion for outward reinsurance business	– 32,905,056.53	– 26,096,819.66
	219,609,386.03	208,484,330.00
IV. Equalization provision and similar provisions	31,559,732.97	40,349,398.00
V. Miscellaneous technical provisions		
1. Gross amount	1,335,609.35	1,378,002.23
2. less: portion for outward reinsurance business	0.00	0.00
	1,335,609.35	1,378,002.23
	283,555,605.73	**280,733,618.31**

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→ Balance sheet as of December 31 – equity and liabilities

(€)	Dec. 31, 2024	Dec. 31, 2023
C. Other provisions		
I. Provisions for pensions and other post-employment benefits	35,823,941.00	37,752,390.00
II. Provisions for taxes	207,975.42	247,334.51
III. Miscellaneous provisions	4,268,055.11	3,579,372.00
	40,299,971.53	**41,579,096.51**
D. Other liabilities		
I. Liabilities from direct insurance business to		
1. policyholders	7,327,350.81	8,696,354.45
2. insurance brokers	712,195.41	2,036,539.99
of which to affiliated companies: €0.00 (Dec. 31, 2023: €0.00)		
	8,039,546.22	10,732,894.44
II. Liabilities from reinsurance business	2,777,190.79	1,848,202.07
of which to affiliated companies: €1,821,997.81 (Dec. 31, 2023: €1,167,293.20)		
III. Miscellaneous liabilities	13,299,833.84	17,415,915.11
of which tax liabilities: €2,790,426.69 (Dec. 31, 2023: €2,062,294.15)		
of which social security liabilities: €0.00 (Dec. 31, 2023: €0.00)		
of which to affiliated companies: €10,343,234.66 (Dec. 31, 2023: €15,141,614.17)		
	24,116,570.85	**29,997,011.62**
Total equity and liabilities	**403,295,053.83**	**407,632,632.16**

As of December 31, 2024, the actuarial reserve amounted to €43,746,337.00 for annuities from general accident insurance, €492,292.00 for annuities from general liability insurance, and €2,143,620.00 for annuities from motor liability insurance. It is confirmed that the actuarial reserves recognized in line items B. II. 1. and B. III. 1. on the equity and liabilities side of the balance sheet have been calculated in accordance with sections 341f and 341g of the German Commercial Code (HGB) and in accordance with the statutory regulation enacted on the basis of section 88 (3) of the German Insurance Supervision Act (VAG).

Düsseldorf, January 16, 2025

The appointed actuary

Kathrin Khelaifia,
Dipl.-Wirtschaftsmathematikerin
(Graduate in Business Mathematics)

II. Income Statement

Income statement for the period from January 1 to December 31

(€)	2024	2023
I. Underwriting account		
1. Premiums earned net of reinsurance		
a) Gross premiums written	224,991,038.09	213,838,663.95
b) Reinsurance premiums ceded	– 9,981,449.36	– 9,848,700.55
	215,009,588.73	203,989,963.40
c) Change in gross unearned premiums	– 580,244.89	2,255,367.98
d) Change in reinsurers' share of gross unearned premiums	49,947.59	– 3,321.52
	– 530,297.30	2,252,046.46
	214,479,291.43	**206,242,009.86**
2. Technical interest income net of reinsurance	**115,194.00**	**117,537.00**
3. Miscellaneous underwriting income net of reinsurance	**508,105.92**	**419,363.65**
4. Claims incurred net of reinsurance		
a) Payments for claims		
aa) Gross amount	123,516,499.30	113,663,333.78
bb) Reinsurers' share	– 3,936,435.99	– 4,068,553.10
	119,580,063.31	109,594,780.68
b) Change in provision for outstanding claims		
aa) Gross amount	17,921,245.54	– 2,635,411.08
bb) Reinsurers' share	– 6,808,236.87	1,200,001.12
	11,113,008.67	– 1,435,409.96
	130,693,071.98	**108,159,370.72**
5. Change in sundry net technical provisions	**43,700.88**	**– 105,191.17**
6. Expenses for performance-based and non-performance-based bonuses and rebates net of reinsurance	**0.00**	**0.00**
7. Insurance business operating expenses net of reinsurance		
a) Gross insurance business operating expenses	96,569,986.03	92,038,660.40
b) less: commissions received and profit sharing received from outward reinsurance business	– 1,213,499.85	– 1,058,050.74
	95,356,486.18	**90,980,609.66**
8. Miscellaneous underwriting expenses net of reinsurance	**1,503,210.54**	**1,451,765.75**

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→ Income statement for the period from January 1 to December 31

(€)	2024	2023
9. Subtotal	**– 12,406,476.47**	**6,081,973.21**
10. Change in the equalization provision and similar provisions	8,789,665.03	3,398,970.00
11. Underwriting result net of reinsurance	**– 3,616,811.44**	**9,480,943.21**
II. Non-underwriting account		
1. Income from investments		
a) Income from equity investments	4,685,034.79	2,589,035.08
of which from affiliated companies: €4,685,034.79 (2023: €2,589,035.08)		
b) Income from other investments		
of which from affiliated companies: €0.00 (2023: €0.00)		
aa) Income from other investments	3,409,314.66	1,836,897.75
	3,409,314.66	1,836,897.75
c) Income from reversals of write-downs	4,950.00	6,464.27
d) Gains on the disposal of investments	5,406,123.46	2,966,499.25
e) Income from profit-pooling, profit-transfer and partial profit-transfer agreements	2,684,303.08	3,957,583.58
	16,189,725.99	11,356,479.93
2. Expenses for investments		
a) Expenses for the management of investments, interest expense and similar charges and other expenses for investments	1,509,091.25	1,456,854.31
b) Depreciation, amortization and write-downs of investments	83,890.72	86,941.86
c) Losses on the disposal of investments	10,597.15	2,771,406.26
	1,603,579.12	4,315,202.43
3. Technical interest income	115,194.00	117,537.00
	14,470,952.87	**6,923,740.50**
4. Other income	4,094,463.19	3,006,627.78
5. Other expenses	6,041,352.86	6,753,038.61
	– 1,946,889.67	**– 3,746,410.83**
6. Profit/loss from ordinary activities	**8,907,251.76**	**12,658,272.88**
7. Extraordinary income	0.00	0.00
8. Extraordinary expenses	0.00	0.00
9. Net extraordinary income/expense	**0.00**	**0.00**
10. Income taxes	223,184.27	495,911.03
11. Miscellaneous taxes	3,383.48	4,137.24
	226,567.75	**500,048.27**
12. Income from the transfer of losses	0.00	0.00
13. Profits transferred under a profit-pooling, profit-transfer or partial profit-transfer agreement	8,680,684.01	12,158,224.61
14. Net income for the year	**0.00**	**0.00**

Notes to the Financial Statements

III. General Disclosures

ARAG Allgemeine Versicherungs-AG is entered in the commercial register of the Düsseldorf local court under the number HRB 10418. Its registered office is ARAG Platz 1, 40472 Düsseldorf, Germany.

The Company prepared these financial statements for 2024 in accordance with the requirements of the German Commercial Code (HGB) for large corporations. When preparing the financial statements, it also took into account the supplementary provisions applicable to corporations and the additional provisions applicable to insurance companies, the German Insurance Supervision Act (VAG), and the German Regulation on the Accounting of Insurance Undertakings (RechVersV).

Due to currency amounts being presented in thousands, the precise mathematical amounts may differ from those presented as a result of rounding differences. Those differences may affect totals and percentages.

The financial statements are presented on the basis of financial statement forms 1 and 2 pursuant to section 2 RechVersV. The Company is a large corporation within the meaning of section 267 (3) HGB. Therefore, and pursuant to the obligations under section 341a (1) HGB, the accounting rules for large corporations were applied.

On December 27, 2023, the German Act to Ensure Global Minimum Taxation for Corporate Groups (Minimum Tax Act [MinStG]) was published in the German Federal Tax Gazette. The aim of MinStG is to ensure a minimum effective tax rate of 15 percent for multinationals, irrespective of the country in which the profits were generated. If this level of effective tax is not achieved under applicable national tax law (e.g. the Corporate Income Tax Act [KStG] and the Trade Tax Act [GewStG] in Germany), a top-up tax is levied. MinStG applies for the first time to financial years beginning in 2024.

Global minimum tax applies to corporate groups based in the EU with consolidated revenue of at least €750 million in at least two of the four financial years preceding the reporting year. The Company is subject to the rules on global minimum tax because it is part of the ARAG Group and is a taxable entity in the minimum tax group of which ARAG Holding SE is the tax group parent.

For a statutory transitional period, simplified rules (temporary safe harbors based on country-by-country reporting) have been introduced. These safe harbors are applied to all companies in the minimum tax group in a tax jurisdiction. One of these safe harbor rules involves the simplified calculation of the effective tax rate on the basis of the pre-tax profit generated and tax expense recognized in the relevant tax jurisdiction.

The top-up tax does not apply to the tax jurisdiction of Germany because the simplified effective tax rate of 15 percent was exceeded for 2024. The current tax expense/income under MinStG for 2024 is therefore €0.

The Company has collected and checked all relevant data in accordance with the requirements of MinStG and the OECD guidelines.

IV. Disclosures on Accounting Policies

The single-entity financial statements of the entities included in the consolidated financial statements are nearly all prepared in accordance with the same accounting policies used by the ARAG Group. The following accounting principles and valuation requirements arising from the pertinent legislation are applied.

Accounting policies

Intangible assets
Purchased intangible assets are recognized at cost on the balance sheet and reduced by straight-line amortization according to their estimated useful life.

Goodwill
These assets are the goodwill – resulting from the new branch established in the Republic of Ireland in 2019 and an associated portfolio transfer – that will be amortized on a straight-line basis over its expected useful life, calculated by the Company to be ten years.

No internally generated intangible assets were recognized on the balance sheet.

Investments in affiliated companies and equity investments
Investments in affiliated companies and equity investments are valued at cost, written down accordingly where permanent impairment has occurred.

Equities, investment fund shares/units, and other variable-yield securities
Securities that have been classified as current assets are valued following the strict principle of lower of cost or market value. If the reasons for a write-down cease to apply, the write-down is reversed to the lower of cost or fair value.

If investments are classified for permanent use in business operations, short-term fluctuations in the market price do not result in changes to the carrying amount due to application of the discretionary principle of lower of cost or market value. Only long-term changes in fair value are recognized.

The long-term fund value is calculated by looking through to the individual components of the fund. Criteria for reviewing long-term changes in the value of fixed-income securities are their credit rating and nominal amount. Comparisons with historical valuation parameters are used for equities. For shares in affiliated companies, in infrastructure investments, and in real estate investments, expert appraisals are obtained from the investment management companies based on the net asset value (NAV) for the quarter prior to the reporting date.

Bearer bonds and other fixed-income securities
Contrary to the principle set forth in section 341b (2) HGB and unless stated otherwise, bearer bonds and other fixed-income securities are treated as fixed assets and therefore the discretionary principle of lower of cost or market value is used. The strict principle of lower of cost or market value is applied to securities without a rating. A write-down to less than the nominal value is considered permanent if there has been a material deterioration in the issuer’s credit rating. An indicator of this is if the credit rating has been downgraded by two or more notches since acquisition. If contractually defined payments are in default, permanent impairment can be assumed. The write-down to fair value is determined using the maturity-dependent probability of default in conjunction with the

loss given default. The fair value is used for subsequent measurement until such time as the reason for the write-down no longer applies. If securities are acquired above or below par and held to maturity, the difference between this amount and the nominal value forms a component of cost. It is posted together with the security but treated separately. The difference (a premium or a discount) is amortized over the term of the bearer bond using the effective interest method.

Registered bonds
Registered bonds are accounted for at their nominal or redemption amount. Any premiums to be accrued and discounts to be deferred are reclassified to income using the straight-line method over the term to maturity. Any zero-coupon registered bonds are recognized at the lower of amortized cost or fair value.

Promissory notes and loans, and sundry lending
Promissory notes, loans, and sundry lending items are recognized at cost unless permanently impaired. Premiums and discounts are taken into account using the effective interest method.

The structured products held in the portfolio of direct investments in registered bonds and promissory notes are simply structured products pursuant to the pronouncement IDW AcP HFA 22 issued by the Main Technical Committee of the Institute of Public Auditors in Germany (IDW).

Bank deposits
Bank deposits are recognized at their nominal amount.

Investments are individually assigned to the business units (headquarters and branches). The assignment is documented by recording the investments in the relevant books of the business unit concerned. Income from investments is allocated to each business unit according to the assignment of the investment in question. Assignments are reviewed annually using the modified capital allocation approach determined by the German tax authorities – which has been approved by the Organisation for Economic Co-operation and Development (OECD) – and adjusted by means of compensatory payments where necessary.

Receivables from policyholders
Receivables from direct insurance business are generally recognized at their nominal amount. Where necessary, receivables from policyholders are written down or are reduced by specific allowances or by a general allowance on the basis of exceeding a predefined due date.

Receivables from insurance brokers
Receivables from insurance brokers are reduced by specific allowances and, where applicable, a general allowance in the amount of the likely default.

Receivables from reinsurance business
Receivables from reinsurance business are recognized at the amount of the outstanding balances.

Miscellaneous receivables
These receivables are generally recognized at their nominal amount.

Property and equipment and inventories
Property and equipment is recognized at cost and depreciated on a straight-line basis over the standard operating useful life.

Current bank balances, checks and cash on hand
Current bank balances, checks, and cash on hand are recognized at cost. This equates to the nominal amount. Balances are documented in the form of bank statements and cash records. Payment orders that have been issued but not executed as of the reporting date are deducted from the balances for the purposes of the carrying amounts reported on the balance sheet.

Bank balances denominated in foreign currency are translated using the middle spot rate as of the reporting date, disregarding both historical cost convention and the realization principle.

Other assets

Other assets are recognized at their nominal amount, which equates to their cost.

Prepaid expenses and accrued income

Prepaid expenses and accrued income are recognized at nominal value and mainly consist of rights to interest that are not yet due in respect of the income period before the balance sheet date and premiums in connection with registered bonds.

Deferred tax assets and liabilities

If differences arise between the carrying amounts in the HGB financial statements and those in the tax base and these differences are expected to reverse in subsequent years, deferred taxes are recognized in respect of these differences using the entity-specific tax rate. Deferred taxes are calculated by netting the deferred tax assets with the deferred tax liabilities.

As ARAG Allgemeine and ARAG SE form a single entity for corporation tax, trade tax, and VAT purposes, the deferred taxes are recognized at the level of the tax group parent.

Equity

The Company's share capital is reported as subscribed capital. The capital reserves consist of capital receipts from external sources that are not derived from its earnings. The revenue reserves comprise the statutory reserves and the other revenue reserves. When single-entity financial statements are prepared following appropriation of some of the net income by the Management Board, the net retained profit comprises the balance of net income for the year, profit or loss carried forward from the previous year, and changes in other revenue reserves.

Unearned premiums

Gross unearned premiums for direct insurance business are calculated pro rata on the basis of the premiums and lapses/cancellations posted, less the installment surcharges. The non-transferable income components are deducted from the unearned premiums.

The gross unearned premiums for inward reinsurance business are recognized in accordance with the information provided by the primary insurer.

The reinsurers' share of the unearned premiums is determined in accordance with the contractual agreements.

Actuarial reserve

The components of premiums from anticipated premium-free children's accident insurance policies are added to the children's accident actuarial reserves. The calculation is carried out using mathematical principles in accordance with the underwriting business plan.

Provision for outstanding claims

The provision for outstanding claims in relation to direct insurance business is recognized separately by event year for claims reported in the financial year concerned and for claims that have occurred up to the balance sheet date but have not yet been reported. The provision for outstanding claims is generally determined individually and measured according to specific requirements.

If there is a high number of open claims with similar risks, group-based valuation approaches are used if individual valuation would be difficult or involve a disproportionate amount of effort.

General provisions are recognized for claims incurred but not reported and reopened claims on the basis of empirical values.

The benefit reserve for annuities contained in the provision for outstanding claims is calculated individually using actuarial principles and in accordance with the Regulation on the Principles Underlying the Calculation of the Premium Reserve (DeckRV), taking the expenses required for settlement into account.

A provision for claim settlement expenses is recognized. This provision is valued in accordance with prudent business practice, taking into account the ongoing need to satisfy the obligations under insurance contracts. Valuation is based on values as of the balance sheet date.

The claims provisions for inward reinsurance business are recognized in accordance with the information provided by the primary insurer. If the information from the primary insurer is clearly insufficient, additional reserves are recognized. They are estimated using actuarial forecasting methods.

The portions relating to outward reinsurance business are calculated in accordance with the stipulations in the reinsurance treaties.

Equalization provision

The equalization provision for the direct insurance and inward reinsurance business is recognized and valued in accordance with section 341h HGB in conjunction with section 29 RechVersV. For the annual adjustment amounts, the calculated equalization provision is allocated between the Company headquarters and the branches according to gross premiums earned in each class of insurance.

The calculation is carried out separately for the direct insurance business and for the inward reinsurance business, in each case broken down by class of insurance.

Miscellaneous technical provisions

Miscellaneous technical provisions are recognized in the required settlement amount determined in accordance with prudent business practice. Miscellaneous technical provisions with a maturity of more than one year are discounted using the discount rate published by Deutsche Bundesbank for their term to maturity.

The lapse provision (reported under miscellaneous technical provisions) for discontinuation and reduction of risk in direct insurance business was calculated using a lapse rate based on empirical values in the year under review.

Following the annual review, a provision for anticipated losses as required by section 341e (2) no. 3 HGB had to be recognized for composite residential buildings insurance in 2024. The provision required for 2024 came to €38 thousand (December 31, 2023: €171 thousand).

The provision recognized for premium waivers relates to rate scales under which the obligation to pay the premiums is waived for up to five years, e.g. in the event of unemployment. The provision offsets the expenses that are likely to be incurred (claims, costs, commissions) during the period of unemployment. The expected duration of the waiver of premiums is estimated on the basis of internal statistical analysis. The provision for assistance for victims of traffic accidents is, where available, recognized on the basis of the share specified by the German Road Casualty Support Organization, otherwise on the basis of empirical values.

The technical provisions in inward reinsurance business are recognized in the amount of the premiums ceded by the primary insurer.

The reinsurers' share of technical provisions is determined in accordance with the relevant contracts.

Provisions for pensions and other post-employment benefits

Provisions for pensions and other post-employment benefits are calculated using actuarial principles in accordance with the projected unit credit (PUC) method on the basis of the Heubeck 2018 G mortality tables.

In addition to current circumstances, future trends in salaries, pensions, and staff turnover are taken into account. The discount rate used is the average interest rate for the past ten years published by Deutsche Bundesbank in accordance with the Regulation on the Discounting of Provisions (RückAbzinsV) for an assumed residual maturity of 15 years. In 2023 and 2024, a discount rate was applied for the valuation as of December 31 based on the average for the past ten years. This rate as of the reporting date was 1.90 percent (December 31, 2023: 1.83 percent). The interest rate used was forecast at the end of the year using market data as of October 1, 2024 and was determined in accordance with RückAbzinsV.

As of December 31, 2024, the difference between the application of the ten-year average and the seven-year average (1.97 percent; December 31, 2023: 1.76 percent) caused an increase in the provision for pensions and other post-employment benefits of €318 thousand (December 31, 2023: reduction of €357 thousand).

The following actuarial parameters were used to calculate the obligations: pension age: earliest possible age under the German Pension Age Reform Act (RVAGAnpG); annual increase in salaries: 2.50 percent; annual increase in pension benefits: 2.10 percent. The level of staff turnover taken into account reflects the generally observable age-dependent average for the industry and has only a minor impact on the settlement value.

Assets from reinsurance are offset against the defined benefit obligation. The fair value of the assets corresponds to the settlement amount of the offset liabilities.

The option pursuant to section 28 (1) of the Introductory Act to the German Commercial Code (EGHGB), which permits provisions for pensions and other post-employment benefits not to be recognized for legacy entitlements, has not been exercised.

Provisions for taxes
Provisions for taxes are recognized in the anticipated settlement amount determined in accordance with prudent business practice.

Miscellaneous provisions
The miscellaneous provisions are generally recognized in the amount that is necessary to settle the obligation according to prudent business practice. Their residual maturity is generally less than one year.

Miscellaneous provisions with a maturity of more than one year are discounted using the discount rate published by Deutsche Bundesbank for their term to maturity.

Specific accounting policies are applied to the following key miscellaneous provisions:

Provisions for pre-retirement part-time employment agreements
In 2024, a provision in accordance with the pre-retirement part-time employment agreement for the private insurance industry was recognized – in line with the relevant IDW accounting principle – using a maturity-matched discount rate of 1.97 percent (2023: 1.76 percent). Credit balances on employee working hours account models are protected against insolvency in accordance with the German Pre-Retirement Part-Time Employment Act (AltTZG) by means of a fixed liability guarantee from a German commercial bank.

Long-service provision
A long-service provision was recognized in the year under review for long-service awards to be paid to employees. The provision was calculated using the projected unit credit method taking into account death rates pursuant to the Heubeck 2018 G mortality tables and applying a discount rate of 1.97 percent (seven-year average; 2023: 1.76 percent) in accordance with section 253 (2) HGB. The calculation also included staff turnover at an average rate of 1.5 percent and salary increases at a rate of 2.5 percent. The earliest possible pension age under RVAGAnpG was selected as the final age.

Other liabilities
The liabilities from direct insurance business and the liabilities from reinsurance business are valued at their nominal amount in euros. All non-interest-bearing liabilities are valued at the higher of their nominal amount or settlement value. Miscellaneous liabilities are recognized at their settlement value.

Currency translation
Receivables and liabilities that are due in less than one year and denominated in foreign currency are recognized using the middle spot rate as of the reporting date, disregarding both the historical cost convention and the realization principle.

Income and expenses are recognized using the transaction exchange rate on the date of the relevant inflow or outflow. Currency translation generated income of €312 thousand in 2024 (2023: income of €326 thousand).

Fair value disclosures pursuant to section 54 RechVersV

Fair values for investments in affiliated companies and equity investments
The shares and equity investments are generally valued using the income capitalization approach.

If equity investments and shares are acquired close to the reporting date, the carrying amount is used as the fair value.

Fair values for equities, investment fund shares/units, bearer bonds, and other fixed-income securities
The fair value of publicly traded investment fund shares/units is based on the quoted market price as of the reporting date.

For institutional investment fund shares/units, the fair value is determined in a fund look-through. Equities within the funds are recognized at their quoted market price, whereas fixed-income securities within the funds are recognized at their market value. The fair value of publicly traded investment fund shares/units is based on the quoted market price as of the reporting date.

Shares/units in infrastructure funds, real estate funds, and private equity funds are recognized at their reported NAVs.

The fair values of fixed-income securities are determined using their quoted market prices and the valuation method for this balance sheet line item described above.

Fair values of miscellaneous investments
The market values of securities that are not exchange-traded (registered bonds, promissory notes) are calculated on the basis of the swap curve. This involves determining the discount rate on the swap curve corresponding to the maturity of the security being valued. Any spreads resulting from the structure of the individual security (maturity, collateral, credit rating, etc.) are taken into account as appropriate. The remaining investments are recognized at quoted market price or market value.

Fair values broken down by asset class
The fair values broken down by asset class are shown under ‘Balance Sheet Disclosures – Assets’ in the notes to the financial statements.

V. Balance Sheet Disclosures – Assets

Changes in asset items A., B., I. to III. in the reporting year

(€'000)		Carrying amount Dec. 31, 2023	Currency translation differences	Additions	Disposals	Reclassifications	Reversals of write-downs	Write-downs	Carrying amount Dec. 31, 2024	Fair value pursuant to sec. 54 RechVersV	Hidden reserve/ undisclosed liability Dec. 31, 2024
A.	**Intangible assets**										
	1. Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	0	0	0	0	0	0	0	0	0	0
	2. Goodwill	2,283	0	0	0	0	0	385	1,898	1,898	0
	Total for A.	**2,283**	**0**	**0**	**0**	**0**	**0**	**385**	**1,898**	**1,898**	**0**
B. I.	**Land, land rights and buildings, including buildings on third-party land**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
II.	**Investments in affiliated companies and equity investments**										
	1. Shares in affiliated companies	49,589	0	1,562	6,374	0	0	0	44,777	89,694	44,917
	2. Lending to affiliated companies	0	0	0	0	0	0	0	0	0	0
	3. Equity investments	0	0	0	0	0	0	0	0	0	0
	4. Lending to long-term investees and investors	0	0	0	0	0	0	0	0	0	0
	Total for B. II.	**49,589**	**0**	**1,562**	**6,374**	**0**	**0**	**0**	**44,777**	**89,694**	**44,917**
III.	**Miscellaneous investments**										
	1. Equities, investment fund shares/units, and other variable-yield securities	171,994	0	10,690	19,117	0	0	62	163,505	205,898	42,393
	2. Bearer bonds and other fixed-income securities	80,315	0	19,243	3,198	0	0	22	96,338	92,677	– 3,661
	3. Loans secured by mortgages or land charges and fixed-income receivables	0	0	0	0	0	0	0	0	0	0
	4. Miscellaneous lending										
	a) Registered bonds	44,500	0	0	0	0	0	0	44,500	42,016	– 2,484
	b) Promissory notes and loans	13,996	0	0	1,011	0	5	0	12,990	12,582	– 408
	c) Sundry lending	0	0	0	0	0	0	0	0	0	0
	5. Bank deposits	87	4	0	0	0	0	0	90	90	0
	6. Other investments	0	0	0	0	0	0	0	0	0	0
	Total for B. III.	**310,892**	**4**	**29,933**	**23,326**	**0**	**5**	**84**	**317,424**	**353,264**	**35,840**
	Total for B.	**360,481**	**4**	**31,495**	**29,700**	**0**	**5**	**84**	**362,201**	**442,958**	**80,758**
Total		**362,764**	**4**	**31,495**	**29,700**	**0**	**5**	**469**	**364,098**	**444,856**	**80,758**

Investments in affiliated companies and equity investments

Shares in affiliated companies and equity investments with a shareholding of at least 20.0 percent that are intended to serve the Company's own operations by establishing a lasting relationship were as follows:

List of shareholdings

Name and registered office of company	Shareholding	Equity	Net income/loss for the year
	(%)	(€'000)	(€'000)
ALIN 2 GmbH & Co. KG, Düsseldorf	100.00	19,285	3,852
ALIN 2 Verwaltungs-GmbH, Düsseldorf	100.00	38	2
ARAG 2000 Grundstücksgesellschaft eGbR, Düsseldorf	25.00	65,147	2,748
ARAG Liegenschaftsverwaltungs- und Beratungs-GmbH & Co. Immobilien KG, Düsseldorf	50.00	6,077	293
ARAG Service Center GmbH, Düsseldorf	20.00	502	222
Interlloyd Versicherungs-AG, Düsseldorf	100.00	7,393	2,684

Equities, investment fund shares/units, and other variable-yield securities

No write-downs following the strict principle of lower of cost or market value needed to be recognized in the reporting year (2023: €0 thousand).

Write-downs of €62 thousand had to be recognized in line with the discretionary principle of lower of cost or market value (2023: €87 thousand). No reversals of write-downs were required in 2024 or 2023.

As of the reporting date in both 2024 and 2023, there were no undisclosed liabilities that had not been netted as a result of the application of the discretionary principle of lower of cost or market value.

The portfolio of investments contains the following investment funds of which more than 10.0 percent is held by the Company:

Disclosures pursuant to section 285 no. 26 HGB

Fund	Type of fund	Investment objective	Carrying amount Dec. 31, 2024	Market value Dec. 31, 2024	Difference	Dividend in 2024
			(€'000)	(€'000)	(€'000)	(€'000)
ALLTRI	Mixed fund	Increased income	153,359	195,683	42,324	910
Total			**153,359**	**195,683**	**42,324**	**910**

Bearer bonds and other fixed-income securities

Bearer bonds with a carrying amount of €76,805 thousand (December 31, 2023: €70,678 thousand) were classified as permanent investments and treated as fixed assets at ARAG Allgemeine. The fair value of these bearer bonds amounted to €72,616 thousand as of the balance sheet date (December 31, 2023: €66,231 thousand).

In 2024, no bearer bonds were reclassified from current assets to fixed assets.

No write-downs following the strict principle of lower of cost or market value needed to be recognized in the reporting year (2023: €0 thousand).

Write-downs of €22 thousand had to be recognized in line with the discretionary principle of lower of cost or market value (2023: €0 thousand).

In 2024, no reversals of write-downs due to a recovery in value had to be recognized (2023: €1 thousand).

As of the reporting date, application of the discretionary principle of lower of cost or market value resulted in undisclosed liabilities of €5,221 thousand that had not been netted (December 31, 2023: €5,487 thousand).

Registered bonds

No write-downs to a lower fair value were necessary in the year under review or the previous year.

No write-downs were reversed in 2024 (2023: €0 thousand).

The carrying amount of the registered bonds came to €44,500 thousand as of December 31, 2024 (December 31, 2023: €44,500 thousand); their fair value stood at €42,016 thousand (December 31, 2023: €40,936 thousand). Eight of the registered bonds recognized at their nominal amounts less any amounts redeemed gave rise to an undisclosed liability of €2,748 thousand (December 31, 2023: €3,816 thousand).

Promissory notes and loans, and sundry lending

No write-downs to a lower fair value needed to be recognized in the reporting year (2023: €0 thousand).

Reversals of write-downs of €5 thousand were recognized in the reporting year (2023: €5 thousand).

The carrying amount of the promissory notes came to €12,990 thousand as of December 31, 2024 (December 31, 2023: €13,996 thousand); their fair value stood at €12,582 thousand (December 31, 2023: €13,245 thousand). Three of the promissory notes and loans gave rise to an undisclosed liability of €408 thousand (December 31, 2023: €750 thousand).

Receivables from reinsurance business

The balance of €1,453 thousand (December 31, 2023: €423 thousand) generally arose from outward reinsurance business. The amounts recognized are the outstanding balances.

Rating class

(€'000)	Dec. 31, 2024
AAA	0
AA	912
A	542
BBB	0
BB	0
B	0
CCC	0
CC	0
C	0
D	0
Not rated	0

Miscellaneous receivables

All items under miscellaneous receivables are due within one year.

Miscellaneous receivables mainly comprised balances of €5,061 thousand due from ARAG SE within the intragroup cash pool (December 31, 2023: €2,861 thousand).

Prepaid expenses and accrued income

Prepaid expenses and accrued income mainly consist of accrued rights to interest that are not yet due in respect of the income period before the balance sheet date and premiums in connection with registered bonds and promissory notes in accordance with section 341c (2) sentence 1 HGB.

VI. Balance Sheet Disclosures – Equity and Liabilities

Equity

Equity

(€'000)	Dec. 31, 2024	Dec. 31, 2023
Total equity	**55,323**	**55,323**
of which		
1. Subscribed capital		
Share capital	44,000	44,000
2. Capital reserves pursuant to section 272 (2) no. 4 HGB		
Capital reserves as of Jan. 1	10,491	10,491
Capital reserves as of Dec. 31	10,491	10,491
3. Revenue reserves		
a) Statutory reserves		
Brought forward as of Jan. 1	744	744
Balance as of Dec. 31	744	744
b) Other revenue reserves		
Brought forward as of Jan. 1	89	89
Balance as of Dec. 31	89	89
	832	832
4. Net retained profit		
Net retained profit as of Jan. 1	0	0
Net retained profit as of Dec. 31	0	0

The subscribed capital has been fully paid up by the shareholders.

In previous years, the statutory reserves had to be recognized in accordance with section 300 of the German Stock Corporation Act (AktG). No addition to the statutory reserves was necessary in 2024.

The capital reserves consist of amounts that shareholders have contributed to the equity of the Company in accordance with section 272 (2) no. 4 HGB.

The full amount of the statutory reserves has been recognized pursuant to section 150 (2) AktG.

Technical provisions

Provision for outstanding claims

As of December 31, 2024, the provision for outstanding claims (net) including the portion of the provision for settlement expenses amounted to €194,318 thousand in direct business (December 31, 2023: €186,551 thousand) and €25,292 thousand (December 31, 2023: €21,933 thousand) in inward reinsurance business.

Equalization provision

In accordance with the calculation requirements specified in RechVersV, there was a reversal of the equalization provision in a total amount of €8,790 thousand on the basis of the trends in claims and premiums (2023: reversal of €3,399 thousand). As a result, the equalization provision amounted to €31,560 thousand as of the balance sheet date (December 31, 2023: €40,349 thousand).

Other provisions

Provisions for pensions and other post-employment benefits

Since 2010, this item has also included the offsetting of pension benefit entitlements under reinsurance in accordance with section 246 (2) sentence 2 HGB. The breakdown of this item as of December 31, 2024 was therefore as follows:

Defined benefit obligations

(€'000)	Dec. 31, 2024	Dec. 31, 2023
Amount required to settle the vested entitlements	35,994	37,935
of which offsetable against pension insurance assets	170	183
Remaining amount	**35,824**	**37,752**

Provisions for taxes

In 2024, provisions for taxes of €208 thousand (December 31, 2023: €247 thousand) had to be recognized for tax demands, the reason for or amount of which was not yet known.

No provisions had to be recognized for miscellaneous taxes and for tax amounts identified by tax audits that have not yet been pursued.

Miscellaneous provisions

The Company had the following miscellaneous provisions as of the reporting date:

Miscellaneous provisions

(€'000)	Dec. 31, 2024	Dec. 31, 2023
Pre-retirement part-time employment	369	221
Supervisory Board and Advisory Council remuneration	150	150
Purchase invoices not yet received	381	240
Performance-based remuneration	1,093	863
Bonuses	19	10
Costs for the annual financial statements	398	290
Long-service obligations	494	488
Bonuses	704	599
Vacation entitlement and flextime obligations	314	340
Sundry other provisions	347	377
Total	**4,268**	**3,579**

VII. Income Statement Disclosures

Insurance business

Direct insurance and inward reinsurance business

(€'000)	Total insurance business		Direct insurance business (total)		Accident insurance		Liability insurance		Fire and property insurance	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Gross premiums written	224,991	213,839	191,016	182,115	48,620	47,348	49,083	46,714	67,708	62,475
Gross premiums earned	224,411	216,094	190,511	184,677	48,403	47,398	49,019	46,698	67,483	62,066
Net premiums earned	214,479	206,242	180,580	174,825	45,778	44,889	46,631	44,462	63,623	58,121
Gross expenses for claims	141,438	111,028	122,261	94,905	22,886	23,861	30,550	16,214	54,571	38,216
Gross insurance business operating expenses	96,570	92,039	80,574	77,058	19,108	19,210	19,461	19,007	29,598	27,612
of which front-end fees	29,347	27,971	27,610	26,378						
of which administrative expenses	67,223	64,068	52,965	50,680						
Reinsurance balance	– 2,027	5,925	– 2,027	5,925	1,157	151	– 5,843	1,149	2,634	4,809
Underwriting result net of reinsurance before equalization provision	– 12,406	4,998	– 10,463	5,326	5,466	4,168	4,937	10,440	– 19,824	– 10,177
Underwriting result net of reinsurance after equalization provision	– 3,617	8,397	– 4,135	7,353	5,466	4,168	5,890	13,736	– 15,817	– 11,202
Gross technical provision (total)	316,607	306,927	270,549	261,840	103,249	102,066	74,100	65,101	64,164	61,993
of which gross provision for outstanding claims	252,514	234,581	227,223	212,648	97,890	96,933	62,258	52,389	49,603	43,562
of which lapse provision	1,280	1,190	1,280	1,190	281	274	275	256	562	517
of which equalization provision and similar provisions	31,560	40,349	18,905	25,232	0	0	6,169	7,123	8,422	12,429
Number of insurance policies with a term of at least one year	2,058,255	1,965,260	2,058,255	1,965,260	144,817	145,776[1]	311,302	304,551[1]	371,718	356,690
Technical interest income net of reinsurance relating to benefit reserve for annuities (0.25 percent)	115	118	115	118	108	107	1	1	0	0

[1] These insurance segments contain 17 group contracts (2023: 17) with 20,568,219 insured risks (2023: 20,658,358).

	of which composite home contents insurance		of which composite residential buildings insurance		of which miscellaneous property insurance		Legal insurance		Emergency assistance insurance		Miscellaneous insurance		Inward business (total)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	26,181	24,185	22,977	21,168	18,551	17,121	6,285	8,676	8,588	8,051	10,733	8,852	33,975	31,723
	26,157	24,212	22,898	20,948	18,428	16,906	6,188	10,822	8,907	9,004	10,511	8,689	33,900	31,417
	24,293	22,315	21,261	19,249	18,070	16,556	6,188	10,822	8,605	8,761	9,754	7,771	33,900	31,417
	16,716	12,257	22,644	20,957	15,212	5,002	1,577	3,887	7,288	8,285	5,389	4,443	19,176	16,123
	11,712	10,855	9,997	9,224	7,889	7,533	4,396	4,823	3,835	2,980	4,175	3,426	15,996	14,981
													1,737	1,592
													14,259	13,388
	1,628	1,806	1,522	1,190	– 516	1,812	0	0	– 38	– 5	63	– 179	0	0
	– 3,939	– 729	– 11,398	– 11,679	– 4,487	2,231	214	2,111	– 2,151	– 2,228	895	1,012	– 1,944	– 327
	– 1,037	271	– 10,082	– 10,353	– 4,698	– 1,120	2,145	2,557	– 2,151	– 2,228	332	322	518	1,044
	11,628	11,823	28,498	30,375	24,039	19,795	10,739	13,945	4,392	4,666	14,068	14,068	46,058	45,087
	10,619	7,953	25,270	25,791	13,714	9,818	5,787	7,159	1,677	1,635	10,007	10,971	25,292	21,933
	218	201	191	175	153	141	0	0	67	64	95	79	0	0
	0	2,903	978	2,294	7,445	7,233	2,900	4,831	0	0	1,413	850	12,655	15,117
	199,264	196,133	44,351	43,408	128,103	117,149	976,482	924,367	193,699	178,207	60,237	55,669[1]	0	0
	0	0	0	0	0	0	0	0	0	0	6	9	0	0

Number of insurance policies with a term of at least one year

Direct insurance business	Dec. 31, 2024	Dec. 31, 2023
(No.)		
Germany	1,024,675	1,000,254
International	1,033,580	965,006
Total	**2,058,255**	**1,965,260**

Source of insurance business by premiums written

Direct insurance business	Dec. 31, 2024	Dec. 31, 2023
(€'000)		
Germany	184,149	172,968
International	6,868	9,147
Total	**191,016**	**182,115**

Interest from discounting

Interest income of €4 thousand (2023: €5 thousand) and interest expenses of €12 thousand (2023: €10 thousand) arose from the discounting of provisions with a maturity of more than one year. The interest related in particular to long-service provisions, bonuses, and pre-retirement part-time employment.

Profit/loss on settlements

The net profit on settlements from the 2023 claims reserve in direct business (net of reinsurance) came to €8,144 thousand in 2024 (2023: €16,933 thousand), which was almost 4.4 percent (2023: 8.9 percent) relative to the corresponding initial reserve. The profit was largely attributable to reversals of unused claims provisions in the accident insurance segment of €9,105 thousand (2023: €5,078 thousand). The net profit on settlements from reversals of unused claims provisions for inward reinsurance business amounted to €1,514 thousand (2023: €506 thousand).

Miscellaneous underwriting income and expenses

Miscellaneous underwriting income included late-payment fees. Miscellaneous underwriting expenses primarily consisted of expenses for the fire protection tax of €1,480 thousand (2023: €1,419 thousand).

Reinsurance balance

The balance of premiums ceded to reinsurers, the reinsurers' share of gross expenses for claims incurred, and reinsurance commissions came to minus €2,027 thousand (2023: €5,925 thousand).

Net extraordinary income/expense

No extraordinary income or expenses arose in the year under review.

Income taxes

Of the income taxes in the income statement, €227 thousand related to 2024 (2023: €500 thousand). The net tax expense recognized chiefly related to tax expenses from the international branches.

As ARAG Allgemeine and ARAG SE form a single entity for corporation tax, trade tax, and VAT purposes, the deferred taxes resulting from differences between the carrying amounts in the Company's financial statements and those in the tax base are recognized at the level of the tax group parent.

Following the conclusion of the profit-and-loss transfer agreement, ARAG Allgemeine and ARAG SE also form a single entity for income tax purposes. Consequently, income is taxed at the level of the parent company. The results of the more realistic assessment (BMF circular dated May 5, 2000) and the discounting of the claims provisions (BMF circular dated October 20, 2016) are taken into account when determining the basis of assessment for income tax.

VIII. Other Disclosures

Miscellaneous financial commitments and contingent liabilities pursuant to sections 251 and 285 no. 3a HGB

Investment agreements have been concluded with various private equity funds through the affiliated company ALIN 2 GmbH & Co. KG. Calls from the funds result in cash being paid into ALIN 2 GmbH & Co. KG immediately before payment is due in order to provide the required liquidity. Calls at short notice of €6,359 thousand (2023: €11,917 thousand) are expected on the basis of open-ended investment agreements. As of the reporting date, ARAG Allgemeine had call commitments of €130 thousand (December 31, 2023: €130 thousand) toward four other infrastructure funds and private equity funds that are recognized under investment fund shares/units. This was on the basis of outstanding contributions to be made by the Company as a limited partner that were not yet due.

Commissions and other remuneration for insurance agents, staff costs

Commissions and other remuneration for insurance agents, staff costs

(€'000)	2024	2023
Commissions of all types for insurance agents within the meaning of section 92 HGB for direct insurance business	52,416	49,680
Other remuneration for insurance agents within the meaning of section 92 HGB	0	2
Wages and salaries	12,360	11,745
Social security and other employee benefit expenses	2,086	1,987
Pension and other post-employment benefit expenses	– 327	2,463
Total expenses	**66,535**	**65,877**

Employees

The average number of employees in 2024 was 168 (2023: 167), of whom 89 worked in domestic claims (2023: 82), 65 in sports insurance (2023: 66), and 14 in other departments (2023: 19).

Supervisory Board and Management Board remuneration

In the year under review, ARAG Allgemeine's Supervisory Board received remuneration of €150 thousand (2023: €150 thousand). The remuneration for members of the Management Board came to €1,142 thousand in 2024 (2023: €1,013 thousand). Remuneration for former members of the Management Board and their surviving dependants amounted to €949 thousand (2023: €935 thousand). A provision of €14,521 thousand was recognized for current pensions and vested pension entitlements of former members of the Management Board and their surviving dependants (December 31, 2023: €15,475 thousand).

The Management Board's remuneration is partly derived from intragroup charging among Group companies.

Auditor's fees

A total net fee of €141 thousand (2023: €141 thousand) was agreed with the auditor for the audit of the 2024 single-entity financial statements and the Solvency II balance sheet as of December 31, 2024. This amount was expensed in 2024. No other fees from the auditor were incurred. As the Company is not entitled to offset input VAT, the VAT is recognized as an expense.

Group affiliation

ARAG SE holds all the shares in ARAG Allgemeine Versicherungs-AG and thus has a controlling interest within the meaning of section 16 (1) AktG. ARAG SE has notified ARAG Allgemeine of this controlling interest in accordance with section 20 (1) and (4) AktG. ARAG Holding SE indirectly holds a majority interest in ARAG SE. ARAG Allgemeine is therefore indirectly controlled by ARAG Holding SE and – in accordance with article 9 (1) of the Regulation on the statute for a European company (SE) of November 10, 2001 in conjunction with section 17 (2) AktG – a dependent entity within the meaning of section 17 (1) AktG.

The Company is included in the consolidated financial statements of ARAG Holding SE, Düsseldorf. The consolidated financial statements of ARAG Holding SE are published in the electronic Federal Gazette and in the Company Register of the German Federal Ministry of Justice. The Company does not prepare its own consolidated financial statements, as the consolidated financial statements of ARAG Holding SE have an exempting effect pursuant to section 291 HGB.

Governing bodies of the Company

The members of the Company's governing bodies are as follows:

Supervisory Board
The employees have a right of codetermination pursuant to section 1 (1) of the German One-Third Participation Act (DrittelbG), under which a third of the members of the Supervisory Board must be employee representatives.

Shareholder representatives:

Dr. Dr. h. c. Paul-Otto Faßbender	Chairman; Chairman of the Management Board of ARAG Holding SE, Düsseldorf
Hanno Petersen	Deputy Chairman; Member of the Management Board of ARAG SE, Ratingen
Dr. Matthias Maslaton	Member of the Management Board of ARAG SE, Moers
Dr. Joerg Schwarze	Member of the Management Board of ARAG SE, Düsseldorf

Employee representatives:

Johannes Berg	Team Leader, Claims Service (Property, Commercial, Large Claims), ARAG Allgemeine Versicherungs-AG, Dormagen
Wolfgang Platen	Chairman of the Works Council of ARAG Allgemeine Versicherungs-AG and Interlloyd Versicherungs-AG, Mönchengladbach

Management Board

Christian Vogée	Speaker of the Management Board; Responsibilities: Central Corporate Functions/ Sports Insurance/Broker Sales
Uwe Grünewald	Responsibilities: Finance and Accounting/ Controlling/Risk Management
Zouhair Haddou-Temsamani	Responsibilities: Core Sales/ Product Management/Marketing
Katrin Unterberg	Responsibilities: Claims/Insurance Operations/ ARAG Service Center/International Branches

IX. Report on Post-Balance Sheet Events

There were no events of particular significance after December 31, 2024.

X. Appropriation of Profit

A profit-and-loss transfer agreement was concluded with ARAG SE, Düsseldorf, on October 31, 2006. In accordance with that agreement, ARAG Allgemeine transferred its entire profit of €8,681 thousand in 2024 (2023: €12,158 thousand). The recognition or reversal of reserves and any amounts not allowed to be distributed as dividends were taken into account prior to the appropriation of profit.

Düsseldorf, March 10, 2025

ARAG Allgemeine Versicherungs-AG

The Management Board

Christian Vogée (Speaker)	Uwe Grünewald
Zouhair Haddou-Temsamani	Katrin Unterberg

Further Information

I. Independent Auditor's Report[1]

To ARAG Allgemeine Versicherungs-AG, Düsseldorf

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of ARAG Allgemeine Versicherungs-AG, Düsseldorf, which comprise the balance sheet as of December 31, 2024, the income statement for the financial year from January 1 to December 31, 2024, and the notes to the financial statements, including a summary of the accounting policies. In addition, we have audited the management report of ARAG Allgemeine Versicherungs-AG for the financial year from January 1 to December 31, 2024.

In accordance with German legal requirements, we have not audited the content of the corporate governance declaration pursuant to section 289f (4) HGB (disclosure on the proportion of women in managerial positions), included in section III. 'Business Performance' of the management report.

In our opinion, based on the findings of our audit:

- The accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to insurance companies and, in compliance with German accepted accounting principles, give a true and fair view of the net assets and financial position of the Company as of December 31, 2024 and of its results of operations for the financial year from January 1 to December 31, 2024, and
- The accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the aforementioned corporate governance declaration.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the propriety of the annual financial statements and management report.

Basis for the opinions

We conducted our audit of the annual financial statements and management report in accordance with section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as 'EU Audit Regulation') and in compliance with the German generally accepted standards for the auditing of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility under these requirements and principles is described in more detail in the 'Responsibility of the auditor for the audit of the annual financial statements and management report' section of our auditor's report. We are independent of the Company pursuant to the requirements of European law and German commercial law and the rules governing our profession and we have fulfilled our other German professional obligations in accordance with these requirements. In addition, in accordance with article 10 (2)f of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under article 5 (1) of the EU Audit Regulation. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and management report.

[1] Note: This is a translation of the German original. Solely the original text in German is authoritative.

Key audit matters in the audit of the annual financial statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our opinion of this audit; we do not provide a separate opinion on these matters.

Valuation of the partial provisions for reported claims and for claims incurred but not reported included in the gross provision for outstanding claims in direct insurance business
In respect of accounting and valuation policies applied, please refer to the disclosures in section IV. of the notes to the financial statements. Statements on risk are included in section IV. of the management report.

THE FINANCIAL STATEMENT RISK

The gross provision for outstanding claims in direct insurance business amounts to €227.2 million. This equates to 56.3 percent of total assets and has a material effect on the financial position of the Company.

The gross provision for outstanding claims comprises various partial provisions for claims. The largest part of this provision is attributable to the provisions for reported claims and for claims incurred but not reported.

The valuation of the partial provisions for reported claims and for claims incurred but not reported is subject to uncertainties in respect of the anticipated amount of the claims and is thus subject to a considerable degree of judgment, particularly with regard to the claims incurred but not reported. In accordance with commercial-law principles, the estimate should not be carried out on a risk-neutral basis in terms of equal weighting of opportunities and risks. Instead, it must follow the prudence principle pursuant to the German Commercial Code (section 341e (1) sentence 1 HGB).

The provisions for reported claims are recognized in an amount that corresponds to the expected expense for each individual claim. Provisions are recognized for claims incurred but not reported. These provisions are predominantly calculated on the basis of empirical data using generally accepted actuarial methods.

The risk for the financial statements with regard to claims already reported as of the reporting date is that insufficient provisions are recognized for the anticipated claim payments. In the case of claims incurred but not reported, there is an additional risk that these claims have been underestimated.

OUR AUDIT APPROACH

In auditing the provisions for reported claims and for claims incurred but not reported, we used our own actuaries (as part of the audit team) and carried out the following key audit procedures from a risk perspective:

- We obtained an understanding of the process for calculating the provisions, identified key process risks and the controls that pertain to them, and tested these controls for appropriateness and effectiveness. In particular, we satisfied ourselves that the controls designed to ensure an accurate valuation have been established properly and are carried out effectively.
- For selected specific items, we verified the correctness of the record keeping and the amount of individual provisions for reported claims on the basis of the files for various segments and classes of insurance.
- For a risk-based selection of segments, we verified the Company's calculation used to determine claims incurred but not reported. In particular, we assessed the process for determining the estimated number of claims and their amount on the basis of historical experience and current trends.
- We analyzed the actual change in the provisions for outstanding claims recognized in the previous year on the basis of the profit/loss on settlements.

- Using a time series comparison, in particular of the number of claims, frequency of claims, average claim amounts, and reporting-year and overall claims ratios, we analyzed the change in the claims provision.
- We conducted our own actuarial reserve calculations for selected segments that we selected on the basis of risk considerations. This involved producing a point estimate for each segment and comparing this with the Company's calculations.

OUR OBSERVATIONS

The methods used for the valuation of the partial provisions for reported claims and for claims incurred but not reported included in the gross provision for outstanding claims in direct casualty and property insurance business are appropriate and consistent with the applicable accounting policies. The underlying assumptions were derived appropriately.

Other information

The Management Board is responsible for the other information. The other information comprises the following management report components whose content has not been audited:

- The corporate governance declaration pursuant to section 289f (4) HGB (disclosure on the proportion of women in managerial positions), included in section III. 'Business Performance' of the management report.

The other information also includes the remaining parts of the annual report. The other information does not include the annual financial statements, the disclosures in the management report whose content has been audited, or our related auditor's report.

Our opinions on the annual financial statements and management report do not cover the other information. We do not therefore express an opinion or any other form of assurance conclusion on this information.

In connection with our audit, our responsibility is to read the aforementioned other information and to consider whether the other information:

- Is materially inconsistent with the annual financial statements, the disclosures in the management report whose content has been audited, or the knowledge that we obtained during the audit, or
- Otherwise appears to be materially misstated.

If, based on the work we have performed, we reach the conclusion that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibility of the Management Board and Supervisory Board for the annual financial statements and management report

The Management Board is responsible for preparing annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to insurance companies and that, in compliance with German accepted accounting principles, give a true and fair view of the net assets, financial position, and results of operations of the Company. In addition, the Management Board is responsible for the internal controls that it, in compliance with German accepted accounting principles, considers necessary for the preparation of annual financial statements that are free from material misstatements, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

When preparing the annual financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. It is also responsible for disclosing matters relating to the Company's continuation as a going concern, where pertinent. In addition, it is responsible for financial reporting based on the going concern basis of accounting, unless there are actual or legal circumstances that preclude this.

Furthermore, the Management Board is responsible for preparing a management report that, as a whole, provides an appropriate view of the Company's position, is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) that it considers necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the financial reporting process used by the Company to prepare the annual financial statements and management report.

Responsibility of the auditor for the audit of the annual financial statements and management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the audit findings, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, and to issue an auditor's report containing our opinions on the annual financial statements and management report.

Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with the German generally accepted standards for the auditing of financial statements promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements, whether due to fraud or error, in the annual financial statements and management report, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control or these arrangements and measures of the Company.
- Evaluate the appropriateness of the accounting policies used by the Management Board and the reasonableness of the estimates made by the Management Board and related disclosures.

- Draw conclusions about the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty surrounding events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and management report or, if such disclosures are not appropriate, to modify our opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may lead to a situation in which the Company is no longer able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that, in compliance with German accepted accounting principles, gives a true and fair view of the net assets, financial position, and results of operations of the Company.
- Assess the consistency of the management report with the annual financial statements, its conformity with the law, and the view that it provides of the Company's position.
- Conduct audit procedures in respect of forward-looking statements made by the Management Board in the management report. On the basis of sufficient appropriate audit evidence, we examine, in particular, the significant assumptions underlying the Management Board's forward-looking statements and assess whether these statements have been correctly derived from these assumptions. We do not express a specific opinion on the forward-looking statements or on the underlying assumptions. There is a substantial unavoidable risk of material discrepancies between future events and the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be thought to have a bearing on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless public disclosure of the matter is precluded by law or regulation.

Other legal and regulatory requirements

Further information pursuant to article 10 of the EU Audit Regulation
We were elected as auditor by the Annual General Meeting on April 18, 2024. We were engaged by the Supervisory Board on October 31, 2024. We have been the auditor of ARAG Allgemeine Versicherungs-AG every year since the 2020 financial year.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statements audit, we have provided to the audited Company or the entities controlled by it the following services that are not disclosed in the annual financial statements or in the management report of the audited Company:

For the audited Company and one entity controlled by it, we performed the audit of the Solvency II balance sheet.

German public auditor responsible for the engagement

The German public auditor responsible for the engagement is Thorsten Klitsch.

Cologne, March 19, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	Bramkamp
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

II. Report of the Supervisory Board

In the year under review, the Supervisory Board carried out the tasks required of it by law, the articles of incorporation, and rules of procedure. It continually monitored and advised the Management Board with regard to its running of the Company and was directly involved in all decisions of fundamental importance to the Company. The Management Board provided the Supervisory Board with regular, timely, and comprehensive written and oral reports on the economic situation and the performance of the Company and its subsidiaries, business policy going forward, corporate planning, the risk situation, risk management, and significant individual transactions. The Management Board explained variances between the actual course of business and plans and targets individually, and these were noted and scrutinized by the Supervisory Board. Where management action required the approval of the Supervisory Board by law or other regulations, the Supervisory Board received the necessary information on the matter from the Management Board in the form of reports. The Supervisory Board discussed these reports extensively at its meetings, deliberated on them with the Management Board, and made the necessary decisions.

The Supervisory Board held four ordinary meetings last year, at which it was able to satisfy itself that the Management Board was running the Company properly and appropriately. The Supervisory Board also convened once, immediately following the Annual General Meeting, for the constitutive meeting of the Supervisory Board and its committees. The Finance and Audit Committee held two extraordinary meetings and adopted three resolutions in a written procedure. The Human Resources Committee convened for three extraordinary meetings. The meetings were held in person.

Outside the meetings, the Chairman of the Supervisory Board was in regular contact with the Management Board and was kept informed about current business performance and major business transactions. The Chairman of the Supervisory Board was updated daily on key developments. The members of the Supervisory Board were provided with regular controlling reports detailing premiums written, external claim payments, and commissions.

In its ordinary meetings, the Supervisory Board was provided with reports about the current business performance of the Company and its international entities. The Supervisory Board was able to gain a comprehensive picture of the Company's situation from the controlling reports and risk reports, the own risk and solvency assessment (ORSA) report, the reports on investments, and the quarterly financial statements (including updated forecasts) that were presented. At its meetings, the Supervisory Board also examined reports on non-audit services, implementation of the two-level institutional fund structure for alternative investments, the reinsurance renewal, and the risk strategy for 2024. The Supervisory Board also discussed the renewal of the postal operator's contract, an invitation to tender for the audit of the annual financial statements for 2025, and the main ARAG 5>30 initiatives and their status. The Supervisory Board approved the next steps for the ARAG CyberSchutz cover and resolved to propose to the Annual General Meeting that Dr. Joerg Schwarze be reappointed to the Supervisory Board for the maximum permitted term. The Supervisory Board also approved the strategic plan for 2025 to 2027 and approved an update to the general investment policy. It signed off the development plan for the Supervisory Board in 2025, approved the business strategy, and discussed the appropriateness of Management Board remuneration, the structure of the remuneration systems, and management statistics.

The Chairman of the Supervisory Board provided timely and detailed reports on the work of the Human Resources Committee and Finance and Audit Committee at the ordinary meetings of the Supervisory Board.

The single-entity financial statements, which were prepared by the Management Board in accordance with the commercial-law accounting regulations for insurance companies (RechVersV), and the management report for 2024 were, together with the bookkeeping system, audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Cologne, which issued an unqualified opinion. The auditor had been elected by the Annual General Meeting on April 18, 2024 and engaged to carry out the audit.

The members of the Supervisory Board received the aforementioned documents, annual report, and auditor's report in good time before the Supervisory Board meeting that was held to adopt the financial statements. At the meeting, the Management Board also provided additional oral explanations of the documents. The auditors who had signed the auditor's report participated in the Supervisory Board's discussion of the documents, reported on the key findings of the audit, and were available to provide additional information. KPMG presented its audit planning at a Supervisory Board meeting.

The Supervisory Board reviewed the single-entity financial statements and management report. There were no objections to be raised on the basis of the concluding findings of its review. Having carried out its own review, the Supervisory Board agreed with the findings of the audit of the single-entity financial statements and management report by the auditor. The Supervisory Board approved the single-entity financial statements and management report and thereby adopted them. The Supervisory Board proposes to the Annual General Meeting that it formally approve the acts of the Management Board members.

The Supervisory Board would like to express its thanks and appreciation for the work of the Management Board and all employees in 2024.

Düsseldorf, April 3, 2025

ARAG Allgemeine Versicherungs-AG

The Supervisory Board

Dr. Dr. h. c. Paul-Otto Faßbender (Chairman)	Hanno Petersen (Deputy Chairman)
Johannes Berg	Dr. Matthias Maslaton
Wolfgang Platen	Dr. Joerg Schwarze

III. Credits

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We would like to thank our colleagues and partners for their invaluable support in preparing this report.

Note
Figures in this report are rounded, which may give rise to differences of ± one unit (currency, percent) in some computations.

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