

Press Release

HDI-Gerling Leben Serviceholding AG

Cologne, 2009/04/28

HDI-Gerling Life stable despite the financial crisis

Premium income only slightly lower +++ Net return of 3.7 percent despite write-downs +++ New guarantee product to be launched in the summer

The HDI-Gerling Life Group closed the crisis-ridden 2008 financial year with a stable business result. The premium income booked by the domestic companies contracted only slightly by 2.6 percent to EUR 2.6 billion. The prudent strategy practiced on the investment side proved its worth: with a net return of 3.7 percent HDI-Gerling Lebensversicherung came in above the market average of 3.55 percent. Aspecta Lebensversicherung achieved a net return as high as 4.0 percent.

Chief Executive Officer Dr. Hans Löffler nevertheless identifies a number of challenges facing the Group: "Our balance sheet held up well in 2008, but we are going to have to fight to generate further growth going forward". However the year 2009 started well. New business increased in the first quarter by some 20 percent compared to the same quarter of the previous year. One core component of these efforts is a new guarantee product that HDI-Gerling will be launching on the market in the summer. "Today, most customers attach paramount importance to the security of their provision contributions. With this in mind, our "TwoTrust Klassik" product will offer one of the highest guaranteed annuities available on the German market", Löffler announced.

Almost three million customers have entrusted their retirement provision to companies belonging to the Life Group. The volume of assets is in the order of EUR 20.3 billion. An additional amount of just under EUR 1.9 billion is invested in fund assets for customers. The Life Group currently employs around 1,900 staff in Germany.

Best Partner for customers, intermediaries and employees

Under its "Best Partner" strategy programme the Life Group brings together the extensive range of project activities aimed at optimizing its service and internal structures. A core element is the expansion of services provided for distribution partners. The Life Group's own "live academy" offers advanced training for intermediaries. Additional service companies relieve brokers of administrative tasks and give them the space that they need to concentrate on actually advising customers. "Our goal is to be the number one for independent intermediaries", Löffler explained.

HDI-Gerling Lebensversicherung AG boosts profitability

Against a backdrop of slightly reduced gross premiums totalling EUR 1.96 billion (previous year: EUR 2.01 billion), HDI-Gerling Lebensversicherung AG again boosted its net income to EUR 35 million, a slight increase compared to the previous year's figure of EUR 34 million. This was attributable in part to appreciable cost cutting of almost EUR 43 million. The new business generated by the company contracted, however, by 21 percent to EUR 285 million. Along with the tighter budgets available to customers for individual provision, further factors here were frictional losses associated with the company's restructuring phase.

Unit-linked insurance products continued to grow in importance in 2008. The proportion of new business attributable to such products increased by two percentage points to 45 percent, driven primarily by the TwoTrust product line – which combines extensive guaranteed benefits with return-oriented investments. Another major volume driver is occupational retirement provision, which accounts for roughly 40 percent of new business.

Aspecta feels the effects of consumer restraint due to economic downturn

The gross premiums booked by Aspecta Lebensversicherung AG fell by 2.6 percent in the 2008 financial year to EUR 519 million. The company was especially hard hit by the decline in new business. New business premiums slipped from EUR 71 million in 2007 to EUR 42 million in 2008. Given that Aspecta specializes in investment-oriented concepts, the effects of customer caution prompted by the economic downturn have been unusually pronounced. Aspecta was, however, similarly able to cushion these developments on the cost side, as a consequence of which the expense ratios were maintained on a par with the previous year.

Foreign business contributes to stability

Foreign business continues to be a key pillar of the Group's stability. Producing a volume of some EUR 296 million, the companies from Poland, Liechtenstein and Luxembourg with branches in Italy and Spain delivered around one-tenth of the Group's premium income. The decline of around EUR 50 million relative to the previous year was due almost exclusively to the industry-wide reduction of single-premium business in Poland prompted by the financial crisis. Although international new business also contracted in 2008, it nevertheless contributed a good quarter of the Life Group's new business with total premiums paid of around EUR 1.67 billion (previous year: EUR 1.99 billion).

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