

Press Release

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HDI-Gerling Life: Integration aims achieved Premiums pass the EUR3bn mark +++ improved company result +++ international business continues to grow

In the first full financial year since the merger of HDI, Gerling and Aspecta, HDI-Gerling Life Group has posted an improved company result and effectively completed the process of reorganisation. Gross contributions rose by 3.2 per cent, a figure well in excess of the market average (+0.7%), to pass the EUR3bn mark (previous year: EUR2.9bn). New business also rose slightly by 1.4 per cent. The Group's activities abroad were major drivers behind this growth and now represent around a quarter of all new business.

"In having to implement the terms of the amended German Insurance Contract Act at the same time as they were coping with integration and relocation, our employees have performed a Herculean task," says Chairman of the Board Dr Hans Löffler, evidently delighted with the progress made in restructuring. "From time to time, the changeover has affected our service level, but we have managed to iron out most of the causes. So, all in all, we are well pleased with the annual result."

The Group's customer base has grown by around 2 per cent during the financial year 2007 and capital assets have for the first time gone above the EUR20bn mark. In addition, more than EUR3bn is invested in funds on behalf of clients. The HDI-Gerling Life Group currently employs a workforce of over 1,800. During the coming year, it is planned to recruit a further 100 staff.

Strategic focus on dynamic market segments

Dr Löffler sees the future as lying in fast-growing market segments such as company pension schemes and unit-linked products. In both of these areas, HDI-Gerling has been able to increase turnover by around eight per cent and take its place amongst the market leaders.

Alongside its well established field staff, the Group has also been developing partnerships with independent insurance brokers for whom, according to a study conducted by business consultants Tillinghast in 2007, HDI-Gerling is now the second-biggest provider. "As a result of the amended German Insurance Contract Act, properly qualified advice is even more important than before," says Löffler. "That's why we have been investing massively in support measures for our partners." For example, setting up the 'live-academy' as a training centre for brokers. HDI-Gerling Life Group subsidiary 'Partner Office' provides service and consultancy products that relieve independent agencies of administrative tasks and leave them with more time to devote to their customers.

HDI-Gerling Lebensversicherung AG increases profits

Despite costs arising from company integration amounting to around EUR22m, the annual surplus for HDI-Gerling Lebensversicherung rose by EUR3m to reach EUR34m. Gross contributions rose by around one per cent to reach EUR2bn for the first time. Administrative costs fell back slightly as a percentage to 2.8. The company successfully passed stress tests and complied with solvency requirements.

New business contributions were slightly down by 2.6 per cent to EUR361m. When the one-off effect of the 2006 so called 'Riester allowance' is excluded, the actual decrease is only 0.5 per cent. The mainstay of sales are new and modern unit-linked products. For example, the 'Two Trust' investment model, which has proved so successful in company pensions schemes, has now been transferred to the 'Riester' product 'Duplex Dynamic tt' in Germany. During the course of 2008, there will be further products based on this model for private pension schemes. Together with HDI-Gerling Pensionsmanagement AG, the product range will also be expanded in the area of customer service. With working time account models, the company is providing solutions for flexible management of working

time and variable pension start dates.

Aspecta: New business from abroad exceeds sales within Germany

At Aspecta Lebensversicherung AG, gross contributions for the financial year 2007 rose by 3.6 per cent to EUR533m. However, as a result of the relocation from Hamburg to Cologne and the restructuring of sales, new business in Germany fell by EUR16m to a total of EUR71m. Nonetheless, the profits transfer of EUR3.2m to the Group exceeded expectations, though around EUR12m were swallowed up by costs arising from integration. Net interest on capital assets amounted to 5 per cent. The volume of assets invested in funds on behalf of Aspecta customers rose markedly by around 11 per cent to reach EUR1.3bn.

At the same time, the boom in foreign business continued unabated. This is where the Group sees great potential for modern unit-linked products and for working in partnership with independent agencies. Gross contributions from business in Poland, Liechtenstein, Switzerland, Italy, Spain, France and the Benelux countries amounted to around EUR350m, an increase of around 20 per cent compared with the previous year. For the first time premiums from new international business exceeded those in Germany. Company activities in Poland and Italy were particularly successful, registering growth rates of 40 per cent in the first case and 72 per cent in the second. In future, the company expects foreign products to exercise a growing influence in the German market as well.

For further information:

HDI-Gerling Lebensversicherung
Dr Hubert Becker
Corporate Communications - Press Officer
Phone: +49 221 144-66300
Fax: +49 221 144-5127
E-Mail: hubert.becker@hdi-gerling.de