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PRESS RELEASE

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DEVK defies coronavirus crisis to record strongest new business of its history

The management board presented DEVK's annual figures for 2020 in Cologne today. It was a record year, with new-business premiums totaling EUR 928 million, and premiums up 8.1 percent. This benefited members as well as clients – e.g. via premium refunds.

The 2020 business year was a very successful one for DEVK, both as a group and for all major individual companies and insurance lines. "Despite the restrictions imposed by the coronavirus, 2020 was the best year for new business in the 135-year history of DEVK," said CEO **Gottfried Rüßmann**, who personally presented the results to the press once again. Rüßmann is also optimistic for the current business year. DEVK has done a lot to support its clients, staff, and sales partners during the coronavirus crisis. Gross written premiums at DEVK Group rose to more than EUR 3.9 billion (+8.1 percent).

Around 1.8 million new contracts

New business at DEVK developed very positively in 2020, with EUR 928 million in new premiums (+7.1 percent). The number of insured risks and contracts rose to 15.4 million. This resulted in the entire policy portfolio growing by 1.7 percent, and DEVK once again gained market share. Gross premiums written by the DEVK Group increased to over EUR 3.9 billion (+8.1 percent).

The domestic primary **property/casualty insurance** business grew by 3.2 percent to EUR 2.1 billion (insurance sector: +2.3 percent). DEVK Legal Expenses Insurance also saw stronger growth than the broader market, with premiums up by 6.4 percent (insurance sector: +3.0 percent), while the number of policies rose by 3.0 percent (insurance sector: +1.5 percent).

Life insurance premiums (excluding pension funds) were up by 5.0 percent (insurance sector: +0.4 percent) to EUR 812 million. **DEVK Health Insurance** saw gross written premiums rise to EUR 104.1 million and improved total receipts by 4.2 percent from the prior year (insurance sector: +4.4 percent).

The reinsurance division was once again very successful, as well. The number of clients rose from 636 to 691. Written premiums of **DEVK Reinsurance** including Echo Re from DEVK's external business came in at EUR 584.2 million – up by 24.3 percent from the prior year. After taxes, DEVK Reinsurance recorded an annual profit of EUR 45.5 million (prior year: EUR 60 million).

DEVK's **financial assets** rose by 3.1 percent over the last business year, to EUR 19.9 billion. These generated a net capital investment income amounting to EUR 474 million – down by 34.3 percent from 2019.

A low-claims year

The group's property/casualty insurance business, including the reinsurance and foreign business, recorded **gross written premiums** of EUR 2.8 billion, a welcome 7.2 percent increase on the prior year. Gross written premiums in motor insurance were up by 0.8 percent (insurance sector: +0.9 percent) to around EUR 1.1 billion.

Besides windstorm Sabine, which swept over Germany in February with gale-force winds, there were no notable storms in 2020. Due to the pandemic and mobility restrictions, many people used their cars less and stayed at home more. This reduced the claims burden. In the property/casualty segment, the ratio between expenses for claims and premium income – the **combined ratio** – fell to 91.0 percent (prior year: 94.2 percent). This trend was also noticeable in the motor insurance segment, where the combined ratio fell from 103.5 percent in the prior year to 97.8 percent (insurance sector: 90 percent).

EUR 13 million in premium refunds

Policyholders also benefit from the decline in claims. DEVK will reimburse a total of EUR 13 million to clients: EUR 8 million to motor insurance policyholders in the general market; EUR 5 million to household contents insurance policyholders in the transportation market. Individual policyholders will find out how much they are being paid back no later than with the receipt of the premium invoice for the coming year.

Due to the favorable claims development, the **underwriting result** before the adjustment of the equalization reserve rose to EUR 173 million (prior year: EUR 98 million). After a transfer of EUR 61 million (prior year: EUR 12 million), the underwriting result in property/casualty insurance came in at EUR 112 million (prior year: EUR 85 million).

Together with the underwriting results of the life- and health insurance units as well as the pension fund business, this amounts to EUR 121 million (prior year: EUR 95 million).

Capital investment income from non-underwriting accounts for 2020 came in at EUR 88 million, significantly under the prior-year result of EUR 227 million due to high write-downs and losses realized from the disposal of assets.

Other income improved from EUR -116 million to -101 million. **Results from normal business activity** came in at EUR 107 million (prior year: 207 million). After-tax profits came in at EUR 77 million (prior year: EUR 113 million).

Ratings with stable outlook

Ratings agencies Fitch Ratings and S&P Global Ratings (S&P) updated the financial strength ratings for DEVK in 2020. S&P once again highlighted the extremely strong capitalization of DEVK. As in previous years, Fitch confirmed the "A+" rating for DEVK Sach-/HUK and DEVK Leben, as well as their subsidiaries. Fitch describes the outlook for all ratings as stable. According to Fitch, the rating

reflects the very strong capitalization, the high provision standards in property/casualty insurance, as well as the strong market position of the group.

Unit-linked pension successful

In **life insurance**, the redesigned DEVK unit-linked pension vario, introduced back in 2019, was in particular demand in 2020. Furthermore, in early 2020 it was expanded to include an investment concept to serve client demand for sustainable capital investment. With more than 13,500 units, unit-linked pension insurance saw a plus of 18.6 percent. The current annual premium was up by 17 percent. The **DEVK unit-linked pension vario** is popular, because it offers good opportunities for gains as well as security. Fund managers evaluate whether the ratio between equities and pension funds still matches the chosen investment strategy on a quarterly basis.

DEVK life insurers also saw lump-sum premium **new-business** gains in 2020. At the beginning of the year, DEVK introduced a new pension policy for single premiums, aimed in particular at clients with expiring DEVK life insurance policies. Single premiums were up by 25.5 percent in 2020.

Gross written premiums at DEVK life insurers in the more narrowly defined sense were up by 5.0 percent year-on-year in 2020.

Life insurance premiums more broadly defined (including DEVK pension funds) were up by 11.0 percent (sector: +0.0 percent) to EUR 1.0 billion.

EUR 48 million in profit participation for policyholders

After revenues and expenditures, the life insurance segment recorded a **total surplus** of EUR 66 million in 2020 (prior year: EUR 154 million). Of that total, 73 percent, or EUR 48 million, were transferred to the reserve for premium reimbursements, the pot for policyholder profit participation.

Against the industry trend, the DEVK life insurers had raised their **surplus participation** for

endowment and pension insurance policies in 2019 – by up to 0.3 percent. The overall interest rate for the more than 1.2 million policies of the DEVK life insurers remained stable in 2020. Surplus participation for the endowment and pension insurance policies of the DEVK mutual life insurer also remain stable at 2.7 percent in 2021. People who work in the transportation market in particular are beneficiaries and members of the mutual insurer. DEVK Allgemeine Leben AG is open to all private customers. In 2020, it offered a current interest rate of 2.5 percent, in 2021 it offers 2.2 percent. DEVK has provided its policyholders with above-average returns in a long-term comparison for decades.

The **cancellation rate** came in at 4.8 percent, above the prior year's 4.4 percent, as well as the industry average of 4.5 percent.

Outlook 2021

The **current general conditions** will continue to concern DEVK. The low level of interest rates and the economic impact of the coronavirus pandemic require particular care in making capital investments.

For 2021, the DEVK group expects **premium growth** of between 3 and 4 percent. The main driver of growth will be active reinsurance and the strong growth of the DEVK Pensionsfonds-AG.

You can find the business reports and sustainability report of DEVK here:

www.devk.de/unternehmensberichte

Figures and photos related to the press statement can be found here:

www.devk.de/pressemitteilungen

For 135 years, insurance policyholders in Germany have been confidently placing their everyday risks in the hands of DEVK Versicherungen. Founded by railwaymen for railwaymen, DEVK takes care of more than 4 million customers nationwide today, with more than 15.4 million risks across

all insurance lines. A total of around 6,000 employees roll up their sleeves to provide fast and active assistance. Furthermore, the Sparda Banken have been a reliable partner for many years. In terms of the number of policies, DEVK is Germany's fourth-largest household contents insurance company, its fifth-largest car insurer, and its seventh-largest liability insurer.

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