

Talanx intensifies focus on profitable underwriting policy and foreign growth in industrial insurance

- By the year 2019, Talanx expects to generate around two thirds of gross premium in the industrial insurance segment abroad
- “Balanced Book” package of measures for promotion of profitability in Germany
- Solvency II preparation on track

Hannover, 17 September 2015

The Industrial Lines Division at the Talanx Group is driving forward its underwriting policy strictly focused on profit in domestic business and targeting further profitable growth in foreign business. “For the year 2019, we are anticipating more than three billion euros gross premium in the profitable foreign business. This will then be around two thirds of our entire industrial insurance business,” says Herbert K. Haas, Chairman of the Board of Management of Talanx AG, at the Capital Markets Day in Hannover. “At the same time, we expect a significant improvement in earnings for Germany,” adds the Talanx CEO.

The division expects the “Balanced Book” package of measures to once again achieve a combined ratio of less than 100 percent even in Property insurance as early as 2016. “Balanced Book” is focused on increasing the diversification of the portfolio in relation to risks and capacities. The medium-term target in the division and Primary Insurance overall remains unchanged at a combined ratio of around 96 percent. “The signals from the first contract renewals in Property Insurance are promising. We have succeeded in significantly improving the ratio of premiums to risks in the contract extensions. This also makes us optimistic for the renewal round 2015/2016,” says Dr Christian Hinsch, deputy Chairman of the Board of Management of Talanx AG and Chairman of the Management Board of HDI-Gerling Industrie Versicherung AG.

HDI-Gerling Industrie Versicherung AG manages the division and continues to perceive substantial potential for profitable growth in

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international business. By 2019, gross written premium generated from foreign business in industrial insurance is projected to increase by more than five percent on average each year. Firstly, the division is committed to emerging markets with the aim of strengthening premium growth. Secondly, Christian Hinsch explains the plan to increasingly acquire small and mid-size companies as customers in the European market. This strategy is to be supported by a number of measures including the foundation of new locations.

At the same time, the number of international insurance programmes which HDI-Gerling is supporting as the sole or lead insurer is set to increase further. From 2011 to 2014, this number grew by more than half from around 2200 to more than 3500. "This reveals the significant growth over recent years in our customers' requirement for cross-border insurance solutions. That rise in demand results in an increasing internationalisation of our business," explains Christian Hinsch.

As the Talanx Group makes preparations for Solvency II, it is on course for the planned introduction of its internal model for 1 January 2016. For the first time, the Group is showing that an additional capital buffer amounting to ten percent of the regulatory equity capital is anchored in its calculations for Solvency II capitalisation, in order to compensate for model and other risks. The latest confirmation by Standard & Poor's positions Talanx unchanged as stable in the target range of an "AA" capitalisation. For the first time, Standard & Poor's also took account of a so-called "M Factor". This is a seal of approval for the quality of internal risks management associated with an additional capital benefit.

The Talanx Capital Markets Day 2015 is taking place in Hannover today. The focus is the industrial insurance segment. The event will be broadcast from 9.00 a.m. CEST on the Internet at www.talanx.com.

About Talanx

With premium income of EUR 29.0 billion (2014) and more than 21,300 employees, Talanx is one of the major European insurance groups. The Hannover-based Group is active in some 150 countries. Talanx operates as a multi-brand provider with a focus on B2B insurance. The Group's brands include HDI, which operates in Germany and abroad, the global industrial insurer HDI-Gerling, Hannover Re, one of the world's leading reinsurers, Targo Versicherungen, PB Versicherungen and Neue Leben, the latter all specialized in bancassurance, the Polish insurer Warta, and the financial services provider Ampega. The rating agency Standard & Poor's has given the Talanx Primary Group a financial strength rating of A+/stable (strong) and the Hannover Re Group one of AA-/ stable (very strong). Talanx AG is listed on the Frankfurt Stock Exchange in the MDAX as well as on the stock exchanges in Hannover and Warsaw (ISIN: DE000TLX1005, German Securities Code: TLX100, Polish Securities Code: TNX).

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