

Press release

E+S Rück expects modestly higher premiums and stable conditions in Germany

- **Positive premium development in the German market**
- **Rising demand for catastrophe covers**
- **Sustained interest in cyber insurance products**

Baden-Baden, 22 October 2018: E+S Rückversicherung AG – which bears responsibility within the Hannover Re Group for German business – continues to expect a positive premium development in the German market for the upcoming round of treaty renewals as at 1 January 2019, albeit at a somewhat more muted pace than in the previous year.

"Against the backdrop of an increased number of small and mid-sized losses we do not see any room for concessions", Dr. Michael Pickel, a member of the company's Executive Board, commented during a press conference at the industry gathering in Baden-Baden. "Adjustments are necessary under certain treaties, for example after reserve increases. For this reason we anticipate slightly higher reinsurance rates for the treaty renewals as at 1 January 2019."

Growing competition in **motor primary insurance** means that deteriorating results and a corresponding need for adjustments on the reinsurance side must be expected. Overall, in motor reinsurance E+S Rück anticipates stable conditions for proportional treaties and rate increases in the mid-single-digit percentage range for non-proportional covers. In the area of telematics E+S Rück can assist its customers with the development of pricing models and arrange access to technical solutions.

When it comes to **natural catastrophe covers** E+S Rück similarly expects a modest rate increase due to higher losses and at least stable rates under programmes that were not impacted. Winter storm Friederike and several heavy rainfall events are unlikely to push rates higher across the board, however, because in many instances the resulting losses remained within the retention run by primary insurers. Bearing in mind the increased prevalence of natural disasters in recent years, ceding companies will probably continue to review their reinsurance requirements, and E+S Rück therefore anticipates stronger demand for catastrophe covers.

Homeowners' comprehensive insurance, on the other hand, is still in need of remediation because past results – even in years without significant natural perils events – were not satisfactory market-wide. In 2018 the market will likely post another underwriting loss, despite the

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rate increases that have already been implemented. The same is true of **industrial fire insurance**, which is once again in deficit. Premium increases were scarcely observed at primary insurers, despite substantial losses in the current year.

The sustained interest in **cyber insurance** in Germany, especially for smaller and mid-sized enterprises, is likely to generate additional premium income. Clash covers, in particular, are enjoying a surge in demand among customers. With the aid of a tariff calculator E+S Rück is able to offer its clients individually tailored cyber solutions, inter alia through a cooperation with Perseus Technologies, a cyber security service platform that Hannover Re helped to found. Perseus provides cyber security solutions and risk management support for small and medium-sized enterprises.

E+S Rück expects additional business opportunities to open up as further **fintech players** enter the German insurance market. Its focus here remains on its core competency, namely reinsurance.

In the coming year E+S Rück is also looking ahead to **management changes**: effective 1 March 2019 Dr. Michael Pickel (57) will succeed Ulrich Wallin (63) as Chief Executive Officer of E+S Rück. Starting 1 January 2019 Jonas Krotzek (38) is to take over from Karsten Faber (64) as Managing Director responsible for Germany, Austria and Switzerland as well as Italy and business conducted with the Talanx Group.

"We anticipate further attractive business opportunities in Germany for E+S Rück in 2019," Dr. Michael Pickel noted. "It remains our goal to keep our market share on a high level and offer our clients innovative reinsurance solutions."

Hannover Re, with gross premium of EUR 17.8 billion, is the fourth-largest reinsurer in the world. It transacts all lines of property & casualty and life & health reinsurance and is present on all continents with around 3,300 staff. Established in 1966, the Hannover Re Group today has a network of more than 140 subsidiaries, branches and representative offices worldwide. The Group's German business is written by the subsidiary E+S Rück. The rating agencies most relevant to the insurance industry have awarded both Hannover Re and E+S Rück outstanding financial strength ratings: Standard & Poor's AA- "Very Strong" and A.M. Best A+ "Superior".

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