

## Corporate news

### E+S Rück expects improved prices and conditions for 2020 on the German market

- Premium development in motor insurance stable
- Remediation of industrial fire business starting to have an effect
- Price increases for loss-impacted natural catastrophe covers
- Growing interest in telematics tariffs

Baden-Baden, 21 October 2019: E+S Rückversicherung AG – the Hannover Re subsidiary responsible for the Group's German business – expects a positive premium development on the German market in the year ahead. This assessment is supported by business opportunities in areas such as telematics and legal protection and above all by improved conditions on the primary insurance side, which are particularly beneficial for proportional reinsurance.

"Bearing in mind the already strained state of technical profitability and the further decline in interest rates, higher reinsurance prices are essential in many segments", Dr. Michael Pickel, Chief Executive Officer of E+S Rück, noted. "Along with loss-impacted natural catastrophe covers, we see a particularly pressing need for further adjustments in the motor and industrial fire insurance lines."

In **motor insurance** stable average premiums and conditions can be anticipated for the most part under proportional treaties. This contrasts with higher costs for spare parts and repairs, which will be reflected in a modest strain on profitability. The low interest rate level should, however, prompt the necessary rate adjustments in non-proportional business, especially in motor third party liability insurance.

Rising risk awareness among reinsurers will likely lead to slight rate increases in the German market for **natural catastrophe risks**. Storms such as "Eberhard" in March and "Jörn" in June underscore the importance of reinsurance as protection against natural disasters. E+S Rück consequently anticipates growing demand and price adjustments under loss-affected programmes.

On the claims side, too, modest improvements can be discerned; this is especially evident in **homeowners' comprehensive insurance**, where natural catastrophe losses are within expectations.

In **industrial fire insurance**, which has been mostly loss-making in the past, the efforts made by primary insurers to restore business to profitability are starting to have an effect. In the reinsurance market, too, E+S Rück consequently expects to see improved conditions

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overall with continuing strain on the claims side. There is still a need for further remediation here, and additional steps to improve profitability are therefore expected.

In the area of **legal protection insurance** a significant trend towards stronger demand for reinsurance covers can be discerned for the first time, hence opening up further business opportunities. This is being driven in particular by accumulation losses such as those that can result from the diesel emissions scandal or from incorrect advice given by financial services providers.

In response to growing demand in the market for **telematics tariffs**, E+S Rück is offering its customers a telematics solution with a proprietary pricing basis under the name es|Tmatik. A pilot project is being launched in October 2019 that also includes a corresponding telematics app. Standardised contractual framework conditions ensure straightforward and cost-effective usability for primary insurers.

All in all, E+S Rück anticipates further attractive business opportunities in Germany for 2020 and considers itself well on track to maintain its market share on a high level and selectively expand the portfolio in certain lines.

**Hannover Re**, with gross premium of more than EUR 19 billion, is the third-largest reinsurer in the world. It transacts all lines of property & casualty and life & health reinsurance and is present on all continents with around 3,200 staff. Established in 1966, the Hannover Re Group today has a network of more than 100 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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