

Results FY 2019 and forecast

Deutsche Familienversicherung targets 100,000 new contracts for 2020 and an increase of gross premiums written by 30%

- More than 100,000 new contracts in financial year 2019 (+ 81%)
- Gross premiums written increase significantly by 37% to approx. 91 million euros
- Existing premiums increase by 34% to approx. 101 million euros
- EBIT of -5.2 million euros significantly better than expected
- Dynamic growth to continue in 2020: approx. 100,000 new contracts and existing premiums expected to increase by 25 million to 30 million euros and gross premiums written to climb by 30%
- Pioneer for long-term care industry solutions with “CareFlexChemie” – Additional growth expected from 2021

Frankfurt am Main, 19 March 2020 – DFV Deutsche Familienversicherung AG (“DFV”, “Deutsche Familienversicherung”), a rapidly growing, leading European digital insurance company, looks back on a very successful financial year 2019 with impressive highlights. The company achieved its ambitious goals of 2019 and plans to continue this growth in 2020 and 2021.

“I am overwhelmed by what we achieved in 2019 with only 122 employees. Our highly efficient digital insurance platform was and remains the key to our success. Now we must consistently continue the growth course and promote our organisation in this. With our recently launched innovative recruiting campaign we have already taken an important first step,” said Dr. Stefan Knoll, Chairman and Founder of Deutsche Familienversicherung.

New health insurance volume increases by 60%

With 100,034 contracts and an increase of 81.1%, new business has grown significantly in comparison to the same period of the previous year (2018: 55,227 new contracts). This increase was largely due to the successful additional health insurance business with 90,381 new contracts. In the property insurance sector with 9,653 new contracts, pet insurances, which have been successfully digitally advertised by ProSiebenSat1 since mid-May, have contributed significantly to the growth.

The total newly generated premium volume increased by 69.4% to 29.9 million euros (2018: 17.6 million euros). In the segment of supplementary health insurance, the growth measured by the volume of premiums was 58.8% and, in the property insurance segment, this was even 686.0%. With this, property insurances accounted for approx. 8% of new business in premium volume and, as planned, 10% of the number of contracts (30 September 2019: approx. 7% / 8%).

Target exceeded with existing premium volume of 101.2 million euros

As a result of the significant growth in new business, the total insurance volume at the end of the year increased by 13.0% to approx. 514,000 contracts (31 December 2018: approx. 455,000 contracts). This includes 44,182 contracts from the electronics insurance business which is no longer part of DFV's core business. Excluding these technical insurances, the 2019 contract volume in the core business grew by 17.8%. Existing premiums as of 31 December 2019 increased by 33.7% to 101.2 million euros (31 December 2018: 75.7 million euros).

The gross premiums written increased significantly in 2019 by 36.7% to 90.9 million euros and the strong growth in health and long-term care insurance business, with an increase of 37.2% to 85.0 million euros, in particular, is reflected in this. In the property insurance business, which also includes the new pet insurances, gross premiums written increased by 29.4% to 5.9 million euros.

“We have kept our promise. 100,000 new customers and a growth in existing business of more than 25 million euros. With such a development in our new business in supplementary health insurance, Deutsche Familienversicherung is amongst the big names in the industry,” commented Dr. Stefan Knoll, Chairman and Founder of Deutsche Familienversicherung.

In order to achieve this rapid growth in business, Deutsche Familienversicherung invested significantly in sales. In 2019 the combined ratio (claims-expenses ratio) was, as expected, 102.6% (2018: 98.0%) due to the increase in sales expenditure. The claims ratio increased to 60.5% (2018: 56.0%) compared to same period of the previous year.

EBIT of approx. -5.2 million euros significantly better than expected

As a result of an increase in sales expenditure, EBIT decreased to -5.2 million euros (2018: -4.1 million euros) which is significantly better than expected (forecast 2019: loss of 9 to 11 million euros). This is particularly due to increases in efficiency, lower personnel and marketing/sales costs as well as a significantly improved investment result. Correspondingly, the underwriting result was -3.9 million euros and the result after tax -2.1 million euros (2018: -3.3 million euros).

The solvency ratio of Deutsche Familienversicherung has fallen to 264% (31 December 2018: 469%) which also reflects the increased capital expenditure for the significant growth in business. The figure continues to be significantly above regulatory requirements and on a very sound level.

Successful entry into the pet health insurance business

In 2019, DFV, once again, launched numerous impressive product innovations. Since 15 May 2019, the company has also been offering pet health insurances. ProSiebenSat.1 Digital has been responsible for the marketing of these on its TV and online channels which have a wide coverage. Various rates are being offered for pet health insurance for dogs according to the 16x product matrix developed by DFV and, since 1 October, also for cats.

High product quality with top marks in all product segments

In 2019, DFV was, once again, able to prove the exceptional quality of its products with numerous Stiftung Warentest certifications in various categories. The “DFV exclusive dental care protection 100” was named TEST WINNER by Stiftung Warentest for the fourth time in succession with the top score of 0.5. The “DFV foreign travel protection” was also rated as “very good”. For the first time, Deutsche Familienversicherung also participated in the personal liability insurance test and received the “very good” rating for its product “DFV liability cover”. With this, the digital insurance company has proven its very high product quality in supplementary health insurances as well as in property insurances.

In the current business year, DFV was again named TEST WINNER in the Stiftung Warentest Finanztest. In the current evaluation of 02/2020, the company’s supplementary long-term care insurance “DFV-DeutschlandPflege Flex” received the best rating in the daily long-term care allowance insurance. In the products for those aged 55 plus, the tariff came top in the ranking with a rating of 1.6, similar to the evaluation of November 2017.

Progress in digitalisation and customer experience

Deutsche Familienversicherung also continued its digitalisation strategy in 2019. During the year, the digital contract completion and policy issuing processes were perfected and the claims settlement processes developed further. They are an important requirement for the extensive scalability of business. Irrespective of this, DFV has also been a pioneer in the use of language control media, such as Amazon Echo, since 2018. Since the fourth quarter 2018, DFV has been the world’s first insurance company to offer its customers the opportunity to fully complete their insurance contracts via the digital assistant “Alexa”, including payment functions.

German premiere in occupational long-term care insurance

With a market share of 15% in long-term care insurance new business, Deutsche Familienversicherung has already developed into a big national name in this sector. The acquisition success with Henkel played a considerable role in this. For the first time in the insurance company’s

history, an employer-financed additional long-term care insurance has been introduced for all employees.

Enormous growth potential for the future is also promised by “CareflexChemie”, the long-term care insurance agreement for the industry which was announced in November 2019. For the first time, Deutsche Familienversicherung will offer a nationwide, employer-financed, collective agreement-based additional long-term care insurance for the chemical and pharmaceutical industry. This was agreed by the union IG BCE and employers’ association BAVC in their current collective agreement for all employees of the chemical and pharmaceutical industry who are subject to the terms of the collective agreement from 1 July 2021. The chemical industry in Germany has approximately 580,000 employees including 435,000 employees who are subject to the collective agreement. Industry employees who are not subject to the collective agreement can also receive CareFlex Chemie if this is agreed by their employer.

“CareFlex Chemie” is provided by a consortium of three renowned insurers – the first nationwide consortium in operational health insurance (bKV) for long-term care insurance. R+V Krankenversicherung AG is the consortium managing partner with a share of 45% whilst DFV Deutsche Familienversicherung AG, with a share of 35%, is also consortium managing partner with responsibility for the product as well as portfolio management. Barmenia Krankenversicherung AG has a share of 20%.

Dynamic growth to continue in 2020 and 2021

The growth rates of 2019 are set to continue and Deutsche Familienversicherung is aiming to acquire approx. 100,000 new customers in both 2020 and 2021 with an additional premium volume of 25 to 30 million euros.

In the current financial year, the result will continue to be influenced by high growth investments for the further expansion of the existing contract volume, expenditure for increased digitalisation and the establishment and development of new sales channels and the organisation. Here it is particularly the preparations for the “Careflex” collective agreement-based long-term care insurance for the industry which will be implemented from mid-2021 and will have an impact. DFV is, therefore, predicting a loss before tax (EBIT) of between 9 and 11 million euros for the financial year 2020.

With the linear continuation of these ambitious goals, Deutsche Familienversicherung expects to end 2021 with a positive result despite the high growth investments. The high contract volume which “CareFlex” will bring in addition to this from July 2021 has not yet been taken into consideration in this. It is currently not possible to predict the effect that the coronavirus will have on the overall economic situation and, with this, on DFV’s business.

The annual report 2019 is available on our website to download on this [link](#).

DFV Deutsche Familienversicherung AG

DFV Deutsche Familienversicherung AG (ISIN DE000A0KPM74) is a rapidly growing digital insurance company. DFV covers the complete insurance value chain with its own products, including a reinsurance licence. The company's objective is to offer insurance products which people really need and immediately understand ("Simple. & Sensible"). DFV offers customers multi award-winning additional health insurances (dental, health, additional long-term care insurance) as well as accident and property insurances. On the basis of the highly modern and scalable in-house developed IT system, the company is setting new standards in the insurance industry with consistently digital product designs as well as policy completion with digital language assistants.

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