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“Further life insurance consolidation is in the interest of policyholders”

- Tilo Dresig, CEO of Viridium, sees considerable potential for external run-off.
- Customers benefit from specialization and a fully modernised platform.
- EUR 1 billion more for customers of Proxalto in the last five years.
- Financial year 2023 consolidated post-tax net income of EUR 342 million¹ (2022: EUR 331 million).

Ten years after the start of its business operations, Viridium Group, Germany's leading life insurance consolidator, continues to see considerable growth potential for external run-off.

“The transactions of recent years were just the beginning,” stated Viridium CEO Tilo Dresig during a press conference in Frankfurt/Main. “Further consolidation is inevitable if we want to address the structural challenges facing the industry and make existing life insurance policies more attractive for customers. As the market leader in Germany, we will play a key role in this next consolidation phase.”

Private life insurance is and remains a key pillar of private pension plans. But the German life insurance industry is highly fragmented. There are currently more than 80 life insurance companies. Only the five largest groups each have a market share of more than 5%. The financial and operational challenges in the industry often include outdated IT systems and a very high number of different tariffs. Accordingly, existing IT systems are complex and costly to maintain. Considerable investments in legacy IT systems are necessary.

CEO Dresig: “The sale of legacy portfolios allows primary insurers to free up capital, management capacity and operational resources for the expansion of their core business, thereby enabling future growth. Customers benefit from higher profit participation, strong capitalisation and long-term sustainable operational stability.”

Proxalto, the largest insurance company within Viridium Group, has allocated around EUR 1 billion more to the provision for premium refunds (*RfB*) since Viridium acquired it five years ago compared to what was previously the case. This represents an additional benefit for customers on top of the interest rate guarantee and translates into around EUR 200 million or 70% more each year than before. Consequently, Proxalto already increased the current minimum interest rate guarantee for its customers from 1.25% to 2.35% last year. Entis, another insurance company within Viridium Group, is even at the top-end of the German market in terms of minimum interest rate guarantee, with a current rate of 3.25%. The acceptance of the business model among policyholders is reflected in the declining and

¹ Final figures will be audited at the end of May 2024.

low lapse rates. The unit lapse rate of Viridium is around 2% and therefore well below the market average of around 2.6%.

“We make existing life insurance policies more attractive for our customers,” said Dresig.

“We have three structural competitive advantages: Focus benefits due to specialisation on life insurance products only, without new business. Leveraging of scale and our standardised, modern platform. And the expertise of our highly experienced and specialised team, with an unparalleled learning curve from repeated modernisations of legacy portfolios.”

The planned acquisition of an insurance portfolio from Zurich Group Germany did not proceed due to considerations relating to Viridium’s current ownership structure. This is very regrettable, as the planned acquisition would have offered clear benefits for customers.

Dresig: “This was not a rejection of run-off in general, our business model or Viridium. We will therefore continue to pursue our existing strategy and seize growth opportunities going forward.”

With 3.4 million policies and EUR 67 billion assets under management, Viridium is one of the largest life insurance groups in Germany. In the past financial year, gross written premium amounted to EUR 3.0 billion (2022: EUR 3.1 billion). Viridium consolidated post-tax net income was EUR 342 million² (2022: EUR 331 million). Solvency ratios remain strong, with a group ratio at Viridium – excluding transitional measures – of around 250% (2022: 247%).

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² Final figures will be audited at the end of May 2024.

About Viridium

Viridium Group is Germany's leading life insurance consolidator with 3.4 million policies under management and assets under management of EUR 67 billion (per year-end 2023). Viridium makes existing life insurance policies more attractive for its customers. It creates added value for its policyholders, employees and shareholders through improved profitability, strong capitalisation and fully modernised IT and customer service. Therefore, it makes an important contribution to ensuring that private pension plans with life insurance remains attractive in the future. Viridium is comprised of four life companies: Heidelberger Lebensversicherung, Skandia Lebensversicherung, Entis Lebensversicherung and Proxalto Lebensversicherung. In total, over 800 employees at Viridium are committed to the interests of customers.