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Viridium: Customers of Proxalto and Entis to receive significantly higher profit participation starting 2024

- ▼ **Leading life insurance consolidator in Germany**
- ▼ **Extensive financial and operational modernisation of Proxalto**
- ▼ **CEO Tilo Dresig: "Viridium's business model makes existing life insurance policies more attractive."**

Viridium Group, Germany's leading life insurance consolidator, is significantly increasing the profit participation for customers of Proxalto Lebensversicherung and Entis Lebensversicherung with effect from 1 January 2024. For Proxalto's policyholders, the current minimum interest rate, so far one of the lowest in the market, will increase by 1.1 percentage points to 2.35 percent. This raises the new guaranteed rate above the market average. 40 percent of Proxalto's customers will benefit from this increase – all other policyholders already have higher interest rate guarantees of up to 4 percent. Overall, Proxalto's customers thus receive an average minimum interest rate guarantee of 3.02 percent, which is also above the market average. For customers of Entis, in addition to two prior special payouts of more than EUR 80 million, the current minimum interest rate will be raised to 3.25 percent. This is the highest rate in the German market. The overall average minimum interest rate for all policyholders of Entis will be 3.75 percent. Both companies are part of Viridium Group, which also includes Heidelberger Lebensversicherung and Skandia Lebensversicherung.

Tilo Dresig, CEO of Viridium, says: "Viridium's business model is exclusively focused on making existing life insurance policies more attractive. This is how we add value for our customers and shareholders. After extensive modernisation of our life insurance entities in recent years, we are very pleased to significantly increase the current minimum interest rate for many of our customers."

Key elements of Viridium's business model are the exclusive focus on existing customers (no new business) and leveraging economies of scale across the Group for all business activities, including a single sustainable IT platform. In addition, Viridium is increasingly benefitting from the cumulated experience gained from previous integrations. The stability and profitability of life insurance companies acquired by Viridium have improved significantly as a result of the financial and operational modernisations, which is reflected in the improved key performance

indicators across the Group. As a result, customer loyalty is also improving. This is evidenced by significantly steeper declines in lapse rates compared to the market.

The largest company in the Group is Proxalto (formerly Generali Lebensversicherung). Since the acquisition in 2019, Viridium has made various improvements to significantly increase the long-term attractiveness of Proxalto's existing policies and the financial stability of the company. These include cost reductions for customers and protection against future cost increases for the shrinking portfolio, as well as an improved and tailored investment strategy, reduction of financial risks and a material improvement of the solvency ratio.

In addition, Proxalto executed one of the largest and most complex IT modernisation projects in the history of German life insurance: In total 2.2 million policies and 900 different tariffs were transferred to a new, efficient IT platform. The necessary investment of EUR 250 million was borne solely by Viridium. This cost was not shared with policyholders, different to usual practice in the industry. The high complexity of the IT modernisation led to temporary, but noticeable, service impact for certain customer groups. Remedial work in IT and Customer Service is in the meantime well advanced and processes are running increasingly smoothly, although further temporary effects for Customer Service cannot be completely ruled out. The number of customer complaints is declining significantly since the peak in autumn 2022.

Proxalto is now positioned as a financially and operationally stable life insurance company for the long term. This allows to provide the significantly increased policyholder participation.

In total, Viridium Group manages 3.6 million insurance contracts and has assets under management of around EUR 65 billion. Viridium was established nine years ago. Since then, it has acquired four life insurance companies and integrated them into the Group: Heidelberger Lebensversicherung, Skandia Lebensversicherung, Entis Lebensversicherung (formerly Protektor) and Proxalto Lebensversicherung (formerly Generali Lebensversicherung). In June 2022, Viridium agreed with Zurich Group Germany the planned acquisition of approximately 700,000 policies and assets of approximately EUR 20 billion. The transaction is subject to regulatory review.

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Viridium Group is Germany's leading life insurance consolidator, with 3.6 million policies and assets under management of around EUR 65 billion (as at year-end 2022). Viridium's business model is aimed at making private retirement plans based on life insurance reliable and attractive. For this purpose, Viridium is 100% focused on the needs of existing customers and their policies.

The portfolio companies of Viridium Group are Heidelberger Lebensversicherung, Skandia Lebensversicherung, Entis Lebensversicherung and Proxalto Lebensversicherung. Viridium has around 900 employees who are committed to serving the needs of its customers. The Group's shareholders are Cinven, a leading international private equity firm, Hannover Re, the third-largest reinsurer in the world, as well as Generali, one of the leading global primary insurance groups.