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Press Release

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DEVK Group grows more than 11 percent in 2023

DEVK CEO Gottfried Rüßmann and management board member Bernd Zens presented the business results for 2023 today in Cologne. After the challenges of the previous year, DEVK Versicherungen has returned to its former successes. With premiums continuing to rise, the Group is also on track for growth in 2024.

After a rather weak financial year in 2022, the balance sheet for 2023 is satisfactory again. This applies to the Group as a whole as well as most individual companies and insurance classes such as reinsurance. "The DEVK Group's revenue from premiums rose by 11.2 percent to EUR 4.8 billion in 2023, making us one of the fastest-growing groups in Germany," Gottfried Rüßmann said.

Over 1.5 million new contracts

In 2023, DEVK again recorded a significant increase (+ 8.7 percent) to EUR 908.7 million in **new business** after the decline in the previous year. An important building block for this success was the vehicle insurance switching period, which brought DEVK over 170,000 new contracts by the end of the year. The number of insured risks and contracts amounted to 15.0 million.

The domestic primary insurance business **in property and casualty insurance** grew by 5.5 percent to EUR 2.3 billion in premiums (industry: + 6.8 percent). In vehicle insurance, revenues rose to EUR 1.1 billion (+ 4.9 percent, sector: + 4.8 percent). Revenues in legal expenses insurance increased slightly to EUR 203.9 million (+ 0.9 percent, sector: + 2.5 percent).

Premium revenues in **life insurance** (including pension funds) fell by 0.7 percent, significantly less than in the sector as a whole (-5.0 percent). Health insurance unit **DEVK-Krankenversicherung** grew to EUR 115.2 million in written gross premiums and improved its revenue by 3.2 percent compared to the previous year (sector: 3.2 percent).

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DEVK further expanded in the field of **reinsurance**. The number of customers rose from 840 to 955 from 120 countries. "In 2023, our reinsurers exceeded a premium volume of EUR 1 billion for the first time," said Bernd Zens, whose responsibilities on the DEVK board include reinsurance.

Premiums written by DEVK-Rückversicherung, including Echo Re from non-DEVK business, amounted to EUR 1.1 billion - an increase of 45 percent year-on-year. Profitability also increased. Before changes to the claims equalization reserve, the combined underwriting result of the two DEVK reinsurers improved to around EUR 56 million (previous year: EUR 20.6 million).

The volume of DEVK's investments rose by 3.1 percent to EUR 22.3 billion in the past financial year. This resulted in net investment income of EUR 500.8 million – 17.3 percent more than in 2022. This is attributed to lower write-downs and higher write-ups due to the favorable development on the stock markets, among other things.

Significant price hikes for repairs

Gross premium revenues in the Group's property and casualty insurance business, including reinsurance and foreign business, reached over EUR 3.6 billion, an increase of 15.5 percent from the previous year.

Inflation has caused a noticeable increase in repair and material costs for vehicles and buildings. For composite insurers DEVK Sach- und HUK-Versicherungsverein and DEVK Allgemeine, the gross ratio of expenses for claims and costs to premium income worsened to 101.7 percent (previous year: 101.1 percent).

EUR 3 million in premium refunds

In 2023, members again benefited from premium refunds. DEVK returned a total of over EUR 3 million to holders of casualty insurance in the transport market – i.e. employees of transport companies. In 2024, they will receive premium refunds for household contents insurance if they had no claims in the previous year.

The overall **underwriting result** for property and casualty insurance fell to EUR -40.5 million in 2023 before the change in the equalization reserve (previous year: EUR -14.3 million). With a withdrawal from the equalization reserve of EUR 15.0 million (previous year: EUR 36.7 million), the underwriting result amounted to EUR -25.4 million (previous year: EUR 22.5 million).

Combined with the underwriting results from life and health insurance, as well as the pension fund business, this results in an amount of EUR -5.0 million (previous year: EUR 21.4 million).

Due to lower write-downs and higher write-ups, the **investment result for the non-underwriting account** in 2023 of EUR 198.0 million was significantly higher than the previous year's figure of EUR 141.5 million.

The **result from regular business activities** amounted to EUR 113.6 million (previous year: EUR 99.7 million). After taxes, the net income for the year amounted to EUR 79.0 million (previous year: EUR 35.4 million).

Industry-wide decline in life insurance premiums

In the challenging market environment of the past financial year, the **DEVK life insurers' new business** developed moderately. Overall premium volume was down from the previous year, as new single-premium business fell by 6.4 percent.

The written **gross premiums** of DEVK's life insurers in a narrower sense fell by 2.8 percent to EUR 759.7 million (previous year: EUR 781.6 million). Premiums in the sector fell by 3.9 percent. **Premiums from life insurance** in the broader sense (including DEVK pension funds) fell by 0.7 percent (sector: - 5.0 percent) to EUR 1.1 billion.

EUR 98 million profit participation for policyholders

After income and expenses, DEVK reported a **total surplus** of EUR 116.1 million in life insurance for 2023 (previous year: EUR 107.9 million). EUR 97.6 million have been allocated to the reserve for premium refunds, the profit pool for policyholders.

Both DEVK life insurers have increased their current profit participation for the 2024 financial year. DEVK Lebensversicherungsverein a.G. is now offering a full 3.0 percent instead of 2.5 percent, continuing to stay well above the industry average. For DEVK Allgemeine Lebensversicherungs-AG, the current profit participation has increased from 1.9 to 2.4 percent.

At 3.85 percent, the cancellation rate in 2023 was slightly above last year's (3.75 percent); the industry average stood at 4.66 percent (previous year: 4.36 percent).

Benefits paid out to policyholders increased by 0.5 percent to EUR 859.3 million (previous year: EUR 854.8 million). The benefits paid out refer to expenses for insurance claims and surrenders as well as paid out accumulated profits.

Outlook 2024

Of the heavy rainfall events so far this year, DEVK has been particularly affected by the recent flooding in Bavaria and Baden-Württemberg at the beginning of June. There were also other regional floods, but these only had a minor impact on property and casualty insurance.

For the current financial year, the DEVK Board of Management expects **premium growth** of 4 to 5 percent for the Group. "In 2024, we will exceed the EUR 5 billion mark in premium income," said CEO Gottfried Rüßmann. The main growth drivers will continue to be active reinsurance and, in primary insurance, the property/casualty and pension fund segments.

The business and sustainability reports of DEVK can be found here:

www.devk.de/unternehmensberichte

Figures, additional information and pictures relating to the press release can be found here:

www.devk.de/pressemitteilungen

The best feeling is when nothing happens. And if something does happen, DEVK helps quickly and on a personal level. Founded almost 140 years ago by railroad workers for railroad workers, today around 7,500 people in office and field service work hard. They look after the needs of around 4.2 million customers throughout Germany. Of these, 577,000 are members, i.e. employees in the transport industry and their relatives. In total, DEVK insures more than 15.0 million risks in all lines of business. In terms of the number of policies, it is Germany's fourth-largest household contents insurer, fifth-largest car insurer and sixth-largest liability insurer.

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