

**Gothaer Group**

**Summary of the solvency and financial condition report**

**31.12.2017**

## Summary

### A. Business activity and operating result

The Gothaer Group is managed – insofar as is legally permissible – as a single company. Gothaer Versicherungsbank VVaG stands at the pinnacle of the group. Gothaer Finanzholding AG is responsible for the group's financial controlling. As a whole the group consists of the core group, multiple ancillary services undertakings, non-controlled participations (NCP), as well as other financial sectors (OFS). The operative business is essentially borne by the following companies of the core group:

- Gothaer Allgemeine Versicherung AG
- Gothaer Lebensversicherung AG
- Gothaer Krankenversicherung AG
- Janitos Versicherung AG

The NCP include participation in ROLAND Rechtsschutz-Versicherungs-AG, whilst the OFS comprise Gothaer Pensionskasse AG, two further internal pension funds and Gothaer Asset Management AG, which is entrusted with administration of the investments of the insurer in the Gothaer Group. Furthermore, there is a 67% participation in the German insurance company CG Car-Garantie Versicherungs-AG. With regards to the ancillary services undertakings, these are the group's own subsidiary companies, which function as service providers for the German insurance companies. The focus of the business activity of the Gothaer Group is the German insurance market. With the foreign subsidiary companies in Poland (Gothaer Towarzystwo Ubezpieczeń S.A.) and Romania (S.C. Gothaer Asigurări Reasigurări S.A.) the group also participates in the Eastern European market for composite insurers.

### B. Governance system

The governance system of the Gothaer Group satisfies the legal provisions. The responsibility for the strategic alignment of the group lies with the board of the overriding group company, Gothaer Versicherungsbank VVaG. Risk management also falls under the responsibility of this board, in terms of its functionality and effectiveness. The key functions of the internal audit function, risk management function and compliance function at group level are ensconced in Gothaer Finanzholding AG, whilst the actuarial function of the group is performed by the chair of the actuary committee. During the reporting period, the governance system was aligned with the new requirements through the minimum requirements applicable to the business organisation of insurance companies (Ma-Go).

The Gothaer Group performs its own Own Risk and Solvency Assessment (ORSA) process annually to assess the company's own risk and solvency.

### C. Risk profile

The Gothaer Group is exposed to various risks. The risk taken is evaluated with the help of the standard formula. The basis for this is the consolidated accounts (the consolidation method per § 261 VAG is applied). The results reveal the coverage situation including the volatility adjustment and transitional measures. The following risks, measured by the solvency capital requirement (net after risk mitigation), are among the most significant:

- Spread risk
- Premium and reserve risk
- Stock risk

#### D. Evaluation for solvency purposes

The Gothaer Group generates a Solvency II Balance in accordance with § 250 VAG. When generating the group solvency II balance, the companies of the group are considered in the way that they are positioned at solo level.

Insurance company	Application of the volatility adjustment	Application of the transitional on technical provisions
Gothaer Versicherungsbank VVaG	X	
Gothaer Finanzholding AG	X	
Gothaer Allgemeine Versicherung AG	X	
Gothaer Lebensversicherung AG	X	X
Gothaer Krankenversicherung AG	X	X
Janitos Versicherung AG	X	
Gothaer Towarzystwo Ubezpieczeń S.A.		
S.C. Gothaer Asigurări Reasigurări S.A.		
CG Car-Garantie Versicherungs-AG		
ROLAND Rechtsschutz-Versicherungs-AG		

The technical provisions on the reporting date stood at TEUR 26,184,461. The German insurance companies - with the exception of ROLAND Rechtsschutz-Versicherungs-AG and CG Car-Garantie Versicherungs-AG - within the Gothaer Group apply the volatility adjustment in accordance with Article 77d of directive 2009/138/EC, whilst the two personal insurers additionally also apply the temporary deduction per Article 308d of directive 2009/138/EC to the technical provisions (transitional on technical provisions). If the transitional on technical provisions is not applied, the technical provisions increase by TEUR 1,684,423. If the volatility adjustment is additionally set to zero, the technical provisions increase by a further TEUR 30,304.

#### E. Capital management

The Gothaer Group fulfils the solvency capital requirements (SCR) in accordance with Solvency II as of the reporting date 31.12.2017. Determination of the capital requirements takes place using the standard formula per § 96 VAG. With this, the volatility adjustment and the transitional on technical provisions are considered, insofar as these are available at solo level. Also without application of the transitional on technical provisions, the applicable capital requirement is covered with sufficient own funds.

capital requirements incl. volatility adjustment	TEUR			
	2017		2016	
	incl. transitional on technical provisions	without transitional on technical provisions	incl. transitional on technical provisions	without transitional on technical provisions
Solvency capital requirement	1.476.860	1.480.261	1.539.759	1.548.700
Own Funds	3.877.870	2.755.694	3.390.760	2.169.302
Ratio of Eligible own funds to SCR	263%	186%	220%	140%

All figures in the report are quoted in TEUR. The figures have been commercially rounded here. The addition of the individual values can therefore lead to rounding differences. Information on the values in the statutory annual financial statements is provided in this report for information purposes only. The company report is decisive for the statutory financial statement.