

Gothaer Group

Summary of the solvency and financial condition report

31.12.2016

Summary

Gothaer Versicherungsbank VVaG is the highest mother company of the Gothaer Group. Through its subsidiary, Gothaer Finanzholding AG, it holds shares in the insurance companies, pension funds and insurance operating companies of the group. The Gothaer Group offers its customers products from the Non-Life, Life and Health insurance sectors.

The Gothaer Group is exposed to various risks. Measured on the basis of the gross solvency capital requirement, according to Solvency II the following are the greatest risks:

- Spread risk
- Equity risk
- Premium and reserve risk (non-life assurance)

Solvency II is the name of a supervisory law that has applied to insurance companies across Europe since 01/01/2016. The requirements are anchored in the Insurance Supervision Act (ISA) and can be divided up into three pillars:

- Pillar 1: Quantitative requirements
- Pillar 2: Risk management systems (processes, internal controls, etc.)
- Pillar 3: Market transparency (disclosure)

The objective of the group contemplation per Solvency II is to suitably consolidate the risks and balance sheets of the individual solo companies, in order to obtain a risk-appropriate evaluation of the available solvency margin and solvency capital requirement at group level.

The Gothaer Group has fulfilled the statutory capital requirements (SCR) and the minimum capital requirements (MCR) in accordance with Solvency II as of the reporting date 31/12/2016. Determination of the capital requirement takes place using the standard formula per § 96 ISA with consideration to the volatility adjustment and the transitional measures on technical provisions. Without application of the transitional measures on technical provisions, the applicable capital requirement is also covered with sufficient available solvency margin.

The responsibility for the strategic alignment of the group lies with the board of the highest mother company, Gothaer Versicherungsbank VVaG. The general board is responsible for the risk management of the Gothaer Group, in terms of its functionality and effectiveness. The key functions at group level - with the exception of the actuarial function - are outsourced to Gothaer Finanzholding AG. The actuarial function is performed by the chair of the actuarial committee.

During the period under review, no significant changes arose with regards to the business activity, the governance system, the risk profile or the evaluation for solvency purposes.

The requirements according to the "BaFin information on Solvency II reporting" were implemented on a best effort basis. Because the regulations of the Solvency II regime were not yet effective in 2015, this report does not contain any comparisons to the previous year.