

**Gothaer Group**

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

**31.12.2020**

## Summary

Solvency II is the name of a supervisory law that has applied to insurance companies across Europe since 01/01/2016. It serves simultaneously as a supervisory system and an early warning system. The requirements are anchored in the Versicherungsaufsichtsgesetz (VAG) and can be divided up into three columns:

- Column 1: Determination of the capital requirement and own funds
- Column 2: Structural and procedural organisation, as well as the company's own risk and solvency assessment
- Column 3: Reporting

This report covers the financial year 2020. This period is hereinafter referred to as the reporting period.

### A. Business and performance

The Gothaer Group is managed - insofar as is legally permissible - as a single company. Gothaer Versicherungsbank VVaG stands at the pinnacle of the group. Financial controlling of the group is performed by Gothaer Finanzholding AG. Overall, the group consists of various insurance companies, several ancillary service companies, non-controlled participations (NCP), entities from other financial sectors (OFS), as well as other companies. The operative business is largely performed by the following companies:

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

The non-controlled participations include the shareholdings in ROLAND Rechtsschutz-Versicherungs-AG and ROLAND Schutzbrief-Versicherung AG, the entities from other financial sectors include Gothaer Pensionskasse AG, two further internal pension funds and Gothaer Asset Management AG, which is entrusted with the management of the insurers' capital investment. The group also holds a 67 % share in the German insurance company CG Car-Garantie Versicherungs-AG. The ancillary service companies are group-owned subsidiaries which act as service providers for the German insurance companies of the Gothaer Group. The Gothaer Group's business activities are focussed on the German insurance market. The group also participates in the Eastern European market for composite insurance through the foreign subsidiary in Romania - S.C. Gothaer Asigurări Reasigurări S.A.

In December 2020, Gothaer Finanzholding AG signed an agreement to sell its shares in S.C. Gothaer Asigurari Reasigurari S.A. The sale will take place in 2021, following approvals from the respective regulatory bodies.

## **B. Governance system**

The governance system of the Gothaer Group complies with the legal requirements. The responsibility for the strategic alignment of the group lies with the general board of the ultimate parent company, Gothaer Versicherungsbank VVaG. The board is also responsible for the functionality and effectiveness of the risk management. The key functions of the internal audit function, independent risk controlling function and compliance function at group level are established within Gothaer Finanzholding AG, the group's actuarial function is carried out by the chair of the actuary committee.

The Gothaer Group carries out an annual Own Risk and Solvency Assessment (ORSA) process for the company's own risk and solvency assessment. In 2020, an ad hoc ORSA was conducted on the Corona virus pandemic, in order to assess the impact on the Gothaer Group.

## **C. Risk profile**

The Gothaer Group is exposed to various risks. The incurred risk is evaluated using the standard formula. The basis is the consolidated financial statements (application of the consolidation method according to § 261 VAG). Measured by the solvency capital requirement (net after risk mitigation), the following risks are the greatest:

- Premium and reserve risk (non-life insurance)
- Stock risk
- Spread risk

## **D. Evaluation for solvency purposes**

The Gothaer Group draws up a Solvency II Balance in accordance with § 250 VAG. When preparing the Group Solvency II Balance, the group companies are taken into account in the way in which they are drawn up at solo level.

Application of volatility adjustment and transitional on technical provisions		
Insurance company	Application of the volatility adjustment	Application of the transitional on technical provisions
Gothaer Versicherungsbank VVaG	✓	
Gothaer Finanzholding AG	✓	
Gothaer Allgemeine Versicherung AG	✓	
Gothaer Lebensversicherung AG	✓	✓
Gothaer Krankenversicherung AG	✓	✓
Janitos Versicherung AG		
S.C. Gothaer Asigurari Reasigurari S.A.		
CG Car-Garantie Versicherungs-AG		
ROLAND Rechtsschutz-Versicherungs-AG	✓	
ROLAND Schutzbrief-Versicherung AG	✓	

The technical provisions on the balance sheet date amount to TEUR 29,938,786. The German insurance companies in the Gothaer Group - with the exception of Janitos Versicherung AG and CG Car-Garantie Versicherungs-AG - use the volatility adjustment in accordance with Article 77d of Directive 2009/138/EC, the two personal insurers also use the temporary deduction in accordance with Article 308d of Directive 2009/138/EC on the technical provisions (transitional on technical provisions). If the transitional on technical provisions is not applied, the technical provisions increase by TEUR 1,347,538. If the volatility adjustment is additionally set to zero, the technical provisions increase by a further TEUR 45,352.

### E. Capital management

The Gothaer Group satisfies the regulatory capital requirements (SCR) according to Solvency II on the reporting date 31/12/2020. Determination of the capital requirements takes place using the standard formula per § 96 VAG. The volatility adjustment and the transitional on technical provisions are taken into account here, provided these are available at solo level. Even without application of the transitional on technical provisions, the applicable capital requirements are also covered by sufficient own funds.

Solvency ratios	in TEUR	
	2020	2019
<b>with volatility adjustment, with transitional on technical provisions</b>		
Solvency capital requirement	1,515,028	1,485,647
Own funds	4,075,382	4,096,832
Coverage ratio	269%	276%
<b>with volatility adjustment, without transitional on technical provisions</b>		
Solvency capital requirement	1,702,167	1,630,112
Own funds	3,290,536	3,201,153
Coverage ratio	193%	196%

All figures in the report are quoted in thousands of euros. The figures have been commercially rounded. Addition of the individual values may therefore lead to rounding differences. Details regarding values in accordance with commercial law are only provided in this report for informational purposes. The annual report is decisive for values in accordance with commercial law.