

PRESS RELEASE

DARAG acquires Run-off-portfolio of Garant Versicherungs-AG

Wedel, 7 September 2011 Run-off insurer DARAG Deutsche Versicherungs- und Rückversicherungs-AG acquires the inactive insurance business of Garant Versicherungs-Aktiengesellschaft, Austria.

The portfolio includes the segments casualty insurance, comprehensive farm vehicle and marine hull and liability insurance, goods in transit insurance, fire insurance and insurance against natural hazards, property insurance (damage by hail or frost), as well as general liability insurance in international direct and reinsurance business.

Garant, whose majority shareholder is Belgian public credit insurer ONDD Office Nationale du Ducroire, has not underwritten any new business in these segments since 2003. The business segments in Run-off are non-strategic. Within the scope of the transaction, the provisions for outstanding claims, the subsequent reserving risk and Run-off coverage for contracts without known losses are transferred to DARAG, providing Garant with operational release and complete balance sheet finality.

Dmitry Lokshin, a member of Garant's management board, commented:

“Garant, a long-standing property and casualty insurer active on the European market, will be enabled to focus on its core business, credit and political risk coverage in emerging markets. This decision takes us one step closer to implementing Garant's strategy. We are pleased that in DARAG we have found a professional and strong partner to handle our discontinued business.”

Arndt Gossmann, DARAG CEO adds:

“This is a classic example of how DARAG as Run-off-insurer is able to create strategic value added for an established insurance company. At the same time the transaction reveals the evidence of an active Run-off being recognised as a management instrument. The introduction of Solvency II is most likely to reinforce this trend.”

This is DARAG's first transaction in Austria and the second concluded in a European country outside Germany in only eight months. The parties have agreed not to disclose the terms of the transaction. The transfer still has to be approved by the Austrian supervisory authority.

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DARAG Deutsche Versicherungs- und Rückversicherungs-AG

DARAG Deutsche Versicherungs- und Rückversicherungs-AG is the first German direct and reinsurance company specialised in Run-off. DARAG takes over inactive or discontinued business from direct insurers and reinsurers. Consequently, DARAG conclusively relieves these companies from old risks and guarantees professional settlement of claims. Independent experts estimate the market potential of Run-off business to be considerable. In German-speaking countries alone, the Run-off volume amounts to over EUR 115 billion. With the introduction of Solvency II, this volume is set to increase.

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