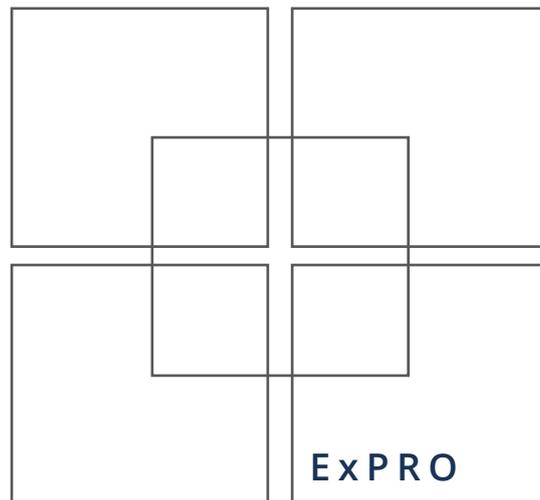


GOSSMANN & CIE.



PORTFOLIO REFINEMENT

A data analysis-driven approach for insurers
to optimise active portfolios and focus on active clients

WHAT DRIVES US

Dear clients, dear partners, dear friends,

The momentum surrounding the insurance industry is palpable. Our industry is at the beginning of an era of profound transformation, inspiration and new opportunities. It might seem to be taking a long time, but in reality it's immediate, instantaneous and generates the determination to push boundaries.

This is why we created Gossmann & Cie. Our goal is to deliver holistic and data-intuitive portfolio refinement solutions and to build and support successful business models.

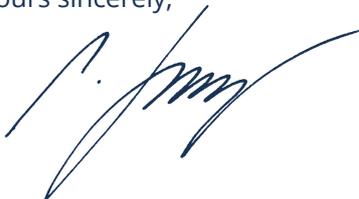
The new spring in artificial intelligence and data analytics is one of the most significant developments for our industry. This, combined with the rising need for optimisation of capital and the development of new structures of insurance portfolios, motivates us to explore and exploit emerging niches in insurance.

Our founding principles are that:

- We are innovators.
Creating and developing innovative concepts is at the heart of what we do.
- We believe in our people.
Committed expert teams are at our source and are our engine.
- We believe in the power of ecosystems.
Teaming up with strong strategic partners enhances our contribution to successful long-term relationships with our clients.
- We foster trust and continuity.
In our industry, confidence and reputation remain key.
- We are independent from institutional influences.

Our activities are steered by our Hamburg-based holding company Gossmann & Cie. GmbH. We aspire to be part of this ever-changing insurance landscape, by delivering distinct value and innovative solutions to our clients. It is my commitment that we have only just begun.

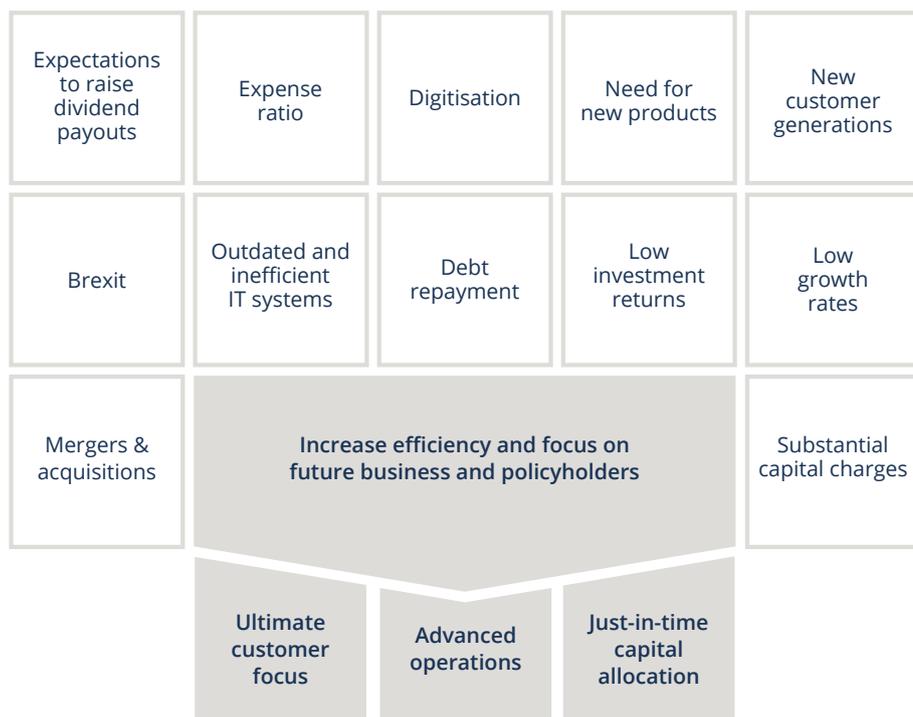
Yours sincerely,



Arndt Gossmann



NAVIGATING THROUGH FAST CHANGE AND CHALLENGING CONDITIONS



Successful insurance businesses

- Focus on profitable client relationships
- Focus on cost efficiency, avoiding resource allocation for non-strategic operations
- Focus on just-in-time capital allocation

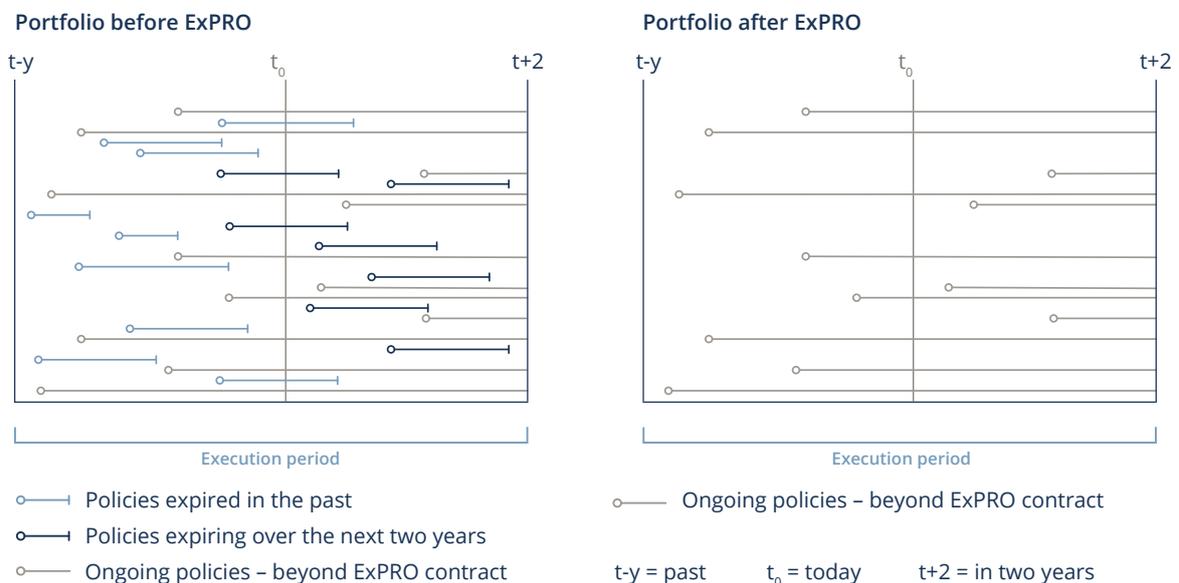
ExPRO – IMMEDIATE RELEASE OF RESOURCES FROM EXPIRED POLICIES

Gossmann & Cie. has developed an entirely new product to improve non-life portfolios for European insurers: ExPRO, which stands for Expiring Policy Roll-Over. It eliminates all expired policies within active underwriting portfolios. ExPRO is a powerful instrument for capital release on an ongoing basis for active business, as it facilitates the release of capital and operational resources almost incidentally, as soon as a policy expires. This way, the insurance company can focus on active client relationships and future growth.

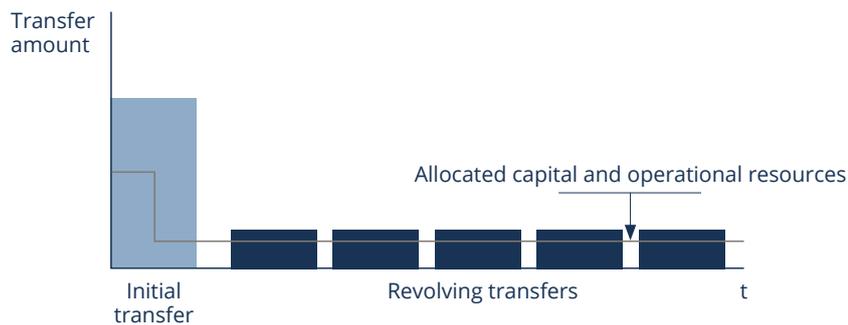
Each year, between four and 25 per cent of the active non-life policies are terminated in European insurers' books, not including entire books of business being discontinued (traditional run-off). Buyers of insurance products come and go. Their needs for risk protection change and they have the option to choose among many different solutions and players. The insurance company must maintain its operational infrastructure level, treating the expired policies as if they were part of the active portfolio – at least for an interim period. The trapped capital for expired policies alone is of a similar size to the capital required for funding traditional run-off.

At the same time, the Solvency II Directive requires insurers to allocate capital for the liabilities related to expired policies. Further burden will derive from the implementation of IFRS 17 in 2022. All of these provisions need to be maintained for expired policies, despite the fact that no further premium can be generated from them in the future.

ExPRO ensures that the insurer's active underwriting portfolio becomes and remains free of expired policies. It facilitates operational leverage and full capital release from all known and unknown claims related to such policies.



ExPRO operates as a straightforward portfolio transfer, with the difference that the transfer doesn't happen in one go but in several steps. By means of an initial portfolio transfer, only those policies that have expired in the past will be transferred. Revolving portfolio transfers ensure that policies expiring within the next two years from the date of the initial transaction will be transferred almost immediately, as soon as they are terminated. Technically, the transfers are executed on the legal basis of a portfolio transfer of primary insurance portfolios, an instrument which is available in all EU member countries. The regulatory approval process ensures the sustainable implementation of the transaction.



The transfer of policies includes the migration of the portfolio and the subsequent management of claims. An experienced in-house claims team, full digitalisation of the policies and the commitment to high standards in claims handling safeguard any reputational aspects.

ExPRO PILOTS – SHOWCASING IMPRESSIVE RESULTS

STRATEGIC

- Improvement of profitability for active clients
- Response to elevated fluctuation rate
- Portfolio improvement pre- or post-M&A

ExPRO facilitates a better focus on existing customers and on new business.

OPERATIONAL

- Cost reduction
- Reduction of buffer capacities
- Reduction of the number of dead files before IT migration

ExPRO enables a streamlining of capacities.

FINANCIAL PERFORMANCE

- SCR improvement
- Increased capital generation
- Improved rotation and return on allocated capital

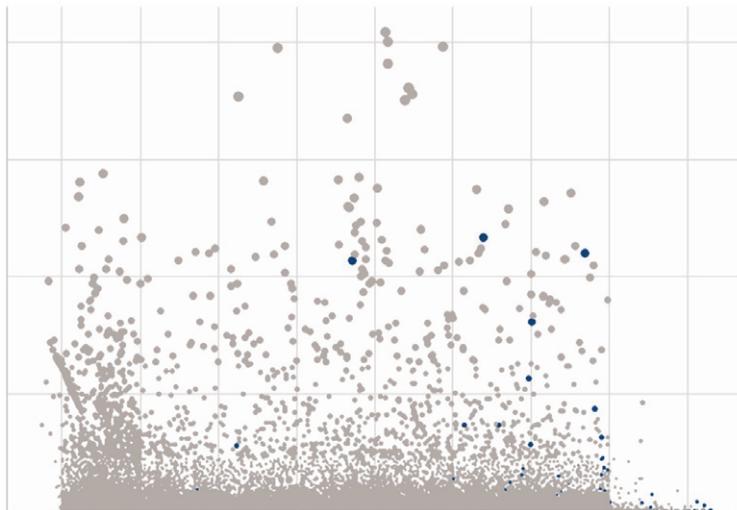
ExPRO influences most relevant insurance KPIs.

During the last months ExPRO has been piloted in selected insurance portfolios, demonstrating a reduction in cost of capital in the range of 17% to 49%, while eliminating over 75% of terminated files.

WHAT MAKES ExPRO UNIQUE

Forward pricing through advanced analytics

A key element of ExPRO is the forward pricing. We not only agree on the pricing of the policies that have expired in the past, but we also commit ourselves to a pricing for those policies that are expected to expire in the future. This can be offered for a window of up to two years. This approach is facilitated by the application of advanced data analytics, which enables us to identify the DNA of the expiring business.



Holistic approach to finality compared to traditional instruments

Traditional instruments			New
Sale of company	Retrospective reinsurance	Portfolio transfer	ExPRO
<ul style="list-style-type: none"> ■ Sale of an entire legal entity ■ Technical transfer as part of transaction 	<ul style="list-style-type: none"> ■ LPT/ADC ■ Neutralisation of net positions ■ Immediate 	<ul style="list-style-type: none"> ■ Transfer of a distinct portfolio ■ Full impact post-approval 	<ul style="list-style-type: none"> ■ Applies to ongoing LoBs ■ Transfer of expired policies ■ Forward pricing ■ Creating and maintaining capital relief
Finality scope Legal Economic Operational Active business	Finality scope Legal Economic Operational Active business	Finality scope Legal Economic Operational Active business	Finality scope Legal Economic Operational Active business
Typical situations <ul style="list-style-type: none"> ■ Exit from geography ■ Non-strategic entity 	Typical situations <ul style="list-style-type: none"> ■ Short-term ■ Balance sheet measures ■ P&L flattening 	Typical situations <ul style="list-style-type: none"> ■ LoB-terminated 	Typical situations <ul style="list-style-type: none"> ■ Capital efficiency in continued business ■ Broader efficiency not limited to capital

MUNICH RE – OUR STRATEGIC REINSURANCE PARTNER

Munich Re is one of the world's leading providers of reinsurance, primary insurance and insurance-related risk solutions. The group consists of the reinsurance and ERGO business segments as well as the capital investment company MEAG.

Munich Re is globally active and operates in all lines of the insurance business. Since it was founded in 1880, Munich Re has been known for its unrivalled risk-related expertise and its sound financial position. It offers customers financial protection when faced with exceptional levels of damage – from the 1906 San Francisco earthquake to the 2017 Atlantic hurricane season and the California wildfires in 2018.

Munich Re possesses outstanding innovative strength, which enables it to also provide coverage for extraordinary risks such as rocket launches, renewable energies, cyberattacks or pandemics. The company is playing a key role in driving forward the digital transformation of the insurance industry, and in doing so has further expanded its ability to assess risks and its range of services that it offers.

Its tailor-made solutions and close proximity to its customers make Munich Re one of the world's most sought-after risk partner for businesses, institutions and private individuals.