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Heidelberger Leben pursuing growth strategy with new owners

- Heidelberger Leben is enhancing its business model and will become a consolidation platform for life insurance portfolios
- The company will continue to expand its customer service, reduce administrative costs and thus establish a stable basis for attractive profit participation for the policyholders
- Investments of around EUR 25 million planned for improved infrastructure and customer service
- Cinven and Hannover Rück purchase Heidelberger Leben from Lloyds Banking Group
- Rolf-Peter Hoenen, for many years the spokesman of the board of the insurance company HUK-Coburg and former president of the German Insurance Association (GDV) is to take over as Chairman of the Supervisory Board

Heidelberg, 21 August 2013 - Heidelberger Lebensversicherung AG, a specialist in provision for retirement, survivor dependants and risks with a focus on unit-linked solutions, will today announce how its corporate strategy is to develop further and how its company structure is to change. In this context Lloyds Banking Group ("Lloyds") will sell 80% of the Heidelberger Leben shares to funds advised by the leading European private equity firm Cinven and the remaining 20% to Hannover Rück. The purchase price will amount to some EUR 300 million. Lloyds is selling Heidelberger Leben because in keeping with its declared strategy the British financial service provider will focus above all on its core activities on the British market.

Heidelberger Leben has developed successfully since its foundation in 1991. Following a period of rapid growth, the company, under the leadership of Chairman of the Board Michael Sattler, began to implement a new strategy as early as 2012 which saw the focus of business activities moving away from acquiring new policyholders to concentrate more on managing the existing business as well as possible and cooperating with the main distribution partners. The main emphasis was on enhancing the management of existing policies, expanding a strong, customer-orientated service organisation, and implementing dedicated retention measures. Thanks to the support of the new shareholders around EUR 25 million will be invested in enhancing the IT systems, which will ensure improved support for current policyholders and permit the best-possible administration of further portfolios.

With the envisaged implementation of the operative enhancements and the creation of a state-of-the-art, scalable platform the company is equipping itself to realise a future growth strategy and will act as a consolidation platform for the German life insurance market. In the coming years the Heidelberger Leben Managing Board wants to buy further life insurance portfolios and expand this attractive business model. There are a number of factors which can lead to increasing consolidation in the life insurance sector. As a result of the trend towards focusing on core business in the wake of the financial crisis, insurance companies are increasingly checking their options for selling existing business. The difficult environment for new business is making it increasingly difficult for foreign providers to achieve the necessary critical mass. Here, too, it is to be expected that some providers will want to withdraw from the market and dispense with their insurance portfolios.

Heidelberger Leben thus sees the opportunity for additional growth by expanding the portfolio by purchasing further life insurance portfolios instead of concentrating primarily on new business. In future the company will gear its business model in particular to the demands and needs of existing policyholders. The new shareholders will support Heidelberger Leben's plans for the future with additional capital. The current Managing Board together with the management team will continue to manage Heidelberger Leben in the future. The Managing Board will be supported by a Supervisory Board including experienced industry and transaction experts. Once the transaction has been concluded, Rolf-Peter Hoenen, formerly the spokesman of the board of Hochberg and former President of the German Insurance Association (GDV), will take over the role of Chairman of the Supervisory Board at Heidelberger Lebensversicherung AG.

Heidelberger Leben will continue to work closely with MLP AG, which is responsible for a large percentage of the existing policies. MLP customers with Heidelberger Leben insurance policies will profit from reduced administrative costs for their existing contracts and the enhanced customer service. The insurance policies will be subject to no other changes.

Michael Sattler, Chairman of the Board at Heidelberger Lebensversicherung AG, said: "The Managing Board, management team and staff at Heidelberger Leben are pleased about the change of owners. It will enable further operative enhancements to be put in place and a state-of-the-art, scalable platform to be created as a basis for consolidation, and thus permit the next step in our growth strategy. With the planned investment in our IT systems we will further improve customer support. In addition, we will soon be in a position to integrate life insurance portfolios into our existing management system which we take over in the context of our consolidation strategy." Bruno Schick, CEO of Cinven GmbH, explained: "Our Financial Services Team has already created a rapidly growing consolidation platform for life insurance portfolios in conjunction with the Guardian Financial Services in Great Britain. We are pleased to support the Heidelberger Leben Managing Board with our experience in also doing this in Germany. As the first German consolidation platform for life insurances Heidelberger Leben has the best prerequisites to profit from the increasing changes on the market and to play an important role in the strategic options for the German life insurance sector."

Rolf-Peter Hoenen, designated Chairman of the Supervisory Board of Heidelberger Lebensversicherung AG, commented: "The planned consolidation platform will open up new opportunities for the companies which wish to discontinue their life insurance business for strategic reasons. I'm particularly taken by the fact that customer interests are also in the forefront of the strategy. This can certainly also serve to further strengthen trust in life insurance as the best instrument for private pension provision."

Some 300,000 customers with around 600,000 insurance policies put their trust in Heidelberger Leben. With some 300 employees, Heidelberger Leben currently manages assets amounting to over EUR 5.2 billion (as at 31 December 2012).

Like all insurance transactions, the takeover is subject to the approval of the German Federal Financial Supervisory Authority (BaFin).

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Heidelberger Lebensversicherung AG is an expert in solutions providing for retirement and risks and is one of the five biggest providers of unit-linked life and annuity insurance policies on the German market (year 2011, source: Map-Fax 5/2013). The company was founded in 1991 and with roughly 300 employees it currently manages assets amounting to EUR 5.2 billion. In the fiscal year 2012 it recorded an annual surplus of EUR 28.0 million. Some 300,000 customers with around 600,000 insurance policies put their trust in Heidelberger Leben.