Corporate News

Half-year results 2020

Deutsche Familienversicherung defies the COVID-19 crisis and confirms growth objectives after a strong first half-year

- Hardly any negative impacts on business operations due to the COVID-19 crisis
- Once again, the best ratings from the Stiftung Warentest for DFV products
- New business with premium volumes of 15.4 million euros
- Gross premiums written rose considerably by 28.3% to EUR 53.7 million
- Growth in the existing premiums by 13.0% to EUR 114.3 million
- Results temporarily weighed down by one-off effects
- Confirmation of 2020 targets: +100,000 new contracts, volume of existing policies >EUR 125 million, gross premiums +30%

Frankfurt/Main, August 13, 2020 – DFV Deutsche Familienversicherung AG ("DFV", "Deutsche Familienversicherung"), a rapidly growing, leading insurtech company in Europe, confirms all of its targets for the fiscal year 2020 after a very good business development in the first half-year.

"We are still on course for growth. The COVID-19 pandemic has hardly affected our business operations. Of course, the demand for foreign health insurance has decreased significantly during these times. However, we were able to compensate for this in terms of unit numbers with other product groups. The sales of our award-winning health insurance policies and our pet health insurance are progressing very well, so that in terms of premiums, we are ahead of the timescale. We are well on our way to achieve our growth targets again," says Dr. Stefan Knoll, CEO and founder of Deutsche Familienversicherung.

Strong new business despite the COVID-19 crisis

The new business in the first half-year, with a premium volume of 15.4 million euros, was in line with expectations. At 46,415 contracts, the number of new contracts also nearly achieved the timescale to once again realize the planned mark of 100,000 new contracts over the course of the year. Consequently, DFV sales appeared to be very robust in light of the economic downturn due to COVID-19. As compared to the corresponding prior-year period, the share of online sales increased by 21%. Overall, direct sales make up over 87% of new business which demonstrates the large competitive advantage of DFV in the age of digital sales, particularly as the COVID-19 crisis has resulted in an increased readiness on the part of customers to conclude online contracts for insurance policies.

Gross premiums written grow by 28.3%

As a result of the successful new business, the total insurance portfolio increased by the end of the first half-year of 2020 by 4.2% to approximately 536 thousand contracts (December 31, 2019: 514 thousand contracts). Included in this are 39,624 contracts from the electronic insurance business that is no longer part of DFV's core business – a portfolio that is undergoing liquidation (run-off). Excluding these technical insurance policies, total policies in the company’s core business were up by approx. 5.6%.

The existing premiums increased as of June 30, 2020 by 13.0% to EUR 114.3 million as compared to the end of the year 2019 (December 31, 2019: EUR 101.2 million) or by 28.4% as compared to June 30, 2019, at EUR 89.0 million.

Gross premiums written significantly increased in the first six months by 28.3% to EUR 53.7 million (H1 2019: EUR 41.8 million). Reflected in this increase is the strong growth in the supplementary health insurance business, with an increase of 28.0% to EUR 50.1 million, and in the property insurance business, which includes the new pet insurance policies, with an increase of 33.4% to EUR 3.6 million.

The result was adversely affected by high sales expenses and one-off effects

In the first half-year of 2020, Deutsche Familienversicherung again invested considerably in sales. The sales expenses amounted to EUR 16.1 million, up by 3.2% year-on-year (H1 2019: EUR 15.6 million). The claims ratio was stable at the prior-year level of 60.5% (H1 2019: 60.5%, full-year overall 2019: 60.5%). The combined ratio (claims and expenses ratio) for the first six months was 108.1% (H1 2019: 110.5%, full-year 2019: 102.6%). The company is maintaining its target combined ratio of 95% to 110%. In general, the growth phase has a target combined ratio of 110%, and for the consolidation phase, a target combined ratio of 90%.

As anticipated, Deutsche Familienversicherung concluded the first half-year of 2020 with a pre-tax loss. The group EBIT decreased in the first six months to EUR -6.0 million (H1 2019: EUR -3.6 million). The main drivers of the earnings performance continue to be the investments in sales and the investment result, which fell by EUR 3.2 million compared with the same period of the previous year due to the corona crisis. Adjusted by this one-off effect from investments, as well as offsetting cost savings, the group half-year result for 2020 developed according to expectations.

The result after taxes amounted to EUR -4.1 million (H1 2019: EUR -2.8 million). The underwriting result (HGB) fell to EUR -3.3 million (H1 2019: EUR -2.9 million).

The Solvency II ratio indicates financial stability and solidity

The Solvency II ratio of Deutsche Familienversicherung showed a date-contingent decrease of 218% in the first half-year (December 31, 2019: 264%). This decline is largely attributable to the high capital expenditures for the significant business growth, increased investments for taking over the CareFlex portfolio (personnel and IT), as well as an adjusted yield curve requirement of the European Insurance and Occupational Pensions Authority (EIOPA) in the first half-year of 2020. In relation to the Solvency II ratio of 206% in the first quarter, the ratio increased by 12%, despite the increased market risks and the yield curve correction. This increase is primarily attributable to rebounds in capital investments. Moreover, the increase in the Solvency II ratio is evidence for the financial solidity of the company. Taking into account the successfully implemented capital increase of almost 10% at the beginning of July 2020, the Solvency ratio would in the meantime be greater than 300%, and hence, at a very solid level, as well as far above the communicated long-term target range of 180-220%.

Success in further development of the product portfolio

Within the context of its growth strategy, DFV works continually towards product innovation and a well-balanced product portfolio. In the sector of property insurance, the restructured DFV private liability insurance policy was awarded with a rating of “very good” in October 2019. For the “KombiVersicherung” and the “Traffic legal protection”, the company acted on current market developments, and this is reflected in the product design. The existing cooperation with Pro.Sieben/Sat.1 in the pet insurance sector was also further developed. The DFV dog owner liability insurance has also been offered on the TV channels of the media group under the brand name PETPROTECT since December 2019. Based on the positive experiences from this cooperation, DFV will bring a revised version of the dog owner liability insurance to market from the middle of August 2020. In the sector of supplementary health insurance, the company once again received top marks from Stiftung Warentest. In June 2020, the supplementary dental insurance became the test winner for the fifth time in a row. Also in the sector of supplementary long-term care insurance, Deutsche Familienversicherung was yet again the test winner in February 2020.

“These awards document our digital product excellence in an impressive manner. In the next 12 to 24 months, we will further expand our organization and our product portfolio to optimally take advantage of the enormous growth potential in the digital insurance market as a full-service provider,” says Dr. Stefan Knoll, CEO and founder of Deutsche Familienversicherung.

All of the annual targets for 2020 are confirmed

In the 2020 business year, DFV plans on generating 100,000 new contracts, increasing the volume of existing policies to over EUR 125 million, with an increase in the gross premiums written by at least 30%. On the effective date of the half-year financial statements, the capital markets had essentially recovered, so that the market value of the capital investments were on average greater than their initial prices. Therefore, Deutsche Familienversicherung does not anticipate a repeat of this negative capital market effect in the second half-year of 2020. Based on the planned investments in growth, the management board continues to expect an operating loss (EBIT) of between EUR 9 and 11 million.

Thanks to the significant increase in premiums anticipated for 2021, which will be driven in particular by the new “CareFlexChemie” policies, Deutsche Familienversicherung assumes that there will be compensation for the preparation expenses accruing in 2020 for this product. The existing premiums volume, including CareFlex, are estimated to be over EUR 200 million at the end of the year 2021. With respect to the number of contracts, the company expects to double the volume to more than 1.1 million contracts in 2021. In the aggregate, Deutsche Familienversicherung is planning for positive results from the year 2021, if the current business policy is continued.

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About DFV Deutsche Familienversicherung AG

DFV Deutsche Familienversicherung AG (ISIN DE000A0KPM74) is a fast-growing insurtech company. As a digital insurance company, DFV covers the entire value chain with its own products. The aim of the company is to offer insurance products that people really need and understand immediately (“Simple & Sensible”). DFV offers its customers award-winning supplementary health insurance (dental, health and long-term care insurance) as well as accident and property insurance policies. Based on its ultra-modern and scalable IT system developed in-house, the company is setting new standards in the insurance industry with consistently digital product designs and the option of taking out policies via digital language assistants.

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