

Allianz SE

Reinsurance

Press

Allianz Re agrees co-operation with Enstar in the United States

Joint management of run-off claims will be established at Allianz Resolution Management US

As part of Allianz' active management of long-tail legacy liabilities, Allianz SE – Reinsurance (Allianz Re) and its US affiliate entered a reinsurance and consulting agreement with run-off specialist Enstar this week. The transaction involves the transfer of USD 1.1 bn of US long-tail liabilities to Enstar via a 50% quota share reinsurance of selected portfolios carried by San Francisco Reinsurance Company (ARM US) – a part of Allianz Resolution Management (ARM). ARM US and Enstar will jointly manage the claims handling of three portfolios – Asbestos & Environmental, Construction Defects and Workers Compensation – with net reserves of USD 2.2 bn.

“We are pleased with the implementation of this transaction with Enstar, a leading player in the run-off business. The co-operation with ARM US will combine our own strong claims management capabilities with Enstar's experience and proven track record. The reinsurance agreement ensures that both parties will benefit from the combined team's efficient claims handling. This enables us to actively manage the business and support our strategic goal of building a Group run-off operation,” explains Axel Theis, Allianz SE board member responsible for Allianz Re. Effective run-off management is an important contribution to the Group's strategic initiative “Technical Excellence”, one of five components of the Allianz Renewal Agenda launched in November 2015. For this, Allianz Re is building the platform and capabilities to effectively manage the legacy and run-off portfolios across the Group.

As part of the agreement, a team of Enstar experts will support the operational management of the reinsured liabilities on an ongoing basis. “Enstar's combined role as reinsurer and co-manager provides several benefits”, comments Dieter Wemmer, CFO Allianz Group. “We reduce our risk and release capital through the reinsurance contract. Further, the premium for the reinsurance agreement is in line with the carried reserves at year-end 2015. We see significant value potential for both parties thanks to the combined strengths and economies of scale going forward.”

The reinsurance transaction is subject to regulatory approvals.

The co-operation with Enstar marks an important milestone in the strategic development of ARM as the Group run-off operation, set up in 2014 as an operating division of Allianz Re covering various entities and regions across the Group. While the US team manages the legacy business of San Francisco Re and US subsidiaries (ARM US), a European team

based in Munich and Zurich supports Allianz subsidiaries outside the US (ARM International).

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These assessments are, as always, subject to the disclaimer provided below.

About Allianz

Together with its customers and sales partners, Allianz is one of the strongest financial communities. About 85 million private and corporate customers insured by Allianz rely on its knowledge, global reach, capital strength and solidity to help them make the most of financial opportunities and to avoid and safeguard themselves against risks. In 2014, around 147,000 employees in over 70 countries achieved total revenues of 122.3 billion euros and an operating profit of 10.4 billion euros. Benefits for our customers reached 104.6 billion euros.

This business success with insurance, asset management and assistance services is based increasingly on customer demand for crisis-proof financial solutions for an aging society and the challenges of climate change. Transparency and integrity are key components of sustainable corporate governance at Allianz SE.

Cautionary note regarding forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US-dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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