

# Press release DKV

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## **DKV participates in new health insurance company in the growth market of China**

DKV Deutsche Krankenversicherung AG, a member company of ERGO Insurance Group, has acquired a 19 percent stake in the first commercial health insurance company in the People's Republic of China. The new entity will be named PICC Health Insurance Company of China Limited.

The other founding members comprise the holding company of PICC (51%) – one of the largest Chinese insurance companies with premium income mounting up to 6 billion US dollars – as well as three other financial investors.

As of now, health insurance policies in China are primarily linked to and are being sold with other types of coverage, predominantly under Life insurance products. Hence, PICC Health is the first dedicated health insurance company in the Chinese market with a population of 1.3 billion.

On the occasion of the founding ceremony Dr. Jochen Messemer who is the responsible Board member for the international activities of DKV acknowledged: „PICC is the ideal partner for DKV in China as they have very strong national brand recognition. Additionally, PICC owns a nationwide network of more than 90,000 sales agents. “

Even though commercial health insurance contributes to only about six percent to the overall premium income of the Chinese insurance market, it bears significant market opportunities for new market entrants with estimated annual growth rates of 25%. According to the Chinese Insurance Association, the total premium volume of health insurance amounted to more than 2 billion Euros. At the same time the reported level of claims quotas have been low.

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DKV has acquired substantial experience in Chinese insurance market during the last seven years of presence. On the occasion of its new engagement Günter Dibbern, Chairman of the Board of DKV, stated that „it has paid off in having shown our presence in this growth market over the years.“ Dibbern continues: „In view of the ongoing discussions on the future of the German health system we can prove that the model of commercial health insurance can be successful abroad. “

ERGO is very confident in the business opportunities and the growth potential of the Chinese health insurance market, which is the reason that it has decided to broaden its engagement in China on the basis of the existing market knowledge. Dr. Klaus Flemming, the responsible board member for International Operations within ERGO supports the idea that "if we compare the combination of expected growth of the Chinese health market and lower cost for the provision of services, we can expect an attractive level of profitability of the business in the years to come."

The newly formed PICC Health has its premises in Beijing. Depending on additional regulatory approvals, the company will establish business operations in the very near future thus becoming China's first health insurance entity.

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