

ERGO acquires majority of shares of Turkish insurer Isviçre

Duesseldorf, 25 July 2006. ERGO and the Balci family as owner of the Isviçre group which offers property/casualty, life and health insurance in Turkey, yesterday signed a treaty on a co-operation and the acquisition of the majority of shares of the family-owned company. In the future, ERGO will hold 75 percent and the Balci family will keep 25 percent of shares of the Isviçre group. The market entry in Turkey fits to ERGO's strategy of expanding business in Southern and Eastern Europe. With the acquisition, ERGO will have a leading position in the dynamic Turkish insurance market.

Isviçre holds the No. 5 position in the Turkish property/casualty insurance market. Its focus is on business with private customers with another focus on motor insurance. In addition, life and health insurance is also offered. In 2005, Isviçre recorded a total premium income of about €290 million, approximately 85 percent stemming from property/casualty insurance, 15 percent from life and health insurance. With its nationwide exclusive sales network of self-employed agents, the companies hold an excellent position in the still unsaturated Turkish market. The companies' development is marked by a high and stable dynamic growth.

For ERGO, operating with a focus on the growth markets in Southern and Eastern Europe, the Turkish market with a population of 73 million and an increasing demand for insurance offers a highly attractive long-term growth potential. In 2005, the Turkish insurance market grew by 18 percent. "Isviçre is a good match for us with its focus on private customer business and its product offer over all segments," said Dr. Klaus Flemming, Board member in charge of ERGO's international operations. "With Isviçre, we find ourselves in a very good position to take advantage of the excellent business opportunities in the Turkish market in the coming years."

Klaus Allerdissen, currently Board member of ERGO International AG, will enter the management of the Isviçre group and take over responsibility for the Turkish operations on behalf of ERGO. Today's owner family Balci remains a part of operative management and continues to contribute its long-term experience and market knowledge to the companies' development. This combination which was preferred by both shareholders ensures both continuity and the broad scale of opportunities an international insurance group offers.

"With the co-operation with ERGO and its international know-how, we will gain significant impact," said Okan Balci, the former majority shareholder who will continue to head Isviçre as President. "ERGO is the partner we favoured from the beginning. Together with ERGO our companies are well positioned to successfully meet the future."

The sale is expected to become legally effective during the fourth quarter 2006, as soon as the necessary authorisations of the responsible authorities have been issued.

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Portraits of Mr. Allerdissen, Mr. Balci, Dr. Flemming and Dr. Meyer are available at <http://www.ergo.com/cms/ergo/en/media/Acquisition+of+Isvicre/default.htm>.

The ERGO Insurance Group

With total premiums of € 16.7 billion, the ERGO Insurance Group is a leading European Insurance Group and no. 2 in the German primary insurance market. 30 million customers throughout Europe place their trust in the ERGO companies – among which rank Victoria, Hamburg-Mannheimer, DKV, D.A.S. and Karstadt-Quelle Versicherungen in Germany. ERGO leads the European market in private health and legal expenses insurance, operating in 22 countries. The major shareholder is Munich Re with a 94.7% stake in the company.

Isviçre Insurance Group

Headquartered in Istanbul, Isviçre Insurance Group, which consists of Isviçre Sigorta A.S, Isviçre Hayat Sigorta A.S., and Isviçre Portföy Yönetimi A.S., has approximately 600 employees and over 1,500 branches all over Turkey. It recorded a premium income of about €290 million, approximately 85% stemming from property/casualty insurance, and 15% from life and health insurance, in 2005. The 80-year know-how and experience of Isviçre Sigorta, the flagship of the group, dates back to the establishment of the Turkish Republic. Switzerland General Insurance Company Ltd. opened a branch office in Istanbul in 1926. The company joined Swiss Re in late 1970s. In 1981, Okan Balci, together with his two partners, has become the group's Representative in Turkey. In 1989, Swiss Re signed a partnership agreement with Avrupa Holding led by Okan Balci and specialized in insurance business. The company was finally named as Isviçre Sigorta.