

ERV Global Report 2010



ERV – a growing international company

ERV views itself as an innovative service provider which builds on its core competence as a travel insurance specialist. It has written travel insurance history for more than a century and, with a market presence in more than 20 countries, ranks among Europe's leading insurance providers. Drawing on its international network, ERV ensures that its customers receive optimum support before, during and after travelling.



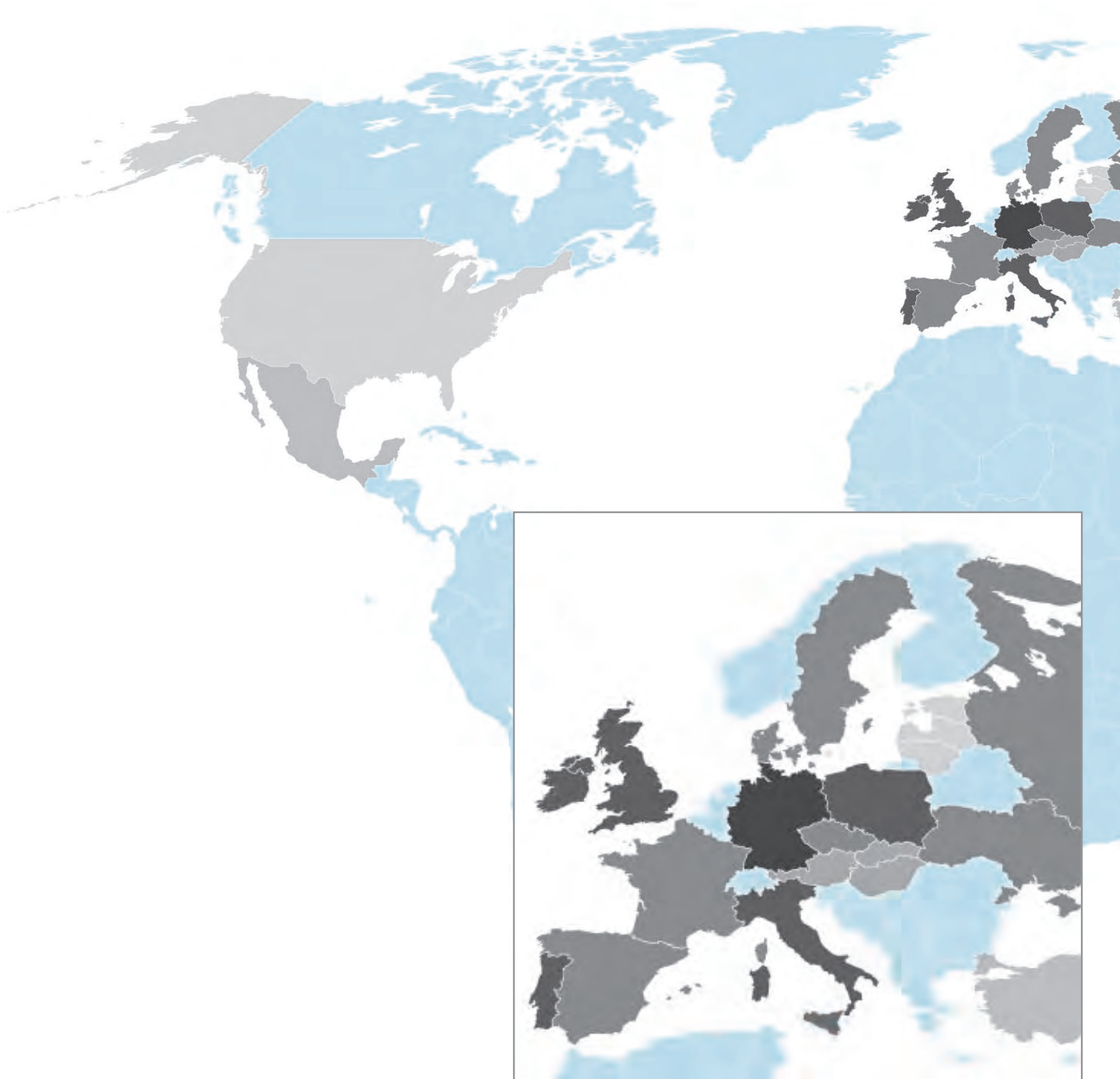
ERV's business activities

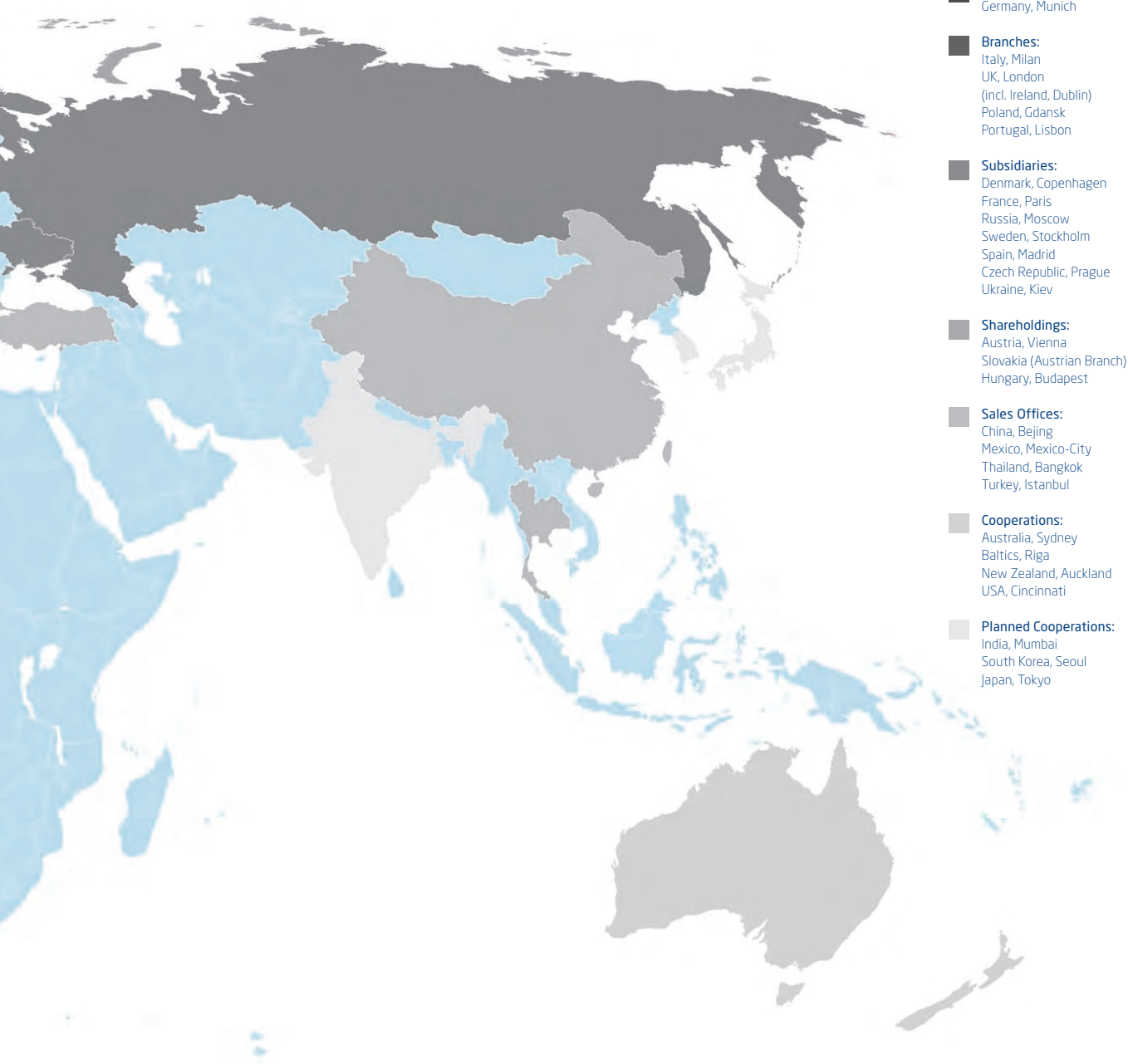
In line with its international growth strategy, ERV evaluates its presence and activities in the various markets on an ongoing basis. In the financial year 2010, the company continued to conclude insurances directly and under reinsurance contracts in almost all classes and types of cover associated with travel insurance through its companies in Denmark, Germany, France, Sweden, Spain and the Czech Republic. The companies in Russia and Ukraine, which were formerly holdings, have been operating as wholly-owned subsidiaries of ERV since November 2010.

ERV maintains branches in the United Kingdom, Italy, Poland and Portugal and has a sales office in Turkey. The company is one of the leading travel insurers in the local markets of these countries. These international operations are supplemented by representative offices in China, Thailand and Mexico, flanked by additional cooperations with insurance companies in the Baltic States, Australia, New Zealand and the USA.

The international strategic alignment is also strengthened by the membership of ERV and its European companies in ETIG (European Travel Insurance Group), an association of European travel insurance companies, which guarantees ERV's virtually complete pan-European presence. The companies of ERV are market leaders in Denmark, Germany, Austria, Portugal, Sweden, Spain, the Czech Republic and Ukraine.

Always there at the right moment.
Anywhere in the world.





- Headquarter:**
Germany, Munich
- Branches:**
Italy, Milan
UK, London
(incl. Ireland, Dublin)
Poland, Gdansk
Portugal, Lisbon
- Subsidiaries:**
Denmark, Copenhagen
France, Paris
Russia, Moscow
Sweden, Stockholm
Spain, Madrid
Czech Republic, Prague
Ukraine, Kiev
- Shareholdings:**
Austria, Vienna
Slovakia (Austrian Branch)
Hungary, Budapest
- Sales Offices:**
China, Beijing
Mexico, Mexico-City
Thailand, Bangkok
Turkey, Istanbul
- Cooperations:**
Australia, Sydney
Baltics, Riga
New Zealand, Auckland
USA, Cincinnati
- Planned Cooperations:**
India, Mumbai
South Korea, Seoul
Japan, Tokyo

Development of key performance data		2010	2009	2008
Gross written premiums	T€	484,041.57*	440,703.77	400,586.41
Operating result	T€	5,709.92	7,514.36	-603.15
Administrative cost ratio gross	%	5.5	10.4	11.3
claims ratio net	%	57.5	55.9	56.2

* Segment Travel & Assistance according to IFRS

Preface by the Management Board




v. Hülsen


Bader


Haase

Our customers travel all over the world, and we go with them. In our capacity of "helpers on the move", we were well prepared in 2010, as before, to support our customers in many different situations with our wide variety of travel insurance products and services and our worldwide service network.

In global terms, it is our intention to converge towards forming a large community specialised in travel insurance in order to respond appropriately to the individual needs of our customers by offering the right products and services. One of our high priorities is therefore international collaboration with our subsidiaries, branches, holdings, representative offices and

cooperations. It is our intention to look to the future together and to sustainably strengthen our international presence in selected markets. To this end, we promote international exchange within our teams and their cooperation. This naturally includes the passion and enthusiasm contributed by our employees from all over the world to giving our customers a good feeling of security when they embark on their travels.

Cooperation based on trusting relationships with our partners is also a concern close to our hearts in our aspiration to create and offer the best possible options to our joint customers. As before, our goal in 2011 will be to evolve steadily through

innovative ideas and creative solutions which will enhance our living, global network.

However, all our efforts to master the growing challenges would be in vain without the commitment of our employees. Our thanks to them for the contribution they bring to ERV each and every day and for ensuring that our shared goals are achieved.

Your ERV Management Board

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ERV - a company built on innovation



Innovative products and services

Since the “invention” of the first baggage insurance in 1907, ERV has been working steadily on developing innovative products and solutions to cater to customer needs in a fiercely contested market.

Optimised product range in Germany

ERV in Germany still relies on a flexible range of products optimally tailored to meet the varying needs of both private and business travellers. The redesign of our products in 2009 was welcomed by our partners and customers alike. ERV has been offering travel insurance products with or without excess since 2009, and in its Cancellation & Curtailment product the company has developed a judicious combination of travel cancellation and travel curtailment insurance.

To strengthen its position as a market leader for all facets of travel insurance ERV continued to develop new target groups and market niches in 2010. The introduction of a new annual insurance for bicycles in 2010 enabled ERV to offer comprehensive insurance cover to the growing number of travellers journeying by bike. Moreover, in cooperation with Lufthansa, ERV now offers the innovative “sunshine guarantee” which secures financial compensation for rainy holiday days in all destinations worldwide.

ERV offers premium service through its Medical Advice Service which is part of travel cancellation insurance. Experienced travel doctors support customers who fall ill before their holiday in resolving the difficult question of whether they should cancel immediately or wait and see if they get better. Almost every second journey since the start of 2009 has been saved through this service, which benefits travellers, travel agencies and, last but not least, ERV’s own claims settlement.

The impact of the financial crisis was also evident in the travel patterns of Germans in 2010. ERV responded by making it easier for its customers to decide on a holiday even in times of economic downturn by offering them the “holiday bonus” and by recognising short-time work as a reason for cancellation under a travel cancellation policy. Sales in particular reaped notable benefit, showing that this was an important decision criterion welcomed by many travellers.

A trend which ERV is likely to see in the years ahead is the shift away from outgoing tourism to travelling in one’s own country. ERV provides appropriate protection for travel from the North Sea to the Alps through its products for tourism in Germany, both for guests from Germany and for those visiting from abroad.

Germany

ERV has written travel insurance history for more than 100 years and is market leader among travel insurance companies in Germany. It is a member of the ERGO Insurance Group and therefore belongs to Munich Re, one of the world’s leading reinsurers and risk carriers.

ERV Denmark’s new Treatment Travel business line

At year-end 2010, ERV in Denmark launched its new “Treatment Travel” business line in the market for customers wishing to travel abroad for medical treatment. The basic idea is to newly combine product

segments already forming the company’s core competence to create a service which is more than just an insurance product but which is still compatible with the options offered by ERV. The concept consists of creating and marketing an insurance product which will enable patients living in Denmark to travel abroad for medical treatment and surgery not covered by the Danish public healthcare system. ERV Denmark is in a position to be able to offer this kind of treatment at cost-effective prices in first-rate hospitals in Spain.



Artwork by the Danish artist Henry Heerup on the company building in Denmark.

Denmark

ERV's subsidiary in Denmark has been operating in the market for more than 80 years and is the country's market leader for travel insurance. ERV Denmark's main business lines comprise travel insurance and international medical insurance offered through direct sales channels and in cooperation with insurance companies and intermediaries.

Emergency management for partners

Moreover, in "Europæiske Emergency Management – EEM", ERV Denmark created a service to solve problematic situations in 2010. The aim is to provide partners with support when they have to rise to the challenge of mastering crisis situations. The range of services on offer also include, for instance, dispatching a qualified emergency team to the site of the accident, responding to incoming calls and handling press contacts. Over the course of the year, ERV registered a growing interest in this service, which is expected to hold steady in 2011.

EEM was also instrumental in acquiring new, renowned customers who contacted ERV Denmark for more information about the new service and subsequently became insurance partners.

Contemporary insurance products in Italy

Parallel to and in addition to offering traditional travel insurance products, the Italian branch is consistently developing new market niches and offering its customers forward-looking products in response to local market requirements.

Stornohotel

As the first and only insurance company to date, ERV Italy identified the needs of hotels in the mid-range and luxury categories at an early stage and responded by launching its **Stornohotel** product in the Italian market. Alongside hotel booking downpayments and cancellation fees, **Stornohotel** also includes insurance for curtailment or prolonging a hotel stay without any extra charge. At the same time, the product covers travel delays and reimburses the policyholder with any

search, rescue and salvage costs incurred. The advantage for hotel operators goes without saying: The greater willingness of guests to book riskfree in advance enables the operator to secure occupancy rates effectively by offering competitive prices for early bookers. **Stornohotel** has been very positively received by the Italian travel market and, since its introduction, has enjoyed steadily growing demand.

Italy

ERV's subsidiary which is based in Milan was founded in 2008 and, in its third year of business, has generated a remarkably good result. Since its founding, the branch has tripled its premium income, which is an outstanding achievement given the adverse economic environment.



Company building in Italy

Innovative products and services



“Biglietto Sicuro” - insurance cover for tickets

Following on from the resounding success of the **Stornohotel** product, ERV Italy achieved another important milestone by concluding an exclusive distribution partnership for the **Biglietto Sicuro** ticket

insurance with **TicketOne**, Italy's leading supplier of tickets for concerts, shows and other events. **Biglietto Sicuro** reimburses the customer with the cost of the ticket if they are unable to attend due to sickness, accident or any other unforeseen event. The launch of the ticket product is the

next step on the way to successfully positioning ERV Italy as a competent insurance company specialised in the events sector – beyond a mere provider of traditional insurance products. **Biglietto Sicuro** promotes the early booking and sale of tickets and, on top of this, gives the ticket sellers more security in planning.

Customised solutions in the UK

Working closely with its cooperation partners, ERV in the United Kingdom creates customised, innovative solutions for brokers, travel agencies and online travel specialists. The aim is to ensure that policyholders have access to the best service wherever they are. ERV offers travel services designed to make travelling worry-free – to a standard that all customers should expect from their insurance providers.

In 2010, ERV UK extended its 24/7 services which include e-commerce solutions for corporate customers, sport and leisure products for activities such as skiing and golf as well as for Schengen solutions and products tailored to special travel needs.

United Kingdom

The UK branch of ERV, based in Horsham, London, has provided leisure and corporate travel insurance and travel liability products in the UK and Ireland since 2005.

Awards as proof of strong customer orientation

The many awards and seals of approval won in the respective countries are clear evidence of the priority which ERV places on its customers when designing its products and services.

Seal of approval for ERV Germany's products, customer orientation and financial strength

The seal of approval from "Stiftung Warentest", a German consumer protection association, ranks among the most important awards to be conferred in Germany. In a test carried out in 2010 by the "Finanztest" magazine on the topic of travel cancellation insurances ERV's products took first place as test winner.

The testers evaluated ERV's Cancellation & Curtailment which is a combination of travel cancellation and travel curtailment insurance. The product was tested in the categories of single versus annual policies as well as tariffs for individuals versus those for families. ERV was awarded with top scores twice for its Cancellation & Curtailment single insurance policy without excess, which makes it a winner for both categories families and individuals.

ERV secured fourth place in the "Top 10 Most Customer-oriented Financial Service Providers" ranking in 2010. ERV was therefore acknowledged as the best travel insurance company among the competing financial service providers. Alongside other aspects, the company's communication with its customers, the standard of support given by its employees and quality assurance were analysed. In addition, a special award, was conferred on ERV for its high recommendation rate.

ERV's www.reiseversicherung.de website was subjected to meticulous scrutiny by TÜV Süd, a German testing and inspection organisation, and was issued the s@fer-shopping certificate. The website was awarded a prize for its clear presentation of information, easy-to-use navigation and attractive website design. Beyond this, swift and error-free booking and settlement processes, as well as user data protection and security, are also high priorities at ERV.

ERV's Insurer Financial Strength of "A+" was also confirmed by the international rating agency Fitch Ratings in 2010. The outlook for the rating is stable. ERV was given this rating as the first travel insurance company ever for the first time in 2009.



German consumer protection association "Stiftung Warentest"

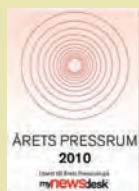
Qualitätsmonitor Deutschland-Tourismus (ERV's quality monitor)

Since 2007, ERV has been working together with the German National Tourist Board on a project which goes by the name of "Qualitätsmonitor Deutschland-Tourismus" aimed at improving tourism products and services offered in Germany and at making them more attractive to private and business travellers.

More than 20,000 guest interviews were conducted throughout Germany in the 2010/2011 survey. The detailed findings form a platform for the German federal states, municipalities and cities to benchmark their offers against competitors, to critically review and assess the results of their own marketing and sales activities, and to identify trends.

Awards as proof of strong customer orientation

ERV Sweden wins "The Best Press Room" award



A very special honour was conferred on ERV Sweden in December 2010: The company won "The Best Press Room", an award organised by My-Newsdesk News Exchange Site, in the bank, finance and insurance categories. MyNewsdesk acknowledges companies which optimise the use of their PR webpages by producing high-quality press material and making it easily accessible, thereby achieving a high profile and level of perception for their press releases.

"Being awarded the prize for the best press room of the year is a great honour and proves that we have succeeded in our efforts to integrate our social media, Twitter, blogs, Facebook and videos into our traditional public relations work. "Above all, it is extremely gratifying that we as a small company can hold our own against the giants of the industry and shows that we are working effectively with communication", commented Christina Karlegran, Chief Communications Officer of ERV Sweden.

Sweden

ERV Sweden, headquartered in Stockholm, was established in 1921 and is the market leader among Swedish insurance companies in providing travel cover for individuals and business travellers.



ERV wins the best insurance specialist award of the year in the Czech market

In 2010, ERV was voted best insurance specialist of the year for the third time by the Czech Association of Insurance Brokers. Along with other awards conferred by the travel sector and various Internet finance portals, this prize is confirmation that the company still sets the standards of service quality in its niche business. ERV's subsidiary in the Czech Republic worked together with more than 350 agencies in 2010. Without its popular service concept, which is tailored to customer requirements, it would not have been in a position to generate stable revenues in this segment. The company was selected for the ninth time in a row as the best Czech travel insurer in an annual survey conducted by the high-profile TTG newspaper.

The direct sale of insurance products via its own website has enjoyed steady growth rates for years, receiving additional impetus from the prestigious "Bronze Crown 2010" award conferred on it by the Financial Academy. The prize was awarded to ERV for its annual multi-trip product which took first place among 63 nominated products in the non-life insurance category.

Czech Republic

The Czech subsidiary of ERV based in Prague, can look back on 18 successful years and, in the financial year 2010, succeeded in safeguarding its pioneering role as an innovative, international travel insurance company.

Excellent customer evaluation in Poland

A customer survey carried out for the third time in a row in the months of June and October 2010 has assured ERV's Polish branch an exceptionally positive evaluation by their policyholders as a trusted and reliable insurance partner. The annual survey is used for quality assurance purposes and is an important indicator of customer satisfaction with the service of the branch in general and its claims handling in particular. ERV Poland's aspiration in 2011 as well is to identify the needs of its partners and customers at an early stage and exceeding their expectations by providing them with first-rate service.

Poland

ERV has been represented in the Polish market through its branch since 2004. Within a very short space of time after its founding, the company established itself as a reputable partner and first-rate provider of travel insurance products in the Polish travel insurance market. The branch had already achieved profitability by the third year of its existence and has consistently and steadily built up its business since then.



e-commerce and social media

Using new media to position products and services in the market is playing an increasingly important role today. The companies of ERV have risen to the challenge and have committed themselves to developing e-commerce-solutions, offering mobile services and expanding their activities in the area of social media.

Expansion across all business lines in Germany

Focusing on the "customer@ERV"

The customer is increasingly becoming the pivotal point of ERV's thought and action. This approach requires a new mindset across all areas throughout the whole organisation. Processes, products, terms and conditions and booking options are reviewed for their compatibility with customer friendliness and changed accordingly. Among other measures, this has resulted in addressing customers in line with the respective target group and their needs. ERV will be rising to this challenge in 2011 and beyond. The aim is to offer the customer genuine value-added in order to gain the competitive edge over other travel insurance companies and move away from substitutability and comparability – in other words, to create a unique selling proposition.

The issue of "customer-friendliness@ERV" has merited its own very important project as part of focusing on the customer. An example is evaluating what products and services and what benefits travel insurance customers can expect from ERV before, during and after a trip. ERV will, of course, respond to consumer feedback and use it to improve its products and services.

Optimised website

ERV's strong orientation towards the customer is also reflected in its German website at www.reiseversicherung.de. ERV has been working consistently on improving the website since its relaunch in April 2010.

For instance, a selection of topics of current interest to travellers are selected and addressed on the homepage.

Under the "Optimisation for the Customer" project, certification of our online presence was obtained from TÜV (German Technical Inspectorate) which officially confirms that travel insurance can be purchased safely on ERV's secure and trusted website. Data protection and data security to the highest standard as a prerequisite for buying travel insurance is a matter of course for ERV.

Searching and finding have always enjoyed a high priority at ERV. The optimal design of its travel insurance website has enabled ERV to achieve a better ranking and advance to first place in the search results of search engines.

Online measures place importance on clearly stating the risks involved in travelling ("No holiday without travel insurance") and, in addition, indicating what travel cover is essential for the different target groups. A tip worth remembering: taking out an annual insurance pays off for anyone intending to make more than two trips a year.

A number of features aimed at improving communication between the customer and ERV and achieving greater independence from opening hours have been envisaged for 2011. New communication technologies, improved automated response options and simplified navigation are top of the list. In addition, ERV would like to give the customer more flexibility in paying for its products. Surveys conducted have helped to

identify other important payment systems for travel insurance customers, and ERV is currently working on their implementation.

Mobile commerce – "The Third Revolution"

The new generation of smartphones will change the travel industry for ever – and companies must adjust their processes accordingly. These two statements summarise discussions at the Global Tourism Conference.

One in ten people in Germany uses their mobile phone to buy, and the number is set to grow. The forecast is that, by 2012, every fourth German will own a smartphone. Against this background, it is a logical step for ERV to use this medium – albeit independent of platforms. The reason behind the mobile internet boom is the rising popularity of smartphones and netbooks, lower download charges and better mobile broadband availability. The event of the smartphone has clearly shown the way: people want Internet while they are on the move – which is why ERV wishes to make its content available to customers via mobile, with genuine value-added.

Commitment to social media

ERV goes wherever its customers go – in social networks. It is therefore a foregone conclusion that ERV will become more active in 2011 in respect of social media. Social media open up huge potential for brand communication – but nonetheless presents companies with a great challenge. Facebook has meanwhile attracted more than 500 million fans

worldwide but companies will only reach users if they connect to the fan page. The fan page is, however, only a basis, and it is much more important to initiate activities or develop the relevant applications. Securing the loyalty of fans means generating relevant, exciting content (e.g. games, discussions, voting, etc.). Social media at ERV has been developed in such a way that the content fuels dialogue – it has to be fun. A precondition is knowing and understanding your customer group extremely well: in essence, comprehending the soul of the target group. An important effect is using the opportunity for dialogue, as ERV can learn much about the perception of the brand and products and has access to stimulus directly from the customer. Of paramount importance: listening carefully!

An international project has been created to bring ERV-countries “closer together”. Together, members of the project created a social media strategy which is to be implemented in 2011. Additional measures include developing and launching vibrant campaigns locally.

Denmark: advertising icon integrated into online campaign

Travel industry web services integration (TIWI) is becoming an increasingly important part of ERV Denmark’s winning new contracts. A web-service tool was a prerequisite for concluding the contract and entering into cooperation with the ticket agent **Billetlugen**.

Apart from working directly with partners in the travel industry, ERV also approaches software companies selling to the travel industry and invites them to integrate its software systems and web services thereby enabling the travel industry to sell their products more effectively.

In January 2010, ERV Denmark launched its new B2C website, improving not only on the design but also on the booking flow. The conversion rate of visitors to the website into customers was raised significantly. Over the course of the year, ERV also leveraged synergies between its successful TV commercials and its website.

The concentration of ERV on a social media strategy plays an important role in the Danish market. ERV Denmark initiated numerous activities in this area over the year 2010: It took up monitoring social media, put a series of viral videos with Caroline Wozniacki and ERV on Youtube, developed a Facebook fan page and a Facebook campaign where users could play online tennis against Caroline, promoting ERV’s sponsorship of her in a sophisticated and innovative way.

Sponsoring Caroline Wozniacki Tried-and-tested doubles

As a world-class tennis player, Danish Caroline Wozniacki is on the road more than 300 days a year. She therefore needs to be safe and well insured at all times. ERV Denmark is very proud that Caroline and her family have chosen it as their preferred travel insurance company. She has been engaged as a partner in advertising the product and brand of the company for more than five years.

With the aim of enhancing its brand and raising sales, ERV has worked consistently with Caroline Wozniacki in its advertising, which has enabled it to promote its brand and products on numerous media platforms. Caroline’s advancing to become number one player in the world ranking has made her a more familiar face not only in Denmark but also in the rest of the world.



World class tennis player Caroline Wozniacki

e-commerce and social media

Online portals are the main sales channel in Italy

From the day the Italian branch took up its business activities its sales were focused on e-commerce. All the branch's important partners in tourism sell the products of ERV via Internet, and the insurance products of ERV Italy can be bought online in a few standardised steps.

The branch's consistent online presence has proven its worth and has considerably enhanced perception of the brand in the market. The gradual building up of social media presence is viewed by the branch's as one of its most important tasks.

e-commerce is a clearly defined strategic goal in Poland

The development of online business is also a clearly defined strategic goal of ERV in Poland. For many years now Polish customers have been able to log on to the branch's website and book their travel insurances. Tour operators and travel agencies can integrate travel insurance products through the branch's booking assistants into their portals via a customised link. With the aim of remaining one step ahead of its competitors in the future as well, ERV is steadily developing its booking technologies and cooperates with global online travel portals.

App developed for smartphones in Spain

ERV Spain's online sales are rising steadily year after year. This performance is bolstered by the position ERV has taken in the most important online search engines and the possibilities it has opened up for buying its products via Internet.

ERV Spain has recently developed an application for mobile phones, which makes it the first Spanish insurance company to offer a free service package for smartphones. The application can be used to take out travel insurance and is both a tool and a new, competitive product that ERV Spain can use to raise brand

awareness. ERV Spain is currently working on optimising this e-tool with a view to offering new functions and making downloads available from Apple Store and Android Market.

Spain

ERV Spain is the only company in the Spanish market specialised in travel insurance and has a market share of 35 %. In addition to a variety of insurance products, such as baggage insurance or cover for delayed flights, the company also offers outstanding medical assistance services.



Sweden at the forefront of social media

ERV Sweden has been active in the field of social media since 2009 and intensified its work on these channels over the course of 2010. Its successful handling of the major crisis precipitated by the ash cloud in 2010 serves to highlight that ERV in Sweden plays a pioneering role in the field of social media.



Blog of ERV Sweden on the Icelandic ash cloud

Blog used for successful crisis management

The Communications Department was quick to evaluate the situation caused by the Icelandic ash cloud in April 2010. Before most media had even become aware of the problem, ERV Sweden had started a blog called "Vulkanaska" (volcanic ash) on WordPress under <http://vulkanaska.wordpress.com>. This enabled all information on the ash cloud to be published on one and the same site, which facilitated searches, allowed swift updating and included Twitter Feed and links to airports and tour operators. When ERV extended the chat on its website, the number of

enquiries rose rapidly, which made the job easier for customer service staff to direct customers to the blog for the current status. It collected customers' most frequent enquiries and answered them on the blog for all to see. It opened up its Twitter, Facebook, blog and chat as additional channels through which customers could contact ERV. This was especially appreciated by the many people who could not get home and were unable to make international calls. By using the word "vulkanaska" in the blog URL, ERV Sweden was able to top all search engine searches free

of charge and with a minimum of effort. Within the space of one month the company had more than 5,000 people visiting the blog. Measured by popularity, its regular website was one of the ten fastest growing websites in Sweden, and the number of mobile phone users visiting ERV's webpages soared by 200%. As a result of this successful crisis management, which made intensive use of social media, ERV was invited to speak at a number of seminars, conferences and at the Foreign Ministry.

Corporate Business and Credit Card Business





An important mainstay of ERV

Despite companies having made extensive cost-cutting measures in the business travel sector, ERV was well able to hold its own in this segment in 2010 and corporate business has remained an important mainstay of ERV's product portfolio, alongside the credit card business.

Well positioned in the German market

The **credit card business** is a market with huge potential in Germany, and ERV has been able to position itself excellently in this market in recent years. The sales channels are manifold: tenders can be sourced through brokers, direct enquiries or acquisition activities.

The credit card business is a key component of ERV's product range. Modular components, such as travel cancellation, medical or baggage insurance, can be supplemented by other types of insurances, examples being purchase protection, fully comprehensive rental car insurance or ticket insurance. As a product provider, ERV can fulfil all its customers wishes in cooperation with ERGO.

A number of tenders were successfully implemented in 2010. ERV anticipates strong future growth in this steadily expanding market. ERV is excellently equipped with its product range and sales support.

The crisis has left its mark on the **corporate business travel** sector: companies saved on hotel categories, and air and rail expenses were curtailed, for the most part at the cost of travel comfort. The sector had to cut costs. Nonetheless ERV was able to substantially raise the number of policies directly concluded, a sure sign that last year's product relaunch with its new features was the right decision. The three different options incorporated into the products "Corporate Travel Insurance Compact" and "Incoming Business" and the introduction of daily premiums have paid

off. The modular and individual solutions offered by "Corporate Travel Insurance Individual", a product designed for corporate travel insurance, cover market needs. A look at demand for corporate travel insurance in 2010 as a whole shows that the level recorded in the pre-crisis years has not been reattained.

As a general observation companies in Germany, especially if they are small or mid-sized, are not as aware of the necessity of insuring their employees on business trips as those in Sweden or Denmark, for instance. There is much to be done in the way of raising an awareness of the advantages of business travel products, as well as involving other distributors such as brokers.

Expansion of corporate business in Denmark

ERV Denmark significantly expanded its corporate business by winning new accounts and renewing a large number of existing contracts. This was achieved by keeping a steady eye on details, its claims handling service and fulfilling its customers' wishes – namely that their insurance partners all over the world conduct them-selves faultlessly with respect to the remittance of tax levies and charges.

In 2010, a number of international Danish companies, operating in a wide variety of sectors ranging from medicine to heavy industry, were among the new customers. In addition, the long-standing mutually advantageous partnership with the Danish

government should be emphasised as a key success factor for the company's corporate business in Denmark.

In 2010, ERV successfully renewed its cooperation with leading Danish pioneers in the field of renewable energies with plants and facilities all over the world, a business which holds much promise and potential in 2011.

At the end of 2010, ERV Denmark's Corporate Department was partner to around 60% of the Danish market for corporate insurances across all business levels. ERV views this as both an honour and an obligation which it intends to fulfil in 2011 by extending its range of products and services to cater to satisfying global requirements and the needs of the individual.

Poland: number of customers doubled in corporate business

The financial year 2010 marked a significant development in ERV's focus on corporate insurance. The branch relaunched its corporate product range and was successful in doubling the number of policyholders within a very short period. This gratifying growth was especially bolstered by the heightened awareness of Polish companies of their obligation to offer employees on business trips trusted comprehensive insurance cover. This duty is not only being taken seriously by companies with international operations but is also meanwhile viewed as one of the fundamental benefits employers should offer. The demand for customised travel insurance products

remains at a high level, and the branch is consistently endeavouring to provide the best possible service to satisfy the special requirements of its sophisticated clientele.

New accounts in Sweden

ICA Banken and Skandia Banken have been ERV Sweden's new customers since the start of 2010 in the bank and credit card insurance segments. Both banks operate a full range of Internet banking services directed at the consumer as the main target group. ICA Banken is the most successful bank in Sweden in the sale of non-life insurances to customers. ERV is partner to ICA Banken and Skandia Banken and insures around 650,000 cardholders with a comprehensive travel insurance and other customised add-on insurances.

Scania

ERV Sweden has entered into a very promising cooperation with Vabis Försäkrings AB, a company which belongs to Scania. In the capacity of reinsurer, it will assume an excess of loss risk and will act as a reinsurer for corporate travel insurance and expatriate insurance (insurance cover for employees seconded abroad) for companies. ERV has also marketed services through the channels of proactive information, redistribution of premiums and customer support.

IKEA

ERV Sweden is IKEA's global contractual partner for international expatriate business. IKEA uses ERV's claims handling network in Sweden to process approximately 7,000 claims a year.

Accidental coverage for municipalities

The sales generated in this segment in the first year are indicative of a promising market share. Over the course of 2010, competition from the insurance company "if" and a decrease in premium rates resulted in very few new customers being won in the accidental coverage business.

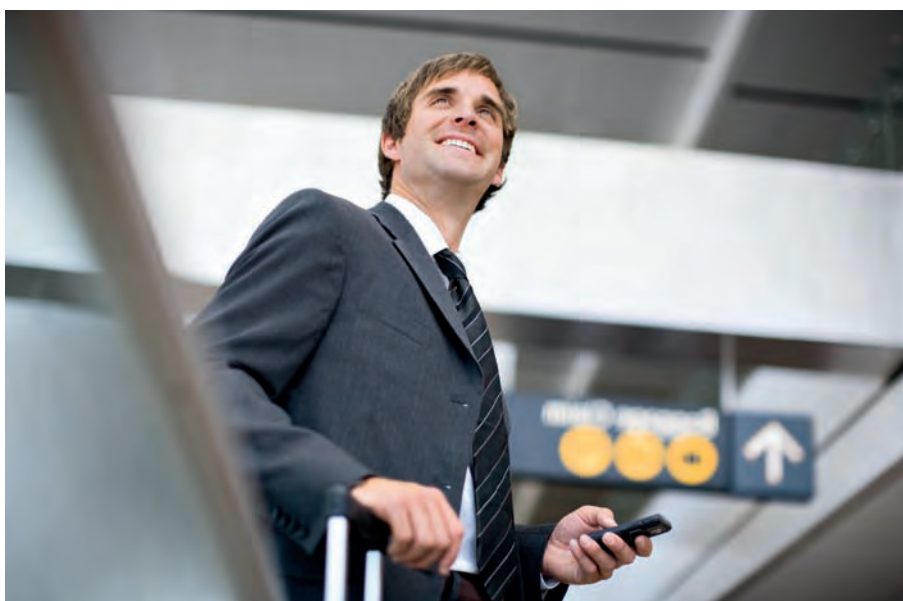
Growth of corporate business in Spain

Business travel undertaken by the Spanish suffered a severe setback in the wake of the crisis experienced in Spain, a trend which is even expected to accelerate in 2011. At the same time, corporate business in Spain had delivered a positive year-on-year growth of 7.2% by October 2010.

Steady, positive trend in the Czech corporate travel sector

Although the Czech travel market recorded generally modest economic growth in 2010, ERV's Czech subsidiary nonetheless lifted sales by 5% in its corporate travel insurance segment. Professional customer support, the company's customary skill in the handling of claims, coupled with its flexibility and open approach to the needs of its customers enabled it to win new customers and sign contracts with key strategic partners in the financial year 2010 as well.

Leading broker experts have certified that ERV's business travel insurance products rank among the best insurance products in the Czech market.



ERV international





Activities with ERGO and ERGO International

In the context of ERGO's strategy of internationalisation, ERV took the decision in 2010 of intensifying international partnerships with its sister companies, first and foremost those belonging to ERGO, and, beyond this, of implementing measures designed to strengthen its profitability. As a result, a number of contracts were renegotiated and unprofitable business consistently restructured. These activities will continue in 2011.

ERGO sales and distribution channels in Germany

Becoming a member of the ERGO Group has opened up new sales prospects for ERV through ERGO's exclusive sales intermediaries. ERV offers selected solutions for private and corporate customers through ERGO's broker operations and the tied agents' organisation of the ERGO Insurance Group. Accordingly, around 30,000 brokers can now offer travel insurance products from Germany's market leader. Both sales channels release great potential in respect of winning new customers, expanding the existing customer base and raising earnings.

Sales and distribution through ERGO is set to become increasingly important for ERV and will develop into an important mainstay, alongside tourism-related sales. Extensive information and training events

have established ERV and its products firmly in all sales channels of ERGO. Stepping up sales activities, combined with a transparent product range, will ensure that ERV is successful in conducting its business through ERGO sales channels in 2011 as well. The regional support structure and marketing to specific target groups proved their success in 2010. This structure will be retained in 2011 and business conducted via ERGO sales channels will be intensified.

ERGO International

ERV is collaborating with ERGO on the Joint Travel Initiative (JTI) project to achieve organic growth through cooperation in selected markets. The aim is to jointly build up the travel insurance business in new markets and to launch more product innovations in existing markets. The project reflects ERV's strategic approach

to promoting growth together with ERGO in the growing markets of Central Eastern Europe, South East Asia, Turkey, China and India. ERV sees huge opportunities in India, for instance, where it is on the point of entering the market in cooperation with HDFC ERGO as risk carrier.

In addition, ERV is cooperating with Munich Re/Munich Health in pursuing a similar approach in other selected markets such as North America and Mexico.

Portugal

ERV Portugal is a branch of ERV Spain and was set up in 2007. The company has an excellent year of growth behind it and, after three full years in the business, has positioned itself firmly in the travel insurance market.

ERGO Insurance Group

Europäische Reiseversicherung AG

Subsidiaries:	Branches:	Representatives / Sales Offices:	Shareholdings:	Cooperations:
Czech Republic	Italy	China	Austria	Australia
Denmark	Poland	Mexico	Hungary	Baltics
France	Portugal (Spanish Branch)	Thailand	Slovakia (Austrian Branch)	New Zealand
Russia	UK (incl. Ireland)	Turkey		USA
Sweden				
Spain				
Ukraine				

Portugal: successful international cooperation with ERGO

At the start of the year 2010, ERV Portugal signed an agreement with **RNA** (Rede Nacional de Assistência), a local assistance company, to operate as their risk carrier in the travel business. This business opportunity was offered to ERV Portugal by **Victoria Seguros**, a very well-known brand in Portugal. The relationship with this ERGO company has positioned ERV Portugal right at the top of the holiday travel insurance market.

New opportunities have opened up since the first steps of this partnership were taken: At the end of the year 2010, ERV Portugal became liability insurer for the entire assistance services portfolio. The strong association with RNA has enabled the company to participate in this segment which is normally dominated by the assistance companies. The benefits of this close connection are twofold: securing a considerable sales volume and profitability guaranteed by ERV Portugal on the basis of a provision regulating the loss-and-expense ratio.

New goals have already been defined for the support and promotion of this strong alliance with the aim of adding value to ERGO products through the features and benefits of a travel insurance. This win-win situation gives ERV Portugal access to a wider spectrum of consumers and ERGO products an opportunity of enhancing their competitive edge.



ERV and its international partners in 2010

ERV's strategy of ongoing internationalisation enables it not only to acquire new partners in the local markets but also to offer its products and services to international players.

Cross-border accounts

Lufthansa, Germany's flagship airline and, measured by the number of passengers, Europe's largest carrier has stepped up and developed its partnership with ERV by including 14 new countries. In the near future, this number will be supplemented by many new countries.

By including Poland and the Czech Republic in 2010, **airberlin** as the second largest German and sixth largest European airline also raised the number of countries where ERV products are available to 18 in total.

Latvian airline **airBaltic**, nominated Airline of the Year 2009/2010 and winner of the "Gold Award", signed a global distribution agreement with ERV on the sale of travel insurance at the beginning of 2010. Currently 17 countries provide travel insurance which can be purchased online from their websites. ERGO, with its local subsidiaries in Latvia, Lithuania and Estonia, handles the administration for airBaltic customers in the Baltic States. ERV and ETIG members provide **airBaltic** customers with travel insurance in the other 14 European countries.

airBalticTravel.com is a subsidiary of airBaltic. It was founded in response to the growing demand for the customisation of travel packages. The company's online sale of ERV products went live in the Baltic States, Germany, Finland and Sweden in December 2010.

Thomas Cook, one of the world's leading leisure travel and multi-channel tour operators, has chosen ERV as its preferred travel insurance provider in Germany, the

Czech Republic, Sweden and Denmark. Thomas Cook also cooperates with the local partners of ERV and the European Travel Insurance Group in Hungary, Norway and Finland.

As part of the Thomas Cook Group and ERV's partnership, Condor Flugdienst, known as **Condor** for short, began to sell ERV products in Germany, Spain, France, Italy, Poland, Portugal and Turkey in 2010.

Travel24.com AG is a German online provider belonging to Unister GmbH, Germany's leading platform for travel. The company provides information and interactive search and booking functions, along with facilitating the comparison of holiday trips on its website at www.travel24.com and its toll-free call centre service. Travel24.com sells ERV travel insurance products in Germany, the USA and the Netherlands. The company intends to introduce these products into Switzerland, followed by France, Italy and Spain.

As most of ERV's new and existing international partners use ERV's cutting-edge online booking engine, they can combine international travel insurance products with process of booking airline tickets, travel or hotels. The products displayed on ERV's e-commerce platform are customised to suit the individual customer's needs. The products offered via this platform range from a simple travel cancellation insurance through to more complex insurance packages which include medical, accident and baggage cover.

ERV's sophisticated e-commerce platform currently offers travel insurance products for a total of 26 countries worldwide.

New accounts in 2010

New partners and contract renewals in Germany

ERV's sales in the tourist industry performed well in 2010. ERV won new partners and renewed contracts with existing partners. Upon the release of the winter catalogue 2010/2011, holidaymakers were able to take out travel insurance from ERV while booking their holiday with tour operators **Thomas Cook Reisen**, **Neckermann Reisen**, **Bucher Last Minute** or **Air Marin**.

Moreover, the long-standing collaboration with **REWE-Touristik**, Europe's number two tour operator, was renewed for another five years. The fact that travel agencies, alongside tour operator groups, continue to rely on ERV was especially affirmed by **AER** and **TSS**, two of Germany's largest travel agency cooperation networks, which opted to renew their contracts with ERV for another five years.

The continuation of the partnership with the travel agency **alltours Reisecenter** for another three years also serves to highlight ERV as a reliable and trusted partner. The confidence of carriers and airlines in the sustainability and innovative strength of ERV is shown not least in the decision of **Deutsche Bahn AG** and **airberlin** to choose ERV: both these contracts were also renewed in 2010.

Contract renewal with Danish government

New customers acquired this year include a series of important corporate customers. Alongside **Novo Nordisk**, **Nilfisk**, **Advance**, **Grundfos** and the **Wrist Group**, ERV was also successful in 2010 in winning the



insurance program of the Danish government for the next three years, which marks the continuation of a long-standing and mutually advantageous business relationship with the Danish government.

In 2010, ERV Denmark embarked on its cooperation with **Billetlugen**, a locally based company that sells tickets for numerous events such as concerts, football games, festivals and theatre performances. **Billetlugen** provides cancellation cover for people who purchase tickets from their website, an insurance which is integrated into its booking process. Both sales and the volume of claims were most satisfactory in the first year.

Italy: partnership with tour operator Travelplan

The Italian branch agreed key partnerships in the financial year 2010. Firstly, the

global tour operator **Travelplan** completed its successful entry into the Italian market and has been selling the products of ERV Italy in its catalogues since November 2010. Secondly, the branch was able to convince **TicketOne**, Italy's largest seller of tickets for concerts, shows and other events, to enter into an exclusive cooperation contract. And finally, the branch has been successfully selling its travel insurance products via **Mirabilandia**, a high-profile specialist in leisure parks, for half a year now. Cooperation with this company takes special account of travel insurance products designed for families.

300 new agencies in Portugal

The successful agreement concluded with RNA means that, together with **VICTORIA**, ERV Portugal now insures 17 of the most important tour operators, including **Viagens Abreu**, **Soltrópico**,

Nortravel and **Terrabrasil**. Thanks to business with travel agencies, ERV Portugal has won access to 300 different companies which sell travel insurances. Clear competitive differentiation through innovative products in conjunction with technology were convincing arguments for its new customer **Blueticket**, one of the largest websites selling e-tickets for concerts and many other events.

Growth of more than 100% is anticipated for 2010, which is confirmation of the excellent processes and range of products and services on offer to customers, permitting the structures currently in place to be retained unchanged.

ERV Spain wins AVIVA, Cuba online and Androméda

AVIVA, based in the United Kingdom, is one of Europe's leading providers of life insurance. Since acquiring Plus Ultra, the company has also been present in the Spanish market. ERV has made its international healthcare assistance available to AVIVA, specially tailored to suit AVIVA policyholders. **Cuba online** is the name of a company specialised in travel insurance coverage for Cuban diplomatic delegates and **Andrómeda** is a travel agency with travel incentives as its core competence.

UK: contract with large broker

ERV UK has entered into a long-term business relationship with the **Towergate Underwriting Group**, the UK's largest independent insurance broker, which will assist ERV to grow in the business of British travel insurance. The partnership will also be instrumental in managing currency risk. ERV has also won prestigious accounts operated by London Market Brokers.

Introducing our new subsidiaries

Our former holdings in Ukraine and Russia have been operating as wholly-owned subsidiaries since November 2010. Both companies are well positioned in their domestic markets and are ambitious to achieve their goals within ERV.

Interview with Myroslav Boichyn, Managing Director of ERV Ukraine

Mr Boichyn, please give us a brief introduction to your company.

ERV Ukraine took up its business activities in Ukraine in 2007. Although experts and future competitors declared that this segment had already been carved up between the insurers and that any new player would find it difficult to secure a significant share in the market, ERV had already won a partnership with leading travel companies in its second year. Measured by the number of policies sold and premiums collected, the company has swiftly advanced to take its place as one of the market leaders. Today ERV is the only travel insurance specialist in Ukraine and the main competitor for large local insurers and representatives of major insurance brands, examples being **Allianz**, **AXA**, **Vienna Insurance Group**, **PZU** and **UNIQA**.

We have developed well over a period of four years and steadily improved the company's financial performance year after year. In 2010, we insured more than 405,000 travellers, which is 67% more than in 2009, and collected UAH 28.5 million, which represents an increase of 53% as against the previous year. A key role in achieving this result was played by our professional team which currently consists of 27 specialists.

Experience in the local market and the know-how of our founders and members of the ETIG have enabled us to become an innovative force in the domestic travel insurance market. We believe that innovative products and solutions and the high

standard of services for customers and travel agencies constitute our key competitive advantage.

What insurance products do you offer?

ERV Ukraine offers traditional insurance products: comprehensive incoming and outgoing travel insurance, corporate travel insurance, MasterCard insurance as well as products designed specifically for the Ukrainian travel market, such as insurance cover of bank guarantees furnished for tour operators and agencies, along with liability insurance for IATA agents.

Who are your largest customers?

We have established ourselves today as a well-known brand in the Ukrainian travel market. In 2010, more than 350 travel agencies and tour operators were working together with ERV Ukraine. Our partners include leading market players such as the tour operators **Tez Tour**, **Turtess**, **Pegas Touristik**, **TUI Ukraine** and **Carlson Wagonlit Travel**. **Airlines Aerosvit** and **Ukrainian International Airlines** as well as **UniCredit Bank** are also among our most important partners.

What successes did your company celebrate in 2010?

In 2010, a year which was marked by the spectacular bankruptcy of two larger tour operators in Ukraine, we responded swiftly to the urgent market need for a new, effective protective mechanism for tour operators by adding an insolvency insurance for tour operators to our portfolio. The first insolvency insurance contract has been signed with **Tez Tour**, a large Turkish tour operator, and has become a benchmark for the entire travel market and an example of how the insurance



Myroslav Boichyn, Managing Director of ERV Ukraine

cover of travellers against a tour operator's financial difficulties can be improved.

We are proud that our brand has already won the trust and acclaim of travellers and insurance and travel market professionals. Since 2008, we have been the only company in the Ukraine to be accredited by IATA to ensure its agents. Since 2009, we have been the insurance partner of the Association of Travel Business Leaders of Ukraine (ALTU), consisting of 14 leading local tour operators and a member of the Ukrainian Insurance Federation (UFU), and the community of insurance companies where we chair the Travel Insurance Committee. As part of ALTU and UFU, our company became an adviser of the Ukrainian parliament in amending legislation on insurance and safety in the area of tourism.

What are your expectations of membership in ERV?

We are glad to have become a full member of ERV and to represent it in Ukraine. We are also confident that being a part of ERV will open up even better opportunities for us to develop our business and strengthen

our market position as well as helping us to improve our services to customers and partners. Our plans for 2011 include diversifying business further by expanding our sales channels, with greater emphasis on online sales.

Ukraine

ERV Ukraine opened its offices in Ukraine in 2007. In recent years, the company has advanced to become the market leader in travel insurance.



Introducing our new subsidiaries

Introducing ERV Russia

ERV Russia was founded in 2006. The company currently has a workforce of 20 people and is the only Russian insurance company specialised in travel insurance. The product portfolio includes medical insurance, medical evacuation and repatriation, travel cancellation, travel accident, baggage, liability and tour operator insolvency insurance.

ERV Russia ranked among the top ten travel insurers in Russia in 2010. Key success factors are comprehensive insurance products which meet the needs of travel companies and travellers, a 24-hour assistance service, special know-how in developing new insurance products, support and advice for partners regarding their business development processes, customised sales training for partners, the use of modern IT solutions in the online display of insurance policies and reporting, as well as very efficient claims processing to a high standard.

ERV Russia signed a contract with **Pegas Touristik**, Russia's largest tour operator, in 2009. This cooperation has enabled the

company to expand in different regions of the Russian Federation, thereby raising awareness of the brand.

ERV Russia is a leader in cooperating with travel agencies. Almost all travel agency chains, such as **Hot Tours**, **Intourist Travel Shop** and **MGP**, are partners of ERV Russia. These chains allow customers to choose which insurance they would like to add to the policy already included in the travel package. Travel insurance can be purchased directly from around 30 travel agencies.

The online travel market, which has evolved in the last two years, is growing by an annual 10 to 15% and is one of the most important factors underpinning market growth in Russia. ERV Russia's potential is huge thanks to its own online booking system set up for its partners. In the not too distant future there will be an online shop for ERV Russia's travel insurance products. Online platforms have started to integrate an ERV Russia insurance module into their systems, with **airberlin** being the first to launch an online project in 2009. In 2010, ERV Russia began to work with Travelport (Galileo) as one of the largest booking systems.

Corporate travel and credit card insurance harbour market potential for ERV Russia, particularly in combination with ERGO insurance products. The ongoing development of promising approaches, based on cooperation with ERGO in Russia, have been planned for 2011. This step will strengthen collaboration with partner companies, making it even more reliable as each insurance company will fulfil its obligations with customary professionalism. New technologies, innovative insurance products and the European quality standards of the ERV Group will serve to enhance ERV Russia's reputation in the market and help promote it in its aspiration of becoming a competitive and reliable partner to all companies operating in the travel sector.

Russia

ERV Russia took up its business activities in 2006. The company has assumed a leading role in the travel insurance segment of the Russian market.

Accredited player in the travel insurance business

Over the course of four years in the business, ERV Russia has won a reputation among tour operators and travel agencies as a high-profile travel insurer. The company meanwhile participates in Russian parliamentary sessions on the topic of insurance and the travel market. All statutory

provisions and amendments to guidelines associated with travel insurance and tour operator insolvency are discussed when ERV Russia is present. In addition, ERV Russia takes part in MITT, Russia's largest travel trade fair which attracts the largest travel companies from all over the Russian Federation.



Andrey Tyurin, Managing Director of ERV Russia

The representatives of ERV

ERV has representatives in China, Mexico, Thailand and Turkey. While the Chinese market is a special challenge for the insurance business, ERV Turkey has been able to grow significantly with the support of ERGO Turkey.

China as an example of a potential market

New accounts acquired

In 2010, **Ctrip**, an online tour operator, was successfully acquired as a customer for the cooperation of ERV with a Chinese insurance company. Ctrip.com International Ltd. (CTRP), a company founded in 1999 with headquarters in Shanghai, China, is represented through 16 branches throughout the whole of China and, with employees numbering more than 10,000, is one of the most important players in the booming Chinese e-commerce business. In the period from 2009 to 2010, NASDAQ-listed Ctrip acquired participations in ezTravel in Taiwan and Wing On Travel based in Hong Kong, extending its sales territory to include Taiwan, Hong Kong and Macao.

As China's leading travel service company, Ctrip provides more than 40 million registered members with extensive services such as hotel reservations, airline ticket sales, package trips and corporate travel management.

e-long.com, China's second largest tour operator, was acquired by ERV China as another key partner. This partnership has enabled ERV to establish itself in the important future-oriented market of online travel booking in China. In addition, cooperation agreements were signed with **Happy Life** and **HSBC**

Life, two new insurance companies, as well as with a number of larger intermediaries in Shanghai and Peking, including **Shanghai Airlines Travel** and **ETPASS.com**.

Social media and e-commerce

The significance of social media in China is difficult to assess. Facebook as the world's largest online community is currently blocked for Chinese users. Nonetheless, an increasing number of insurance companies are concentrating on online business. Business with private accident insurance for insurance companies and sales partners such as airlines currently makes up the largest share in this segment.

Alongside its successful sales, ERV has continued to optimise the processes of its Chinese subsidiary to be in an even better position to meet the requirements of special customer groups. Measures include setting up its own customer services team, shortening the claims processing period from ten days to three days and giving the individual employees greater scope for discretionary decision-making to promote a swift and efficient claims handling in the interest of customers.



Diana Wang, Managing Director of ERV China

Interview with Diana Wang: The market in China

What business model does ERV have in China?

As ERV is not a licensed insurer in China we work with a fronting model, which means that several local insurance companies carry the risk for us. With the aid of Munich Re, we then share the risk with the fronting company.

I should also mention that the business model in China has changed somewhat over the past years. When we started out in China five years ago, ERV supplied service and assistance to our customers, developed suitable products and provided underwriting.

The representatives of ERV

Since last year, ERV China has taken over more parts of the value chain. As a result, ERV China now provides its partners with sales support focused on large accounts in the aviation industry and key e-commerce market players. To this end, ERV China has formed its own Key Account Team and is increasingly focusing on direct marketing measures and participation in tourism trade fairs. This approach will enable us to clearly and visibly position the ERV brand as a specialist travel insurance company in the market.

What difficulties do you experience in the market?

A fronting model is always a sensitive option as every year we (ERV) need to successfully agree on a renewal of the re-insurance agreement with the fronting partner which requires us to prove our value as a ceding partner. The travel insurance business in China is very profitable, and what we are experiencing is the growing tendency of the fronting partner to wish to retain a larger share of the business for themselves. The aforementioned realignment of our activities in China is now paving the way for ERV present itself to our fronting partners as an indispensable and competent partner specialising in travel insurance, also in the future. We are currently also seeing rising claims ratios on travel insurance products, which we can counteract with our international assistance network and Euro-Center's cost containment experts. At the same time, there is market pressure on premiums and fierce competition by insurance companies to acquire the most attractive intermediaries.

Why is ERV not opting for a primary insurance solution in China?

Acquiring a primary insurance license in China is above all a long and arduous procedure, as the policy of the Chinese authorities is very restrictive. Another obstacle to founding your own company in China are restrictions on foreign ownership. A foreign company may not own more than 51% of an insurance company, which means that a foreign insurer wanting to set up its own company will need to find a joint-venture partner. Once a local company has been set up, the insurance license is granted per province, and a foreign insurer is only granted one or two new licences a year for other provinces. As there are 34 provinces in China, a foreign insurer is looking at 15 years and more until it is fully licensed in all provinces. Our fronting model gives us the opportunity of responding much more swiftly and of servicing the entire market through our partner companies. Moreover, ERGO is about to go live with a joint venture in China, and we anticipate that we will be able to step up our cooperation with ERGO in China in the coming years.

In your view, which products and segments have a high market potential?

We are concentrating on acquiring airline business and larger e-commerce companies. Up until now, the Chinese online market has been underdeveloped but is rapidly picking up speed.

More Chinese students than ever are going abroad to study which naturally opens up a completely new market for medium to

long-term policies. We have been actively developing products customised for this segment in cooperation with our fronting partners.

China

ERV received its representative office license in China in 2008 and founded ERV China as a coordinating unit for its Chinese cooperation partners.

TURKEY - ERV Sigorta

Fourfold increase in direct sales

The most important success story of the year 2010 was the gratifying increase in gross premiums booked as a result of the cooperation between ERV and ERGO in Turkey. The sales activities of ERV Sigorta, acting as an agency of ERGO, raised revenues almost fourfold in comparison with 2009. The expansion of business and greater market penetration has made ERGO, in collaboration with ERV, the fourth largest provider of travel insurance in Turkey.

Another pleasing development is ERV Turkey's success in acquiring a number of leading tour operators. And finally ERV was the exclusive tourism partner in the first running of the early booking campaign with special product ideas.

Accounts newly acquired

ERV acquired **Club Med** as a new customer in 2010.

UND (International Transporters Association of Turkey), an important customer of ERGO in Turkey, and ERV signed a contract for customised insurance products. UND, whose members represent 90 % of international forwarding companies in Turkey, is ERV's first major key account outside the travel industry.

Strong growth in e-commerce

Online business is growing swiftly in Turkey. The number of Internet users has already reached the 25 million mark. In terms of e-commerce, Turkey is a very promising market. Many enterprises, for instance in the mobile phone, airline or event tickets industries, already conduct their business via Internet.

Social media are widely used. Indeed, Turkey is known as the third largest Facebook population in Europe. Young people are familiar with and use all social media and Internet services, not only in their homes but also in Internet cafés, schools, in the workplace and elsewhere. Online business is of crucial significance for ERV Turkey in the context of its work with online travel agencies and airlines.

The Airline **SunExpress** is set to become ERV's first pure e-commerce customer. In 2011, ERV has planned to step up its activities in using social media and strengthening the online presence of its own products.

Turkey

The combined efforts of ERGO and our sales office in Turkey, which is staffed by three people, have enabled us to advance to take fourth place measured by premium income within the space of only a few years.

Mexico

ERV is in the process of establishing itself in the promising high-growth market of Mexico through the local sales representative and Seguros Atlas as our fronting partner.

Thailand

Together with its partner Thaivivat Insurance, ERV is gradually enlarging its product portfolio so that ERV can provide better service for the needs of expatriates and the local people in Thailand.



The team of ERV Sigorta in Istanbul.

The travel helper.
Worldwide. In any situation.





Euro-Center – the worldwide assistance network

Euro-Center helps companies which need medical treatment for their clients wherever they are in the world and ensures that they do not pay more than is necessary for treatment.



- Euro-Center
- Further assistance-companies

In practical terms, this means that Euro-Center helps its customers to be successful internationally. By dealing with medical claims locally, in other words where the accident has occurred or where the expatriate is living, Euro-Center is able to radically reduce medical claim costs and achieve exceptional cost savings for its customers.

High satisfaction with Euro-Center

In 2009, Euro-Center benchmarked its cost containment performance against a number of companies in the industry. The results showed that these companies were charged between 10% and 60% more for the same services provided by the same medical facilities compared with the amount Euro-Center would have had to have paid. The adjacent table illustrates the difference.

At the same time, Euro-Center provides its customers' clients an unparalleled customer service. In September 2010, Euro-Center conducted a customer satisfaction survey with the following findings:

"Generally how satisfied are you with Euro-Center?"

86% of the customers are very satisfied or satisfied with the service provided by Euro-Center.

"Compared with your previous insurance claims provider, how satisfied are you overall with Euro-Center's service?"

64% of customers say much better or better.

"Would you recommended Euro-Center to others?"

54% of customers say definitely and 34% probably.

Based on 731 respondents, September 2010

	Euro-Center price index	Benchmark index*	Bottom-line difference in average claims cost
Spain	1	1.23	€ 148
Bulgaria	1	1.64	€ 910
Dominican Republic	1	1.07	€ 30
Egypt	1	1.50	€ 419

*Test conducted in 2009 based on claims settled

360° service in Prague's Assistance Center

Before going abroad, it is likely that most travellers will think to take out a travel insurance. Nobody wants to run the risk of having to pay vast amounts for medical treatment or assistance. However, it is only a few who know about the assistance services which can be added to their insurance cover. Especially when travelling to less popular destinations and exotic countries, or without sufficient knowledge of the local language, assistance can become vital, indeed life saving.

The 360° Travel and Medical Assistance Service is aimed at providing the customer with maximum care in the event of travel or health problems or with other difficulties. Assistance Center coordinators can be contacted by telephone round the clock and are available to help find solutions in all kinds of exceptional situations. This saves our customers the potentially distressing experience of having to seek medical assistance in an unfamiliar environment or even of begging for help. As soon as an event has been reported, the EUROALARM Team checks the policy terms and conditions and furnishes the medical facilities with a guarantee. The coordinators proceed step by step and concentrate their full attention on the customer. To obtain the information it needs, its staff personally screen hospitals, clinics and other medical facilities abroad to ensure that they fulfil the quality standards that customers expect of it. In addition, the 360° Travel and Medical Assistance Service not only covers medical problems but is also at hand to help in other difficult situations.



EUROALARM assistance services can help in procuring new travel documents, transferring money abroad, keeping travel delays to a minimum, arranging alternative accommodation and in solving all travel-related problems whenever and wherever they arise.

EUROALARM Assistance Prague in figures

- More than 15 years of expertise in providing travel and medical assistance
- Operated as wholly-owned subsidiary of Evropská in Prague since 2002
- Member of an international network with more than 82,000 providers
- Servicing more than 15 insurance companies, mainly belonging to the ERV, in their need for professional travel and medical assistance worldwide
- Settling more than 15,000 travel and medical emergencies a year
- Workforce of around 40 employees who speak more than 15 languages

MESA, a Spanish assistance company, provided care for the Spanish national football team at the World Cup in South Africa

The insurance company of the Spanish national team provided insurance cover for the whole Spanish football delegation at the World Cup in South Africa, including insurance for the professional players to cover accidents. The policy also included transport to any country in Europe to find a doctor. MESA provided assistance services to the Spanish national team, members of the National Football Association and their guests for the World Cup in South Africa. The contract signed with the football team comprised insurance cover through to the end of the World Cup. As the Spanish team won one game after the other, guests continued to arrive from Spain to attend the World Cup final. Without a doubt winning the World Cup had a positive effect on MESA.

Outlook

Buoyed by the positive economic outlook, the European travel insurance market also recovered from the financial crisis in 2010. ERV is expecting steady growth in 2011. The company anticipates that the economic upswing currently experienced in 2011 will also be reflected in an increase in travel bookings and therefore also in travel insurance. Particularly as the observation that times of crisis tend to be followed by times of travel has held true so far.

The key to future growth will be innovative products, booking technologies and sales channels. Bookings will shift away more swiftly from the classical sales channels to e-commerce, and the travel insurance market will continue its process of internationalisation through cross-border business. After years when last-minute booking was all the rage, there appears to be a trend emerging towards longer-term booking. Whether this will result in an increase to severely curtailed airline capacity remains to be seen.

Throughout the decades, ERV has established itself as one of the leading travel insurance companies in Europe. Business has become increasingly international and, above all, characterised by a swifter pace in recent years. External influences are on the rise and the complexity which needs

to be managed is far greater. In many areas this requires flexibility and the willingness to think in new ways in order to secure success in the long term.

The aim is therefore also to raise the sale of annual insurances swiftly and to significantly increase the proportion of annual insurance in the company's product portfolio. By 2018 at the latest, ERV's target is to have achieved a share of 40% across all sales channels.

With its sights set on the goal associated with the Joint Travel Initiative project of focusing on core markets and integrating its ERGO and MunichRe affiliated companies, ERV will be concertedly targeting regions of high growth for travel insurance. In future, all markets will be assessed more strongly in terms of their profitability and growth potential.





The employees of ERV.





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