

as flexible as life

## Contents

Editorial	1
Interview with the Executive Board	2
Management	6
Mission Statement	7
Together at the DONAU	8
Social Active Day 2012	10
Products and Services	12
Regional and Local Service	14
Focus on DONAU	16
Vienna Insurance Group	19
DONAU at a Glance – Key Figures 2012	23
Risk Management at Donau Versicherung	24
Contacts	26
Head Office and Branch Offices	27
Imprint/Disclaimer	28


## As Flexible as Life!

This is not only a well sounding motto at the DONAU, but we completely embrace this credo in all our actions. This is true not only in our communication with our customers and partners, but also in our creative and individual product development and the fast reaction to changing market trends and requirements.

The basis for this is: more than 145 years of experience or – in other words – almost one and a half centuries, which my predecessors used to make DONAU one of the top-insurers in Austria. In June 2012 I became responsible for this company with a staff of more than 1,400 and almost a million clients in Austria and Italy. Within the framework of the successful Vienna Insurance Group (VIG) it is now my task to lead the company into a stable and successful future in cooperation with my colleagues of the board of management and with the strong DONAU team.

The year 2012 has already been the first step in this direction. Again DONAU had a very successful year and was able to grow in all classes of business against a rather challenging economic background. This information will give an overview of the position.



  
Johanna Stefan  
General Manager

## "An Insurance Company has to be as flexible as is required by the customer."

An interview with the Executive Board of Donau Versicherung Johanna Stefan, Roland Gröll and Robert Haider

**Mrs. Stefan, last year you became the General Manager of DONAU. What were the changes under your management, who are the leaders of the company now?**

**Stefan:** After more than ten years in this company I am happy about this new challenge.

But I am also aware of the responsibility that I carry – together with my colleagues of the board. I will bring my person and my ideas into the company, but basically I will continue the successful path that my predecessors chose – a proven course

should not be changed by force. To know that I have the competent and committed DONAU team to support me is a great help.

**In your view, where are the special strengths of Donau Versicherung?**

**Stefan:** The strengths of the DONAU lie in more than 145 years of experience and constant development. Team work in the company, a fast decision making process, innovative products tailored to customer requirements, as well as all-round service and regional presence demonstrate that we are a dependable, flexible and competent partner for our clients. The "human" factor plays an important role within DONAU but also in our relationship with our clients.

**The economic situation continued to be difficult in 2012. How was it possible for the DONAU to maintain its position in the market?**

**Gröll:** 2012 was a good year for the DONAU. In spite of the weak economic background and the slow upward trend of the economic cycle we have been able to achieve a growth rate of more than 10%. This puts us ahead of the competition.

**Last year brought a number of severe natural catastrophes – in contrast to the year 2011 Austria has also suffered severe damage. Did this affect the claims position of the DONAU?**

**Haider:** Whereas we were hardly affected in the year 2011, which globally must be seen as a catastrophe year, claims resulting from natural hazards have increased significantly in 2012. Scientists are not sure whether the increased incidence of natural catastrophes is a long-term trend or whether they must be seen as one-time occurrences, and whether the claims are higher only because people own more and are better insured. Further developments need to be watched closely.

**Consumers are particularly reluctant to take life insurances. The market figures have decreased for the second time in 2012. Where do you see the problems, and what course of action is planned by the DONAU?**

**Gröll:** In difficult economic situations expenses are being watched very critically. Financial reasons and political signals are more in the foreground than the concern of what might happen in 20, 30 years. Our strategy to meet the needs of our clients as best as possible is certainly of advantage because we are able to create and offer products which fit the actual situation of our customer. We also focus on



General Manager Johanna Stefan, Board Member Robert Haider, Board Member Roland Gröll

detailed information and service in all classes of business relating to old age pensions, health and home care products.

vidual solutions such as the FlexPlan, a product which combines flexibility and ready access to the capital without financial loss.

**In spring 2012 you have conducted a survey concerning pensions and provisions for the future. What have you learned from this survey?**

**Stefan:** The result of this survey shows that the Austrian public has lost faith in the future because of the economic and political developments. In particular people under 30 years of age and low income earners are sceptical as regards future state-funded health care and pensions. The public is aware of the fact that they have to provide for their future themselves, however only one fourth of the people in the survey stated that they are doing it. If you ask detailed questions the answer is that people want a high return on investment with absolute security, flexibility and maintenance of the standard of living in old age. We offer indi-

**Did you focus on other classes of business other than life insurance products in the last financial year?**

**Haider:** Our second focus was on commercial insurance – a class of business that a special team of experts has been concentrating on already for the second year. At the beginning of last year we have launched our allrisk insurance product, which is primarily aimed at small and medium sized companies. We try to offer individual insurance solutions to this particularly interesting market, because Austria's economy has a large number of smaller and medium sized companies.

*“... it is our strategy to be as near as possible to the requirements of our customers ...”*

**DONAU always accents its proximity to customers and partners. How exactly did you follow this strategy in 2012? What are your plans for 2013?**

**Stefan:** One of the most significant aspects differentiating us from our competitors outside of the Vienna Insurance Group is our presence in all provinces of Austria. We have further extended our sales network in 2012, and with the foundation of a new provincial office in Eisenstadt, Donau Versicherung returned to Burgen-



land after a ten year absence. We think proximity and good access are important factors to better evaluate the requirements of the market with an aim to integrate the results in our product development. With our DONAU-Brokerline and sales staff in every province of Austria we offer optimum support to our brokers. In addition to that we have modernized and revamped a number of sales offices in 2012, in 2013 others will follow. The start was moving the provincial office of Lower Austria into a modern "Green Building" at the beginning of the year.

*"... in economically difficult times we deem our stress on regional presence as particularly important"*

**Haider:** We believe that our credo of regional presence is particularly important in economically difficult times. This was also the focus of an advertising campaign between June and September 2012, in which every Austrian province was mentioned.

**At the end of 2012 you have launched unisex tariffs according to EU requirements. What effects do you expect in this connection?**

**Gröll:** We have finished all our preparations in time and changed our tariffs in accordance with the requirement that the gender of the insured must not be a factor in the premium calculation. This change affects primarily personal lines – especially health, personal accident and life insurances. The changes for the customer however will be relatively small overall. The technical effects of these changed tariffs and whether public demand will be affected will be seen only over a longer period of time because the modified tariffs only apply to new business.

**Finally: What can we expect from the DONAU in 2013? How do you see the developments in the next year and what are your plans for the DONAU in the near future?**

**Stefan:** In 2013 we will continue to act in accordance with our slogan "As flexible as life!" and try to react as quickly as possible to the individual requirements of our customers. As in the year before, we will focus on health insurance, pension products and comprehensive covers for companies. Especially in the area of provisions for the future, we have to concentrate on convincing our customers of the fact that the economic and demographic develop-





ment will make private pensions an absolute necessity. This must be accepted in the heads of the population.

**Haider:** As regards IT, the general trend in our customer relations is online administration. A change in the relevant legislation makes it

possible to communicate with clients via electronic media. For this purpose we have added an electronic post office in January 2013 to our online-platform MyDonau, which has been available since 2004. For example, it is now possible to send out policy documents online.

**Gröll:** Another ongoing project is the preparation to meet the requirements of Solvency II. We know that this will come, even though it is not yet clear when. Until then the homework needs to be done in order that the company is ready. DONAU is well on the way.

**Stefan:** Concluding we can say that we want to grow more than the market average also in 2013 in spite of the economic forecasts. We are optimistic that we can achieve this goal with good products, proximity to the customer and our committed staff.

**Thank you very much for this interview.**



# Management



Jutta Frühberger (member of the extended Board of Management), Board Member Roland Gröll, General Manager Johanna Stefan, Board Member Robert Haider, Gertrud Drobesch (member of the extended Board of Management)

## Executive Board

### General Manager Johanna Stefan

- Management of the Company
- Official representation of the Company, Public Relations
- Regulatory Authorities and Associations
- Human Resources
- Accounting
- Overseas Operations
- Marketing and Advertising
- Provincial Offices
- Sales Life Insurance, Health Insurance and Property & Casualty
- Asset Risk Management

### Board Member Roland Gröll

- Life Insurance
- Health Insurance
- Asset Management and Investments (including Real Estate and Participating Interests)
- Collection
- Buildings

### Board Member Robert Haider

- Underwriting
- Company Organization/Information Technology
- Reinsurance Property & Casualty
- Legal
- Relationship with BIAC Business Insurance Application Consulting GmbH

## Extended Board of Management

### Gertrud Drobesch

- Human Resources Manager

### Jutta Frühberger

- Manager Claims Department



# Mission Statement

DONAU Versicherung AG Vienna Insurance Group is among the top insurance companies of Austria and can look back to over 145 years of experience in rather turbulent times. Founded in the same year in which the famous Donauwalzer was composed by Johann Strauss, DONAU has ever since accepted the challenges with great dedication and commitment.

Through their competence and reliability more than 1,400 staff working in nine provincial offices and in a great number of branch offices all over Austria offer comprehensive and individual service and support to almost one million customers. It is our aim to be as close as possible to the requirements of the DONAU client with modern, innovative and flexible products and to offer optimum security in all branches of business in accordance with our motto "As Flexible as Life!".

## For our Clients

It is in line with our entrepreneurial spirit to cater to the wishes and needs of our customers. Together with our clients we compile their personal requirements for security and provisions for the future. This way, we establish a long-term positive relationship, as well as mutual trust and satisfaction.

## For our Staff

Our managers are role models for all members of staff. They transfer responsibility and competence, and involve their staff in the decision-making process. Every member of staff can depend on the entire team. The experience, the training and the security of a large insurance company provide DONAU staff with the background they need for their work.

## For our Shareholders

Our prudent business strategy guarantees a long-term improvement of the earning position and the financial strength of the DONAU. With new ideas and improved solutions we meet economic challenges. We live the change and use our potential to enhance business results.

## For Society

We are conscious of our responsibility as an important Austrian economic factor. Information and transparency vis-à-vis the public are very important to us and are permanently maintained. In addition to our tasks on the micro- and macro-economic level we promote cultural, sports and social events.



## Together at the DONAU

One of the great strengths of Donau Versicherung is cooperation, open communication and a fast decision-making process. We embrace company values such as respect, esteem of others and confidence in others.

DONAU staff represent the company and make a significant contribution to the long-term success of the company. They offer DONAU clients a high standard of service, and always try to surpass the expectations of the customer. This is the basis for a long-lasting relationship with the customer and the long-term success of Donau Versicherung.

Also as regards staff development, the company stresses the importance of long-term relationships and sees these as an important element of its success. In 2012 almost 1,450 DONAU staff were employed to service our clients and partners, 61 thereof in the Italian subsidiary. About 900 are sales staff, the rest is engaged in administration. In 2012 we had 51 insurance trainees. As compared to the previous year there was an overall increase in the number of staff of 2.3%.

***"Long-term relationships are the basis for our success."***

### Human Resources

The "human" factor has a special significance at the DONAU, internally as well as externally. Internally, this means we focus on comprehensive, tailor-made training as well as on the promotion of communication and the transmission of company values – at all levels. Our staff development programs are in accordance with this philosophy. Already at the stage of personnel recruiting we attempt to build optimum teams by means of specialized tests. In addition to advanced training, which is meant to support every member of staff in his particular job and in his personal development, there

are communication media such as the staff magazine or the intranet.

Another fixed aspect in staff development is the annual appraisal system which not only informs staff and managers on the existing status quo but offers important feed-back necessary for further development measures for the staff and the company.

Being an important part of internal communication, the guidelines for the annual staff appraisal which have been a fixed element of our human resources strategy were revised and adapted to the changed requirements in 2012. The framework for this was a survey conducted with our staff as well as the constant development of the company and its aims. The appraisal process gives both partners feedback, at the same time the requirement for further training can be evaluated. The appraisal system will remain an important part of the communication development of the Donau Versicherung.

### Audit *jobandfamily*

How important our staff is to the company is shown by the fact that the Board of Executives decided to carry out the audit *jobandfamily*. This is a EU-conform certification process carried out over a period of three years, which is being accompanied by a qualified auditor and evaluated by an independent assessor.

This audit was launched by the Austrian Ministry for Economy, Family and Youth, which also confers an award for family friendliness at the end of a successful audit. In the foreground is above all better and easier compatibility of family/private life with job requirements. This is achieved by changing and/or adapting internal work processes. In addition to taking note of existing measures, new ones will be taken.

An internal project group consisting of members of staff will be responsible for the continuous development of these new measures and will act as a contact point for the wishes and concerns of all staff. The preparations for the audit were concluded in 2012, the actual audit will start in the spring of 2013. In this way DONAU reacts to social developments by adapting work processes to achieve a policy which consciously takes into consideration the private/family needs of their staff.

## Social Responsibility and Equal Opportunity

Donau Versicherung is aware of its social responsibility as important economic factor and employer. Bearing this in mind various measures were taken, and the company is trying to set lasting principles internally as well as externally. With a total of EUR 12.65 million (2011: EUR 12.3 million) in legal and social benefits DONAU has accepted its social responsibility in the year 2012.

Diversity and individuality are enriching, be it in the relationship of the DONAU to its customers, be it in internal cooperation. They contribute to the continuous development and improvement of our products and internal work processes.

Equal opportunity for men and women as regards salaries and career opportunities is self-understood at the DONAU. The latter is reflected by the number of women at the various levels of management of the DONAU. In the sales area measures were taken to make the job of salesperson attractive for women.

*"Equal opportunity for men and women with regard to salaries and career options are a matter of course."*

## Health Care at the DONAU

Health care is not only important for DONAU as an insurance company. Internally too, the company follows its holistic philosophy to maintain and further the health of its employees. The project "healthy DONAU" has been in existence since 2010. Within its framework there are always special offers in addition to the existing resident physician, walk-in clinic and regular examinations. Proper nutrition, movement and recreation are important.

As a healthy alternative to other snacks employees appreciate their "daily apple". In 2012 about 9 tons of apples were consumed. In order to safeguard the welfare of the employees further measures are being planned within the framework of "healthy DONAU".



## Social Active Day 2012



In 2011 the Corporate Head Office Vienna Insurance Group initially launched the Social Active Day and it was again held in 2012.

More than double as many employees as in the year before participated in this good will activity and were released from their work duties by the company to offer their help to non-profit organizations such as the Caritas, the Wiener Tafel, the Red Cross, the Hilfswerk, Tischlein Deck' Dich, the ÖHTB, Rettet das Kind and Kolping, to name but a few. About 200 DONAU staff in Austria and Italy did about 1,200 hours of volunteer work for 35 different organizations.



„We all should be more thankful for what we have and what we are. Social Active Day – anytime again!“







„It makes one happy to make others happy.“



„We esteem all people who work in social care greatly. This requires a lot of love and strength. We thank DONAU which has made this day possible for us and the residents.“





## Products and Services

The development of flexible products which like all our services are meant to meet the demands of our clients and to follow the market trends is one of the most important aims of the DONAU. Following this philosophy we improved existing products by adding attractive features and adapting them to changed requirements.

### BetriebsAllrisk

DONAU has been the only Austrian insurance company for more than ten years which is offering a "true" allrisk cover. At the beginning of the year we launched an improved version of this product for small and medium sized companies – the BetriebsAllrisk. Every line of business and every business has its own specific risk situation and therefore individual insurance solutions are required. DONAU BetriebsAllrisk offers comprehensive insurance protection – everything that is not expressly excluded is insured. Within the scope of individual sums insured and limits BetriebsAllrisk covers all loss or damage in a company resulting from destruction, damage to or loss of the insured objects and values, without regard to the cause for the loss or damage. The terms and conditions are simple and transparent and therefore there is no dispute between experts when a loss occurs, but only clear damage criteria. The

deductibles which are usual in this type of insurance are agreed on in each insurance cover individually. The "classical" perils such as fire, bur-

glary, water damage, storm and glass breakage are covered without a deductible as is the case in usual comprehensive commercial insurance policies. This exceptional insurance offers tailor made and comprehensive protection for every size and is especially well suited for small and medium sized companies.

*"Comprehensive protection for companies of every size ...."*

### DonauSMS Pollen Warning

As a cost free service offered to all new DONAU health insurance policy holders we introduced the Donau SMS pollen warning at the beginning of 2012 – just in time before the spring allergies start. About one fifth of the population suffers from allergies. The pollen warning is meant to help these persons to take preventive measures to alleviate negative effects. If they wish so DONAU-health insurance clients receive up to date information about the pollen count in Austria via an SMS on their handy.

### Burial Cost Insurance

In 2012 the terms and conditions of the DONAU burial cost insurance were improved. For insurance sums up to EUR 10,000 no risk assessment is necessary. Moreover, an index-link was introduced.

### Motor Tariffs

Also in the spring of 2012 we revised the motor tariffs of the Donau Versicherung. We introduced a new kW-scale with attractive premiums for our clients and a new, environment-conscious bonus system.

In addition to the already existing nature bonus offering a 10% premium reduction for vehicles using alternative energy we now introduced a CO<sub>2</sub> and electro-bonus. The CO<sub>2</sub>-bonus offers a premium reduction of 10% for vehicles with a CO<sub>2</sub> emission of up to 130g/km. The DONAU ElektroBonus offers a premium reduction of 30% for the insurance of electric drive vehicles. In this way environmental protection is being rewarded double.

## Unisex Tariffs

With effect from 21<sup>st</sup> December, 2012 the EU directive for uniform tariffs was implemented in Austria. As from that date there are no gender-related differences in conditions or premiums in insurance contracts. This caused different effects in the tariffs. It has been the aim of the DONAU to be able to offer attractive solutions in this socially important class of business despite the introduction of unisex tariffs. Providing for the future must remain accessible and affordable for as many people as possible.



## MyDonau

The client platform MyDonau which was introduced already in 2004 was overhauled and new functions were added. The Versicherungsrechts-Änderungsgesetz (VersRÄG) which came into force in July 2012 allows insurance companies simplified online communication with their clients. In addition to the already existing functions of the online platform of the DONAU (access to insurance data including terms and conditions, up to date information regarding fund development, confirmation of premiums paid for the financial authorities at the beginning of the year, etc.) we provide an

electronic post office box. Upon request of the client correspondence relating to insurance contracts may be conducted electronically.

"As flexible as life!" – at the DONAU this motto applies also in this connection – clients have access to their insurance data with their mobile and a transaction code. In addition to better security through mobile transaction codes, the improved service platform offers access to policy data, insurance conditions and declarations. All policy amendments are being recorded chronologically and all fund values are listed. Every DONAU client may choose this electronic communication mode and can access information relating to his insurance contracts online.

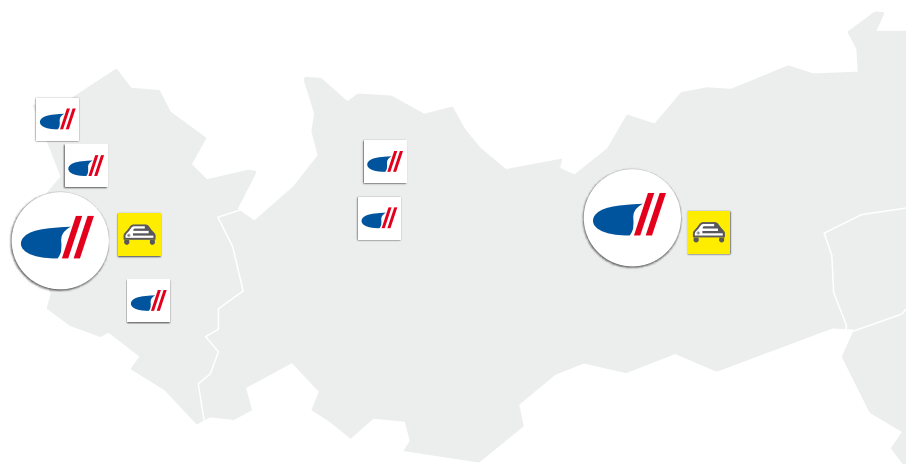
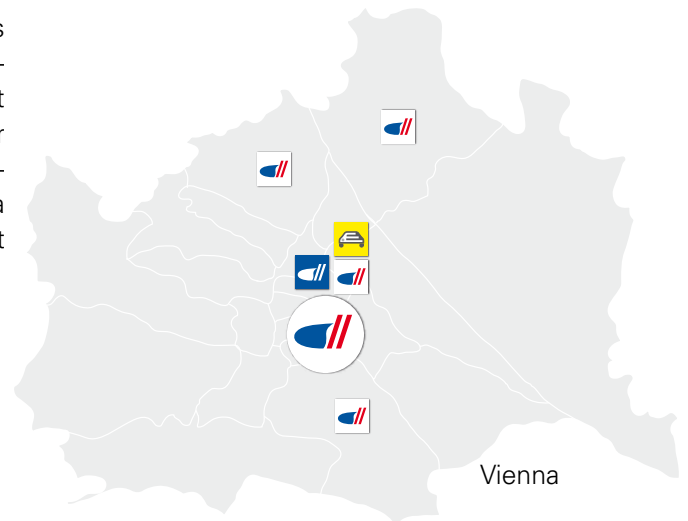
### The advantages at a glance

- logging in via a mobile transaction code
- policies, insurance conditions, declarations and other information can be accessed in the P.O. box and can be filed on computer
- all contract amendments are filed chronologically
- download of the premium payment confirmation for the fiscal authorities
- up to date information on fund values

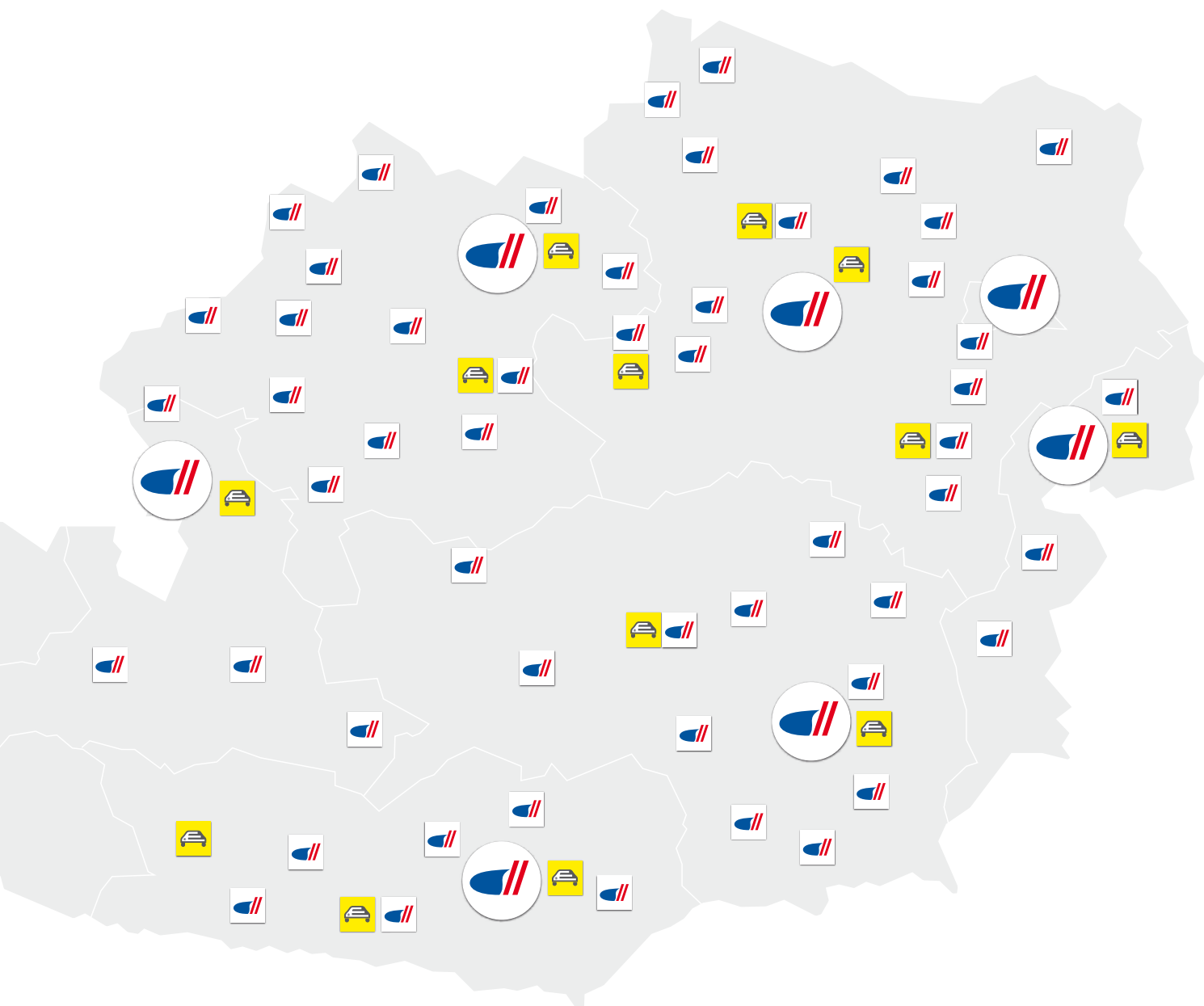
Further information and the possibility to register for electronic communication is available on the DONAU website ([www.donauversicherung.at](http://www.donauversicherung.at)).

## Regional & Local Service

One of the highest priorities of Donau Versicherung has always been to be near its clients and partners. There is an extensive service and consultation network all over Austria consisting of our provincial headquarters, branches and car registration offices as well as our client offices. In addition to that there are about 3,500 partners of the DONAU offering their service to our clients. In Italy DONAU insurance products are being offered through a large network of agencies consisting of about 350 agents and partners.



**Italy**  
Subsidiary in Milan  
About 350 agencies/partners all over Italy



#### Austria

Head Office

9 Provincial headquarters

77 Branches and client offices

142 Car registration offices

## Focus on DONAU

The issue “provisions for the future” was a central theme of the communication strategy of the DONAU – in particular because of the political measures regarding the matter of pensions at the beginning of the year. Not less important was our focus on commercial insurances, the management change at the top of our company, and our public presence with our new website and the PR campaign.

### PR Campaign 2012

The aim of the new PR campaign of the DONAU in summer 2012 was to stress our regional presence, esprit and personality, and at the same time to communicate the importance of provisions for the future. Central to the poster campaign and the accompanying radio spots was a regional language course on

“Austrian dialects”. Posters were seen all over Austria from June to September. Humorous texts like “Echt leiwand!”, “Meinasöö, is deis schein!” or “Isch brutal quat xi!” attracted onlookers. The campaign was designed to underline the local presence of the DONAU, the commitment of our insurance agents as

well as the personal and flexible access to subjects such as provision for the future.



### New Website

As of May 2012 the new website of Donau Versicherung [www.donauversicherung.at](http://www.donauversicherung.at) presents itself – user-friendly and clear. It has a modern and clear structure and it offers users first of all – information, service and contact to the company. In developing the new website DONAU remained faithful to its credo of proximity to clients and partners, and therefore a barrier-free page will be offered to persons with special needs in addition to a version for mobile gadgets. Generally it is easy to navigate through the menu to reach the desired information. With one or two

clicks it is possible to access the most important sections. In addition to descriptions of all personal and commercial line products, information on



the company and an extensive service section are available. There is also a separate portal for brokers, the client platform “MyDonau”, which offers information on policies, as well as the VorsorgeCheck, a Leasing-calculator, online proposal forms and online claims advice forms. Via the search on branches you will find DONAU offices all over Austria and direct contacts with DONAU partners, who will readily give detailed information on the flexible products of the DONAU.

### Study on Future Expectations

In spring 2012 Sophie Karmasin Market Intelligence GmbH conducted a survey on behalf of Donau Versicherung on the “faith of Austrians in the future”. The result of this survey was presented in a press conference in May 2012. The reasons to ask consumers were the changed conditions and market developments in the area of old age pensions. The focus of the survey was on provisions for old age and disease. In a relatively short time a clear picture evolved: The 1,000 persons interviewed showed very little faith in the state and in politics and were very pessimistic as regards their



future pension entitlements. The reduction of state pensions was the concern number one.

In detail the results of this study confirm that Austrians are not optimistic as regards the future. 60% of the people interviewed stated that they had faith in the economic stability of the country, but only 39% had faith in the security of their own claims against the state. Persons in the age bracket 14 to 30 years were particularly sceptical as well as people earning low income. Asked in detail on the subjects of health care and pensions the people interviewed showed only moderate satisfaction with the state provisions. The look into the future was more critical, the pessimism was greatest as regards state pensions, again led by the age group between 14 and 30 years of age (76%). In the overall estimation of the future the group of pessimists was equal to that of the optimists. Three quarters of the people thought that future generations will have worse living conditions than today.

*“... Consciousness that private provisions are necessary ...”*

The consciousness of the need for private provisions was clear to 67% of the people interviewed. Nevertheless, 46% had not yet made any provision for their pension, more than half of the people interviewed stated that they had not done so for financial reasons. Asked on their consumer habits of the last two years there was a savings potential in luxury items (69%) and travel (56%), but less was spent also on provisions for retirement and insurances (34% and 27% respectively). Almost all of the people interviewed were concerned about their personal future (99%). The main concern was the reduction of state provisions. Another main concern (62%) was the gap between poor and rich, 44% mentioned social frictions in Austria. Another wide spread concern was the fact of higher expenses at a time when income decreases (61%). More than half of the people interviewed feared

poverty at old age (51%) and 54% expected a lower standard of living. Overall only 26% of all people interviewed thought that they had made adequate provisions for their old age.

In conclusion the results show that people are conscious of the need to provide for their own future, but that they see obstacles. As regards products, the main focus is on high yields with absolute security, flexibility and maintenance of the standard of living at old age. The challenge for insurance companies is therefore to be able to offer flexible, individual solutions – a path that DONAU has been following and will continue to follow.

## Sponsoring – Economic Factor with Commitment

Besides the traditional sponsoring projects – the collection Essl, the Austrian National Library and the National Park Donauauen – DONAU accompanied the

GTM-Trophy as well as the Austria's Leading Companies as partner in 2012. As an important Austrian economic factor Donau Versicherung supports a great number of selected projects with a focus on the arts and culture.

## Awards for Products and Services

One of the uppermost priorities of Donau Versicherung is to develop flexible product solutions and matching services. It is therefore particularly pleasing that in 2012 too special DONAU products received awards. Within the framework of the ÖVM (Austrian Brokers) Forum in Linz DONAU received the **Assekuranz Award** for the best company pension product. In the classical life insurance sector DONAU reached a good fourth place. More than 500 brokers evaluated the insurance products on the aspects of product quality, premium, claims settlement, policy documents, satisfaction with broker services and know-how of the

broker liaison staff.

A competition which has been a highlight in the financial services sector in Slovakia for many years was conducted in Austria for the first time in 2012. A jury consisting of experts of the financial services sector, the print media and of financial scientists selected the best products. The best three of every category received the "Gold Coin" and a certificate. An award which takes into account all categories of this ranking is the so called "Treasure of the Year" for the most innovative product. In the context of this evaluation DONAU received several awards: FlexPlan, Treasure of the Year; LebensKasko, 2<sup>nd</sup>

place term insurance; SecurMed Stationär, 2<sup>nd</sup> place health insurance; BetriebsAllrisk, 2<sup>nd</sup> place commercial insurance; SicherDaheim, 3<sup>rd</sup> place householders' and homeowners' insurance; Bonus-Pension, 3<sup>rd</sup> place state-subsidized pension products.

A further award was given to the DONAU at the AssCompact Trendtag, which takes place every year in fall. In the sector of commercial insurances Donau Versicherung reached 1<sup>st</sup> place of the **AssCompact Award** for its comprehensive commercial insurance product, in commercial liability insurance it reached 3<sup>rd</sup> place.

In addition to these awards for insurance products DONAU achieved respectable results in the annual survey of Reader's Digest – "European Trusted Brands". In this survey the overall Austrian insurance market was evaluated, insurance clients were interviewed. In the overall ranking – the question was who are the most trusted insurance companies in general – DONAU was able to defend its 5<sup>th</sup> place and to significantly increase the percentage (from 4.4% in March 2012 to 6.7% at year end).

Also on the issues of price/performance ratio, quality, and customer proximity DONAU received excellent marks from its customers – a great distinction and a strong motivation to further improve for the benefit of the customer.



# Vienna Insurance Group

Vienna Insurance Group is one of the leading listed insurance companies in Austria and the Central and Eastern European region, with around 24,000 employees generating a premium volume of approximately EUR 9.7 billion. Around 50 companies in 24 countries form a group with a long tradition, strong brands and high customer-orientation. The company is a clear market leader in its core markets, offering an extensive range of products and services in both the life and non-life insurance segments.

## Progressive insurer – conservative investor

Vienna Insurance Group (VIG) is a progressive insurer that consciously focuses on its core competence: the insurance business. In large part due to its risk-conscious, conservative investment policy, VIG stands for security and financial stability – as an insurer, employer, business partner and issuer in the capital markets. This was also underlined by the Standard & Poor's rating agency, which renewed its A+ rating with stable outlook for 2012. This makes Vienna Insurance Group the best-rated company in the ATX leading index of the Vienna Stock Exchange. The company's listing on the Prague Stock Exchange in 2008 highlights VIG's strategic orientation towards the Central and Eastern European economic area (CEE).

Vienna Insurance Group also has the aim of creating and promoting socially responsible and sustainable conditions for a society worth living in. VIG therefore feels obligated to involve itself in cultural and social concerns in order to remain true to its fundamental goal of value-oriented growth.

## Focus on Austria and Central and Eastern Europe

Vienna Insurance Group, whose roots reach back to 1824, was quick to identify the many

growth opportunities offered by Central and Eastern Europe. Starting from its base in Austria, the company was one of the first Western European insurance companies to enter the CEE region and has been expanding there for more than 20 years. In the process, VIG has developed from a successful local insurance company to a leading international insurance group with around 50 insurance companies in 24 European countries.

More than 50% of Group premiums and earnings now come from the CEE region. VIG is a clear overall market leader in its core markets, and in the life and non-life insurance segments, placing it in an excellent position to take advantage of the long-term opportunities offered by Central and Eastern Europe.

With establishment of VIG RE, the Group has also had its own reinsu-

rance company since 2008, and the location of its registered office in the Czech Republic underscores the importance of the CEE region as a growth market for VIG.

***"The leading insurance-spezialist in the CEE-region."***

## Trust in local entrepreneurship

The Austrian VIG companies have offered an extensive product portfolio in both the life and non-life areas for many years. The low insurance density and large populations of many Central and Eastern European countries offer enormous potential for further growth over the medium and long term. In order to be a successful insurer in this region, one has to understand customer needs. This is the reason that VIG places its trust in the sound market knowledge of local management and the experience of its local employees. The combination of local market expertise and product know-

how puts Vienna Insurance Group in an optimal position to continue consolidating its market position in Austria whilst at the same time benefiting from the rising standard of living in the CEE region, with the associated increase in the need for insurance.

### **Close customer relationships based on a multi-brand strategy and multi-channel distribution**

All customers are unique in terms of their personal living circumstances, need for security and retirement provisions, and the way they like to receive advice. This requires considerable flexibility in insurance products, as well as foresight and prudence. Vienna Insurance Group is aware of this and is represented by more than one company or brand and a broad distribution network in most of its markets. Even though every one of the approximately 50 insurance companies has its own identity and individual strengths, they all follow a common goal: to maintain a closer relationship with customers than others do.

### **Partnership with Erste Group**

The strategic partnership established with Erste Bank in 2008 facilitates long-term cooperation between the two leading financial services providers in the region, which are both firmly anchored in Central and Eastern Europe. Both

companies benefit equally from this collaboration. Erste Group branches distribute VIG insurance products and, in return, VIG companies offer Erste Group bank products.

### **People behind every number**

The approximately 24,000 employees of the 50 insurance companies in the Group are a key success factor. In addition to the commitment, professional advisory services and excellent service they provide, these VIG employees stand out for the diversity of the individual countries they represent. The ongoing development of their employees is of key importance, since only a combination of local market understanding with the personal and professional qualifications of each employee can lead to the best product solutions. To enable women to reach their full potential, VIG also has the goal of creating the conditions necessary to make entry and promotion within the Group more attractive to female employees.

# Welcome to the family of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe



## AUSTRIA

**WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

**onau**  
VIENNA INSURANCE GROUP

**S-VERSICHERUNG**  
VIENNA INSURANCE GROUP

## SLOVAKIA

**Kooperativa**  
VIENNA INSURANCE GROUP

**KOMUNÁLNA poisťovňa**  
VIENNA INSURANCE GROUP

**POISŤOVŇA SLOVENSKEJ ŠPORTELNE**  
VIENNA INSURANCE GROUP

## BULGARIA

**BULSTRAD**  
VIENNA INSURANCE GROUP

**Life BULSTRAD**  
VIENNA INSURANCE GROUP

## UKRAINE

**КНЯЖА**  
VIENNA INSURANCE GROUP

**ГЛОБУС**  
VIENNA INSURANCE GROUP

**ЮПІТЕР**  
VIENNA INSURANCE GROUP

**УКРАЇНСКА СТРАХОВА ГРУПА**  
VIENNA INSURANCE GROUP

## TURKEY

**RAYSIGORTA**  
VIENNA INSURANCE GROUP

## ALBANIA

**SIGMA**  
VIENNA INSURANCE GROUP

**interalbanian**  
VIENNA INSURANCE GROUP

**INTERSIG**  
VIENNA INSURANCE GROUP

## ITALY BRANCH

**WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

**onau**  
VIENNA INSURANCE GROUP

## POLAND

**COMPENSA**  
VIENNA INSURANCE GROUP

**InterRisk**  
VIENNA INSURANCE GROUP

**BENEFIA**  
VIENNA INSURANCE GROUP

## CROATIA

**KVARNER**  
VIENNA INSURANCE GROUP

**HELIOS**  
VIENNA INSURANCE GROUP

**ERSTE OSIGURANJE**  
VIENNA INSURANCE GROUP

## ESTONIA

**COMPENSA**  
VIENNA INSURANCE GROUP

## MACEDONIA

**WINNER**  
VIENNA INSURANCE GROUP

**Life WINNER**  
VIENNA INSURANCE GROUP

## SLOVENIA BRANCH

**WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

## ROMANIA

**OMNIASIG**  
VIENNA INSURANCE GROUP

**ASIROM**  
VIENNA INSURANCE GROUP

**DE VIATA BCR ASIGURARI**  
VIENNA INSURANCE GROUP

## HUNGARY

**UNION BIZTOSÍTÓ**  
VIENNA INSURANCE GROUP

**ERSTE BIZTOSÍTÓ**  
VIENNA INSURANCE GROUP

## LATVIA

**COMPENSA**  
VIENNA INSURANCE GROUP

## LITHUANIA

**COMPENSA**  
VIENNA INSURANCE GROUP

## MONTENEGRO

**Život WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

## CZECH REPUBLIC

**Kooperativa**  
VIENNA INSURANCE GROUP

**ČPP**  
VIENNA INSURANCE GROUP

**POJIŠŤOVNA ČESKÉ ŠPORTELNY**  
VIENNA INSURANCE GROUP

**VIG Re**

## SERBIA

**WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

## BELARUS

**КУПАЛА**  
VIENNA INSURANCE GROUP

## GEORGIA

**GPIA**  
VIENNA INSURANCE GROUP

**IRAO**  
VIENNA INSURANCE GROUP

## GERMANY

**InterRisk**  
VIENNA INSURANCE GROUP

## LIECHTENSTEIN

**VIENNA-LIFE**  
VIENNA INSURANCE GROUP





## DONAU at a glance – Key Figures 2012

Company	31.12.2012	31.12.2011
Clients	990,000	870,000
Provincial Head Offices	9	8
Branch Offices	77	
	(incl. Service Outlets)	60
Car Registration Offices	142	137
Employees (thereof in Italy)	1,447 (61)	1,414 (42)

Insurance Policies	31.12.2012	31.12.2011
Property/Casualty	2,616,382	2,377,737
Life	216,642	214,025
Health	19,390	9,103
Total	2,852,414	2,596,758

Written Premiums, direct business (in EUR million)	2012	2011
Property/Casualty	769.6 (+16.6%)	660.1 (+32.6%)
Life	250.0 (+4.0%)	240.3 (+13.7%)
thereof regular premium business	172.1 (-0.8%)	173.5 (+2.7%)
Health	4.4	2.1
Total	1,024.0 (+13.5%)	902.5 (+27.2%)

Claims Paid, direct business (in EUR million)	2012	2011
Property/Casualty	450.5 (+32.0%)	341.3 (+1.6%)
Life	180.8 (+17.7%)	153.6 (-19.9%)
Health	2.5	0.7
Total	633.8 (+27.9%)	495.6 (-6.1%)

(in EUR million)	2012	2011
Result of ordinary activities	47.3	49.3

(in %)	2012	2011
Combined Ratio	98.3%	96.2 %

Further key figures (in EUR Mio.)	31.12.2012	31.12.2011
Capital and Reserves, and Supplementary Capital	231.3	228.1
Claims Reserves (including fund- and index-linked life insurance)	2,489.3	2,358.7
Investments	2,907.4	2,689.8

# Risk Manangement at the Donau Versicherung

At the DONAU risk management is the responsibility of the entire executive board. Risk management consists of the systematic ascertainment and evaluation of risks and of the control of reactions to ascertained risks. The acceptance of customer risks is the central point of the insurance business. Therefore a professional handling of risks is of paramount importance. In order to handle the risks to which the DONAU is perpetually exposed in time and in an appropriate manner, the company has established a risk management department, an asset risk management department and a risk committee. In order to guarantee the efficiency the risk management system of the DONAU is being reviewed at regular intervals by the Internal Audit Department as well as by an external public accountant.



## Risk Management Function

The main task of the risk management function of the DONAU is the care and control of the

risk management system. This system comprises all guidelines, processes and reporting procedures which serve to continually identify all relevant risks on an individual and aggregate basis taking into consideration interdependencies, to measures them, to control, to manage them and to report on them. Processes are being developed in close cooperation with group companies in order to best fulfil the tasks at hand. The basis of the risk management system is the internal audit system. This is defined as the process by which the efficiency and economics of the operation, the reliability of the financial accounts and the compliance with the legal provisions applying to the company operations is controlled and monitored. This guarantees that the company targets are not jeopardized. On this basis the maximum risks as regards quantity and quality are being evaluated by scenario analyses and potential effects and probabilities are being represented. Measures designed to minimize risks are being developed and implemented together with the risk owners in order to eliminate undesirable risks as far as possible. The results of the risk evaluations are being coordinated and implemented by the risk manager in the regular reporting process.

## Asset Risk Management Department

The Asset Risk Management assists the strategic investment and risk committee (securities) in the control of the market risk. As an independent organizational unit its main task is to accumulate Group wide information on the market risks, to evaluate them as well as to review the observance of the investment guidelines of the Group and to conduct stress

tests. The strategic Asset Liability Management (ALM)-control by the board of executives of the DONAU is supported by the departments Investment Management, Actuary and Risk Management which are conducting ALM analyses and are handling the ALM process.

## Risk Committee

The risk committee was established in 2009. It supports the executive board in optimizing the systematic, comprehensive, departmental and company-wide active, future-oriented control of the overall risk position of the company, the optimizing of the company wide risk culture and risk policy as well the development of an appropriate framework to be able to identify all important risks affecting the company, to define, to quantify, to measure, to evaluate and to control them. The representatives of the committee come from those departments of the company where significant risk sources were identified or where there is a significant risk potential. The committee meets regularly and comprises experts of the following fields: General company aspects, controlling, internal audit, IT, marketing, human resources, personal lines, finance and accounting, legal aspects, risk management, reinsurance, property & casualty insurance, underwriting, investments as well as sales.

## Solvency II

Solvency II represents a high challenge to the risk management systems of insurance companies. On the one hand the very stringent equity capital requirements must be fulfilled on the other hand there are provisions as to how

the risk management system of an insurance company must work. DONAU is putting these requirements into effect in time, with proper regard to its resources and with a long-term aim so that it is ensured that the legal requirements are being completely fulfilled when they are coming into force. In addition to the risk management function DONAU already has internal audits in force, as well as actuarial functions in the areas of life and non-life insurances.

## Risk Strategy

The aim of our risk strategy is not the total avoidance of risks but the conscious acceptance of desired risks putting into effect measures to control and reduce existing risks, while taking into account economic aspects. This philosophy is based on the assumption that higher risks may bring higher revenues. Within the framework of an active risk management it is the aim to achieve an optimum relation between risk and revenue to satisfy shareholders, partners and clients alike. The constant development of the risk management system and the high integration of risk evaluation in the planning, business and decision making processes of DONAU remain our declared objective.

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# Disclaimer/Impressum

## Disclaimer/Imprint

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## DISCLAIMER

This brochure was prepared with utmost care in order to guarantee the correctness and completeness of the information given in all parts. Nevertheless it is not possible to completely rule out rounding, typing, printing, and translation mistakes.

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is deis schein!**

**Burgenländisch für:** „Toll, mein Donau Berater wusste sofort, worauf es mir bei der Vorsorge ankommt.“

  
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www.donauversicherung.at

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