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Conditions of German life insurers despite homage to solvency under tension

Analysis of solvency reports by the German Association of Insured reveals severe problems

Henstedt-Ulzburg - The German Association of Insured (BdV) together with Carsten Zielke, insurance analyst (Zielke Research), again analyzed the Solvency and Financial Conditions Reports (SFCR) with regard to the stability and safeness of German life insurers. Axel Kleinlein, spokesman of BdV, stresses in his conclusion: "We observe the veneration of solvency. But high solvency ratios alone are not sufficient for carelessness." Higher ratios of capital requirements do mostly not rely on sustainable measures and are exaggerated with regard to other parameters. "Only the consideration of various parameters and their mutual interaction enable a precise analysis of the companies", Zielke underlines. Positively BdV and Zielke assess that the solvency reports are more understandable than last year. "Many companies proved their willingness to learn and published significantly more transparent reports", Kleinlein states.

Solvency reports are aimed at clarifying the stability and soundness of insurers. This is particularly important for consumers, who entrust their money for retirement to these companies. "In 2017 we see unique effects or external influences which seem to ease the financial conditions", Kleinlein points out. Therefore a high solvency ratio is not meaningful in itself. Additionally the analysts do not see any hints for a sustainable growth of own assets.

Additionally Kleinlein criticized the run-off companies. These companies wind up portfolios without new business. "Run-off companies are characterized by more opaque non-transparent reports and less pure solvency ratios", Kleinlein states. Only by using transitional provisions, all run-off companies eventually succeed in performing sufficient solvency capital. Only under these conditions they are authorized for business by the competent supervisory authorities.

The German Association of the Insured (BdV) is a registered association founded in 1982. It has about 50,000 members and is the only fully independent organisation representing the rights of insured people in Germany. It is therefore one of the most important German consumer associations and it acts as a political counterweight to the insurance lobby.
The BdV takes exemplary court cases against insurers to enforce consumer rights. The Federal Constitutional Court and Federal Supreme Court have made fundamental decisions in favour of policyholders in response to actions launched by the BdV. These decisions have led to legal amendments.
Federal ministries and the German Federal Parliament regularly consult with the BdV. The BdV states its position on forthcoming laws and is invited to hearings as an expert. The BdV also organises regular scientific conferences to strengthen the consumer's position in academic debate.
The organisation is represented in all media (television, radio, newspapers, magazines and online media). Its mission is to draw attention to deficiencies and lobby on behalf of fair treatment for consumers. The BdV "Leitfaden Versicherung" (insurance guide) is available in bookshops. The BdV serves as an independent and free information source through its brochures and information sheets on all important insurance issues.

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