

AXA Liabilities Managers to acquire run-off company BF Rückversicherung

AXA Liabilities Managers (AXA LM) announced today that it has entered into a definitive agreement with the German states of Berlin and Brandenburg to acquire non-life run-off company BF Rückversicherung.

BF Rückversicherung is the former reinsurance arm of German-based and state-owned Feuersozietät. After the sale and the transfer of the direct insurance business at the end of 2003, BF Rückversicherung continued to be a public-law institution owned by the states of Berlin and Brandenburg. BF Rückversicherung then ceased writing new business and was put in run-off. The company wrote reinsurance of aviation, property and satellite risks. Its gross reserves total close to 70 million euros.

Founded in 2001 to proactively manage AXA's non-life reinsurance liabilities, AXA LM signs its first acquisition on the external market. This transaction is an important step that confirms AXA LM's strategic turn towards the acceleration of finality for portfolios currently managed and the acquisition of new portfolios, which the company initiated in 2008.

"The operational track record and platform we have built over the years enable us to seize growth opportunities outside AXA today", said Cédric de Linares, President and CEO of AXA LM. "As one of the leaders in our industry, we are happy to bring our expertise and distinct value proposition to the market. BF Rückversicherung, which is made up of 100% non-life reinsurance liabilities, is a perfect fit with our core business and strategy. We plan to use our tried and tested proactive approach to manage this new portfolio: a combination of value generation and professionalism which has been successful for us and for AXA since 2001."

"Seeing that BF Rückversicherung's activity had been stabilized over the last years, the states of Berlin and Brandenburg decided to look for a partner who could provide full closure on the business and manage the portfolio with utmost professionalism. AXA LM provided solutions aligned with both these objectives", added Rolf Urselmann, CEO of BF Rückversicherung.

The transaction is subject to approval by the Berlin senate, the Berlin parliament, and the German insurance regulator BaFin. In parallel, BF Rückversicherung will be transformed into a stock company. It is expected that the transaction will close in spring 2010.

About AXA LM

AXA Liabilities Managers is an AXA Group company specializing in non-life (re)insurance legacy business acquisition and management. Since it was created, AXA LM has integrated more than 20 AXA Group portfolios in 9 different countries totalling 8 billion euros. AXA LM currently manages 4 billion euros of liabilities for the AXA Group. The company is headquartered in Paris and has offices in Belgium, Germany, Switzerland, the UK and the USA. Further details are available on the AXA LM website at www.axa-lm.com.

About BF Rückversicherung

Until end of 2003, the reinsurance business of BF Rückversicherung was part of German-based and state-owned Feuersozietät, second oldest insurer in Germany (founded in 1718). After the sale and transfer of the direct insurance business, the company's active reinsurance business continued to be owned by the states Berlin and Brandenburg. The company ceased underwriting reinsurance business at the end of 2003 and was placed in run-off. It was renamed BF Rückversicherung in 2006.

About legacy business management and divestitures

Insurance or reinsurance companies "put portfolios in run-off" when they make the decision to stop underwriting a specific line of business while continuing to manage the legacy activities. Active run-off management aims at closing these portfolios as quickly as possible while upholding past commitments. Today, many insurers and reinsurers are looking to free-up the capital associated to their legacy business and to focus management and teams on their growth strategy. A divestiture achieves these two objectives and represents the only solution to reach full finality. It is expected that the frequency of divestitures will increase in Continental Europe due to the introduction of Solvency II which will have a strong impact on the capital charge for run-off portfolios.

Media relations AXA LM

→]Y'8f]\Yb''
Ž '' 'f\$E%), '' * '+\$%+''
↑]Y"Xf]\Yb4 Ul Ul'a "Vta