



Actions and Leadership

at Deutsche Familienversicherung



Staufenstraße



DEUTSCHE FAMILIENVERSICHERUNG

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To Our Employees:

What you are looking at right now is two papers outlining our principles. The content of these documents defines our actions and leadership at Deutsche Familienversicherung on a binding basis. We decided to give a detailed explanation of what we mean when we say "Simple. Sensible" ("Einfach. Vernünftig"), along with laying out our management principles. Both aspects are intended to guide our actions when dealing with others, externally and internally.

This brochure will serve as a reference you can consult anytime. Our goal is for all employees of Deutsche Familienversicherung to gear their actions toward these standards, act accordingly, and work together to make sure our values are upheld in practice. But it isn't just about obligations on your part. Another goal in setting out the details of our company and management principles in writing is to clarify that each and every one of you has the right to be treated according to the same standards.

The detailed description of our company and management principles that follows is not static. Instead, we will make adjustments, add further detail or specifications, and simply make clarifications as needed over time. To this end, we will be talking these points over with you at regular intervals. We urge each and every one of you to participate in the evolution of our company and management principles.

With best wishes,



Dr. Stefan Knoll

Company principles

Preliminary note

Deutsche Familienversicherung has used the slogan "Simple. Sensible." ("Einfach. Vernünftig.") since 2015. This document presents a definition of both. Together with this explanation, the company slogan "Simple. Sensible." is the standard to which we hold all our actions as a company at Deutsche Familienversicherung, both internal and external.

The company slogan and explanation set out below are not in themselves our management principles, but our leadership practices do have to be geared toward the same fundamental values, as they describe how we put our intentions as a company into action, and each and every employee is supposed to be guided by these standards in everything we do. That means management decisions must not conflict with the principles laid out in this document.

Simple

When we say “simple,” we mean things like easy to understand, easy to implement, effortless to handle, uncomplicated, not difficult, clear, unambiguous, understandable, convenient, and problem-free, even fool-proof and child’s play, but also modest and unpretentious. All these descriptions have positive overtones when they concern topics or activities that an individual doesn’t actually enjoy. The idea is, “If I have to do it, then it shouldn’t be a hassle. I don’t want to have to make a huge effort on top of it all.” Taking out an insurance policy or reviewing an existing one – in short, dealing with insurance at all – is generally a chore. Most people don’t have the knowledge they need to go about it, and the “small print” alone is emblematic of how helpless the customer is. As a result, many customers turn to an in-

surance broker to explain their coverage and help them with claims. These intermediaries exist in part to fill a gap caused by the organized helplessness of customers.

Our entire approach to sales means that Deutsche Familienversicherung cannot afford any complexity that requires explanation. And when we say none, we mean it. There is no room for interpretation. We’re not talking about “largely understandable,” “widely understood,” or anything of the like. We mean simple. Everywhere, all the time. In other words, anything we do that does not align one hundred percent with the positive terms used above must not be simple, which means it conflicts with this company principle.





This line of thinking also encompasses the fact that the key driver of digitization is the user's desire for convenience. Convenience always beats anything that is less convenient. The only place where this principle does not apply is if other factors – enjoyment factors, if you will – outweigh the convenience factor in part. That means customers are only willing to put up with inconvenience if, in return, the price is much lower, for example, or if they have a personal interest in having or being something in particular.

But our goal with our insurance products is not to be cheaper than our competitors, and whether it will ever be cool to be a customer of Deutsche Familienversicherung remains to be seen. That's not the case yet, at any rate. So the most common factors that compensate for lack of convenience are out of the question. That, along with the typical sales practices used by Deutsche Familienversicherung, means that there is no alternative to simplicity as the benchmark for our actions.

That same simplicity, with all the synonyms we have discussed, has to extend to everything that is even remotely related to the customer. By that we mean the insur-

ance products themselves, including the terms, the policy, the portal, correspondence, claims adjustment, contacting us via whatever channel the customer uses, and everything else, like requesting a password reset. And in turn, anything that customers do not understand intuitively, every time a customer has to call, when they can't reach anyone, when they have to wait, when they are unhappy with good reason, when they have doubts – all that is out of step with the remarks above.

The notion of simplicity also includes being modest and unpretentious. That seems to conflict with the inherent need to advertise and promote our insurance products. Marketing isn't usually modest or unpretentious, either. Still, even in our advertising, we follow the principle of "more substance than fluff." Instead of throwing out a bunch of superlatives, we focus on the benefits of our products and processes. That includes our position in the rankings put out by Stiftung Warentest, our principle of comprehensive insurance coverage, and the ease and simplicity of taking out a policy. But we can't let ourselves "die of modesty," either. If we're the best in a certain area, we say so.

Sensible

When we say “sensible,” we mean things like levelheaded, well thought out, pragmatic, objective, rational, clever, well-founded, substantiated, thoughtfully considered, useful, appropriate, required, fit for the purpose. These descriptions, like those above, are also all positive when they concern topics or activities where the individual knows there is an imbalance with the other party. The idea is, “Maybe they will meet my already low expectations to at least some degree.”

Insurance is a promise for the future. The customer has to suffer exactly the loss or harm covered by the insurance in order to receive compensation. Because customers don’t know what kind of damage and/or losses lie in the future – and neither do we – the customer hopes two things: first, that the harm suffered is in fact covered, and second, that the insurance will pay, if so. Anytime Deutsche Familienversicherung does not pay benefits, the customer perceives it as a breach of trust. And a breach of trust that has been given is the highest form of disappointment. That’s why we believe “sensible” means living up to the trust our customers place in us wherever we can. This includes not interpreting the terms where there is doubt, because the question of insurance coverage must be unambiguous in the terms themselves, and it cannot be the case that it can be interpreted to the customer’s detriment. This includes avoiding lawsuits wherever possible. But where legal action is unavoidable, legal costs and attorneys’ fees must be sensible in relation to the damage and/or losses in question.

Being sensible also means fulfilling our customers’ other legitimate expectations. As a basic principle, we don’t demand anything unreasonable. We understand our customers’ concerns and needs and help them where it is necessary and appropriate. In

times of need, we go above and beyond if there is any doubt. To be able to help customers beyond their existing insurance coverage, we maintain suitable avenues of getting assistance. Appropriate service numbers can step in to help where our expertise proves insufficient.

“Sensible” also means making deliberate changes in past decisions and processes that are in practice and always having an alternative in case of doubt. It is not sensible to let something drop off or be shelved just because we have no idea how to put something that is sensible in itself into action.

Being sensible means we as a company only talk about topics that relate to us, and in cases where we are outside the mainstream, we are able to deploy solid arguments for our position.

But being sensible also means that having the courage to use critical thinking and common sense. Compliance doesn’t mean no questioning of the rules is allowed, for example. If you want to innovate, you can’t view rules as unshakable. You have to deliberately and consciously break them under some circumstances. So being sensible doesn’t mean advocating structured legal violations. But not every rule carries the force of law, and not every time a rule is broken is necessarily morally repugnant. It is also true that a lot of things are done in a certain way because that’s how imitators have always done them. And rules, after all, protect those who can only imitate or copy others. Being sensible in this light is something that requires careful consideration. Any time a rule is bent or broken, the board should always authorize it first if there are any doubts. But thinking about it is a privilege that is open to everyone – which is sensible.

Being sensible also means thinking about the consequences of our actions. That's in line with the Latin principle *respice finem* ("consider the end"), which is a key part of sensible action.

Conclusions

"Simple. Sensible." should be viewed as meaning two separate but related things. We deliberately chose to capitalize each word separately, with a period in between. We don't mean "simply sensible," or "sensibly simple." We mean two things, each standing on its own and each requiring fulfillment in its own right. And that's why "Simple. Sensible." is the benchmark for everything we

do – everywhere, all the time. It extends to everyone and everything at the company, from the moment we welcome a guest to the final settlement of a claim. It concerns customers and all of us. Our meals together, and the Christmas party. "Simple. Sensible." is the standard to live up to whenever and wherever Deutsche Familienversicherung is even remotely concerned. "Simple. Sensible." is the company's central maxim for all our actions. It is a key part of our actions as a company, so it is our intention, and we expect all employees of Deutsche Familienversicherung to be guided by this intention in their actions, decisions, and behavior.



Management principles

Preliminary note

The management principles discussed in this section are binding on every supervisor and manager personally, including in how they treat every single employee. In turn, all employees have the right to be treated in line with these management principles in their day-to-day work, both individually and in their interactions with others. The management principles can be viewed as binding laws that apply at the company to all employees.

Deutsche Familienversicherung has two main management principles: "Caring. Role Model." ("Fürsorge. Vorbild.") In our day-to-day work and our interactions with each other as employees, they are supplemented by the company principles of "Simple. Sensible."



Caring

Being a supervisor and a manager is a right and an obligation for a certain period. These roles arise when a person is assigned a certain task and given responsibility for the employees needed to fulfill that task. Anyone who has responsibility for employees also becomes responsible for managing them. When we say “manage,” we mean a combination of setting the rules, leading, training, monitoring, and educating people.

Being given responsibility for employees is different from simply being put in charge of them. When you are made responsible for them, employees retain their freedom; in fact, it is essential to the arrangement. When you are in charge, there is a lack of freedom

instead, or even a sense of compulsion.

Those who join Deutsche Familienversicherung do so voluntarily. Staying with us is also a voluntary act. It doesn't fit with that if we treat our employees as if we are some kind of prison where individuals voluntarily submit to constraint.

That's why we fundamentally treat everyone as equals, without social, hierarchical, religious, or gender-related biases. That's why what we ask of our employees is loyalty, not obedience. Loyalty is a two-way street.

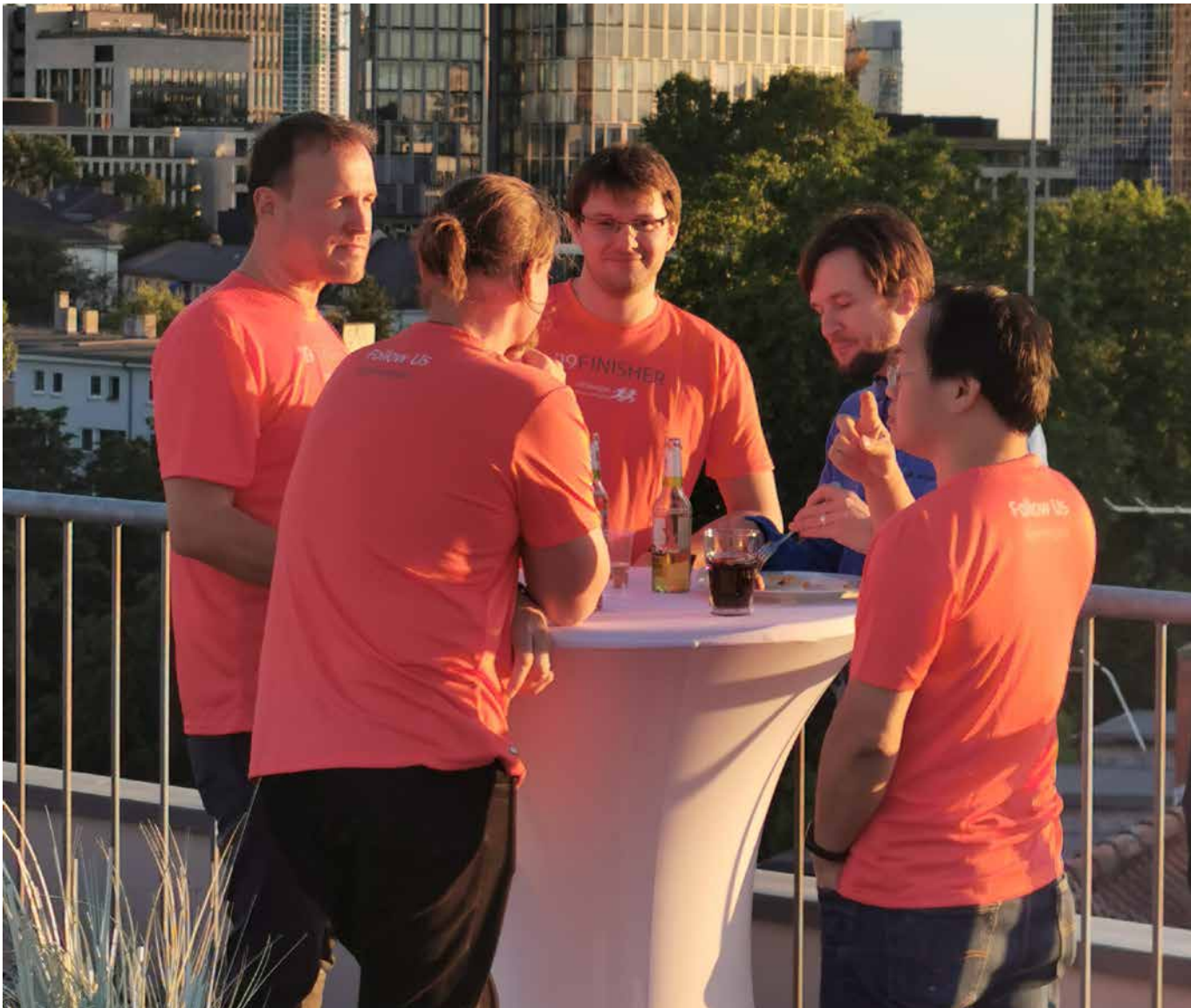
When we talk about being “given responsibility” for someone, we also mean the di-

mension of caring for that person. Caring is the obligation that arises directly from being given responsibility for employees, and we have a broad view of what that entails.

It starts when a new employee is given a warm welcome and helped to settle in at the company. This is expressed in giving the new person the tools he or she needs to deliver the quality we expect. Caring also means letting employees know about mistakes early on so they have a chance to correct them. This is especially important during the probationary period. We cannot let ourselves be the reason a probationary period is not concluded successfully. That's

why setting the rules, leading, training, and monitoring people are always a part of the obligation to care for our employees – the entire time they work for us.

But caring also includes showing an interest in the individual who works for us. A person's private life can affect their work performance. To prevent unnecessary conflict, a supervisor needs to show an interest in whether an employee might experience difficulties on the job due to personal issues. Wherever an employee can legitimately expect understanding, we need to demonstrate that understanding.



Role model

A supervisor or manager always leads by example in terms of attitude and fulfillment of obligations. This expresses what we expect of a supervisor. His or her behavior sets the tone for how everyone else is expected to act. Supervisors or managers cannot ask the employees for whom they are given responsibility to do anything they can't do themselves.

Supervisors and managers are role models of how to act on the job, exemplifying organization, punctuality, and loyalty toward their own supervisors and Deutsche Familienversicherung as a whole. Supervisors and managers uphold the company principles of "Simple. Sensible." and these management principles and put them into practice – everywhere, all the time.

A leader's own behavior does not live up to the standard of what should be expected of employees if the leader's behavior falls outside the longstanding and fundamental values and rules of behavior. That is the case whenever people are not treated respectfully and politely, the dignity of others is not re-

spected as a fundamental principle and at all times, other people's personalities and individual characteristics are not respected, or someone is discriminated against for whatever reason.

Our aim is to convey an image of professionalism and neutrality in everything we do, internally and externally, in our interactions with employees and with customers and external service providers alike. This also includes employees refraining from wearing articles of clothing or accessories that express or are typically associated with an obvious religious or political affiliation or a certain world view.

To truly uphold the management principle of being a role model at the company, all managers and supervisors must act in concert in their efforts to lead by example. Even one person who is unable to be a role model tarnishes the image of all other supervisors and managers. That's why looking the other way or tolerating things that should not be tolerated is not an act of caring or the action of a role model





Simple. Sensible.

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