

## International Insurance Hub Cologne

Next to Cologne's second railway station for long-distance travel, Deutz Messe, lies an inconspicuous building site. It does not seem extraordinary, given the large number of buildings already under construction in Germany's fourth-largest city. But for the insurance industry in Cologne, it is of great significance. It's here that the new Rhineland headquarters for the global insurance giant Zurich is under construction.

Zurich is moving its main offices from Bonn, while at the same time its existing Cologne offices will also be moved to the new site. The office tower is situated less than 100 metres from the offices of HDI, and if you look in the opposite direction you'll see credit insurer Atradius. With Zurich, the city is further strengthening its position as a key insurance hub in Germany, in close rivalry with Munich.

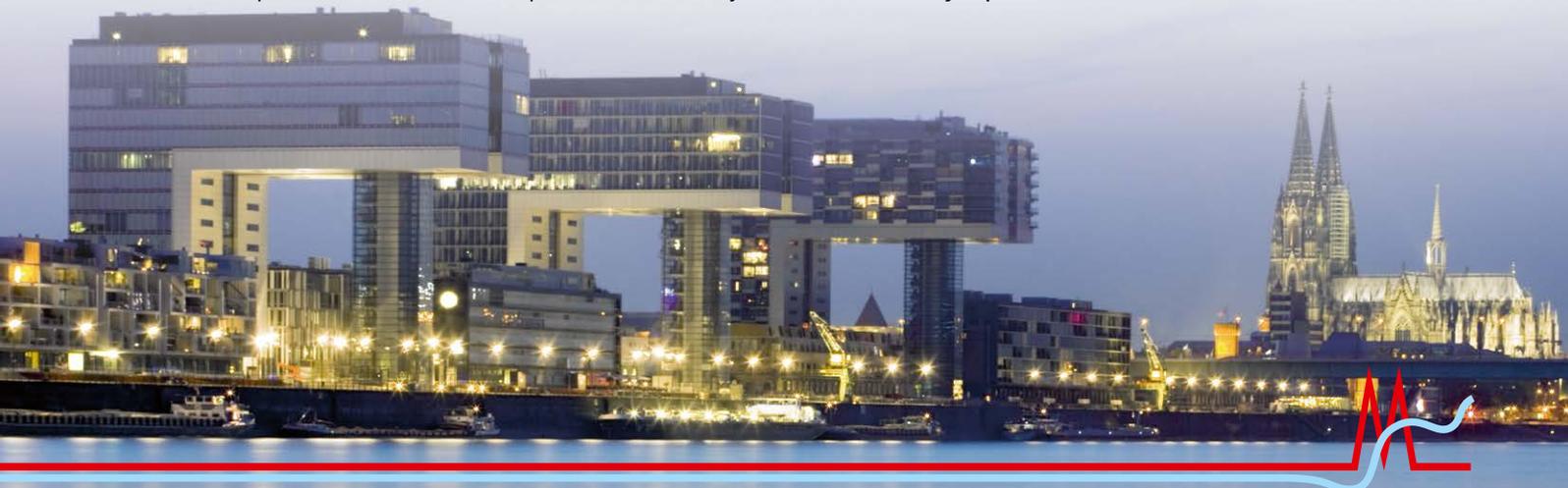
25,000 people work in insurance in Cologne, excluding agents and brokers. Munich has its nose ahead with 33,000. Strictly speaking, however, the difference is smaller, due to Munich's addition of Allianz Deutschland's campus, which is actually situated in nearby Unterföhring, which has close to 7,000 staff in total.

Germany has 670 insurers registered with the federal financial supervisor BaFin, 73 of them are registered in Cologne, another 60 have branch offices, and more than 20 international groups are present in the city. Warren Buffett's reinsurer Gen Re runs its global operations outside the US from its base in Cologne. Axa has its multi-billion German business here. Scor operates an important hub. Newline has just set up a branch in Cologne, while brokers Howden are present with Dual, an important D&O underwriter. US life reinsurance specialist the Reinsurance Group of America has based its German centre in Cologne, as have Liberty Mutual, W.R. Berkley, Aspen, CNA/HARDY, Ironshore, RSA, Starstone, Mapfre and XL Catlin. The Japanese insurer MSIG with its Continental European headquarters is another player in the international insurance centre of Cologne. Marine specialist Köln Assekuranz, part of Munich Re, also successfully operates out of the city.

Insurers seeking a presence in Germany, the EU's largest market, will be well advised to have a look at Cologne. The historic trading city has a strong tradition in insurance – as well as a bright future. Among the key advantages are its workforce, the geographic position, two universities training insurance executives, and the lively existing industry and its lifestyle, which makes it easy to recruit people for positions in the city.

The fact that important insurers such as Ergo, AachenMunich, Signal Iduna, Arag or Rheinische Provinzial are based in the surrounding cities of Aachen, Düsseldorf and Dortmund makes Cologne even more attractive – as does the fact that industrial insurers will find a large part of their customer base in Cologne itself or within easy travel distance.

To find out more and obtain assistance when considering setting up a business in Cologne, contact Michael Josipovic. He is the Deputy Director of the city's Office of Economic Development. You can reach him on +49 221/221-26123, Fax +49 221/221-26686 and by email at: [michael.josipovic@stadt-koeln.de](mailto:michael.josipovic@stadt-koeln.de).



## Excellent Connections

Whoever visits Cologne for business or pleasure soon discovers one thing: this city is seldom rivalled in terms of its connectivity to the rest of Europe and the world. Three international airports can be reached from Cologne city centre in less than an hour, Cologne-Bonn (12 mins), Düsseldorf (35 mins) and Frankfurt (48 mins). Cologne Bonn Airport is one of the main bases for budget airlines in Germany and with Eurowings, owned by Lufthansa, world-wide destinations can be reached at low prices.

In terms of flights, there are 51 connections a week to London, eleven to Dublin, six to Edinburgh and five to Manchester.

Meanwhile Cologne is served by a number of high speed train links, making it simple to reach other major districts. Cities such as Amsterdam (2h 42 mins), Brussels (1h 48 mins), London (5h 15 mins) and Paris (3h 14 mins) are easily accessible.

Its location has undoubtedly been one of the deciding factors in helping form an industry hub with the city hosting a distinctly diverse number of industrial sectors. Numerous companies from the car, engineering, energy, renewable energies, chemical, pharmaceutical and biotech industries enjoy Cologne as an ideal base for business. Ford, for example, is a major employer in the city while Deutz AG has been producing engines for the world market from its Cologne base since 1862. The city is also home to distribution centres from DAF, Mazda, Nissan, PSA Peugeot Citroën, Renault, Toyota Germany and Volvo.

Alongside these giants, you'll find medium-sized companies with headquarters here, market leaders in their industries, including Alfred H. Schütte, Felix Böttcher, Igus, Leybold, Rimowa, Schwarze-Robitec and Sonderhoff.

Biotechnology has enjoyed particular growth in the city and immediate area, with the likes of Ineos, Bayer and Lanxess – the latter two are listed in Germany's blue-chip Dax 30 index – helping create what is Europe's third biggest region for the chemical industry.

Cologne is also known as a major centre in Germany when it comes to media, with the city the go-to location for the video game, internet, telecommunication and publishing industries. Indeed, this has helped Cologne achieve a reputation for being a major centre for digital industries. Around 55,000 people work in the media industry in Cologne and it's easy to see why. With numerous players, a wide range of training and qualification opportunities, alongside many different events which take place in the city every year, Cologne is the perfect base for companies of every size and ambition.

As a world class trade show and trading centre, Cologne benefits greatly from its optimal transportation links. The Koelnmesse (Cologne's trade fair company) sees around two million buyers a year.

Major expositions take place at the exhibition centre, the world's sixth biggest for trade fairs, congresses and conferences and other events. They include Anuga, Art Cologne, Asia-Pacific-Sourcing, gamescom, Intermot, International Hardware Fair, imm cologne and photokina.

As if all that wasn't enough, two of the most important retail groups in Europe are based in Cologne, in the form of the Hudson's Bay Company, which controls Kaufhof, and the Rewe group.

It's also worth noting that the Cologne property market is, in comparison to other major cities in Europe, still relatively competitive and cheaper than most for office space and residential areas. The rent for prime office space in 2016 amounted to an average of € 258 (£ 228\*) per square metre per year, compared with € 1,579 in London (£ 1,398), € 564 in Luxembourg (£ 499) and € 432 in Munich (£ 382).

\* Exchange rate as per 09/06/2017



	Prime Rent (€   £ per m <sup>2</sup> per year*)		
	Q4 2016	Q4 2015	Q4 2014
Central London	€ 1,579   £ 1,398	€ 1,672   £ 1,480	€ 1,455   £ 1,288
Amsterdam	€ 385   £ 341	€ 367   £ 325	€ 365   £ 323
Brussels	€ 275   £ 243	€ 265   £ 235	€ 265   £ 235
Dublin	€ 630   £ 558	€ 592   £ 524	€ 484   £ 428
Luxembourg	€ 564   £ 499	€ 540   £ 478	€ 480   £ 425
Central Paris	€ 800   £ 708	€ 800   £ 708	€ 750   £ 664
Berlin	€ 342   £ 303	€ 300   £ 266	€ 276   £ 244
Frankfurt	€ 462   £ 409	€ 456   £ 404	€ 456   £ 404
Hamburg	€ 312   £ 276	€ 306   £ 271	€ 300   £ 266
Munich	€ 432   £ 382	€ 426   £ 377	€ 414   £ 367
<b>Cologne</b>	<b>€ 258   £ 228</b>	<b>€ 252   £ 223</b>	<b>€ 252   £ 223</b>

Values in Euros, source: BNP Paribas Real Estate | \*Exchange rate as per 09/06/2017

### Cologne, the Qualification Powerhouse

Without qualified staff, no industry can thrive. In Cologne a number of important institutions offer training for insurance professionals. There are vocational colleges for young people working under training schemes in companies, and the industry itself has a number of initiatives helping to qualify young women and men.

In the higher levels of academic work the Universität zu Köln (Cologne University) produces professionals in insurance management, insurance law and insurance mathematics. The chair for insurance business goes back to 1903. Since 1999, the internationally renowned economist Professor Heinrich Schradin has been the head of the Institute for General Economics, Risk Management and Insurance Economics. Between 150 and 200 highly qualified economists graduate every year. The institute is supported by Gen Re through a grant helping it to invite international scholars for one year as visiting professors.

TH Köln/University of Applied Sciences has the largest specialised university institute in the field of insurance in Germany. There are 17 professors and 40 lecturers, dealing with reinsurance, insurance marketing and many other subsections of the industry's activities. A large number of students study part-time alongside their jobs in insurance companies. Together with Limerick University, the TH Köln offers a course resulting in the qualification of Master of Law (LL.M.) for Insurance Law.



## Location, location, location ... crucial for the future.

Since long Cologne is known as one of the most important locations for insurance in Germany. With the newest win of being the Insurance Hub for Germany this position is even more supported.

End of April 2017 Cologne won the application initiated by the German Federal Ministry for Economic Affairs and Energy to be the first location of the digital insurance hub under its “de:hub” initiative – The joint initiative of several German insurers with their headquarters in and around Cologne, Universities, start-ups and supporting private companies is called “InsurLab Germany” ([www.insurlab-germany.com](http://www.insurlab-germany.com)). Very important was the strong support by the Technical University of Applied Sciences (TH Cologne), the University of Cologne, Cologne’s Chamber of Commerce and the city’s Mayor Henriette Reker, who took a very personal interest in pushing this project through.

InsurLab Germany will enable both national and international start-ups to work in close collaboration with the German insurance industry and universities. An important aspect for InsurLab Germany is the strong involvement of the insurance top management. Interested start-ups will find a broad customer base – insurance companies as well as other clients to support their product development. In addition, insurance companies will have the opportunity to introduce their day-to-day challenges in areas like blockchain or e-commerce and collaborate with start-ups at InsurLab in finding solutions.



Eight insurance companies from throughout Germany were involved as founding member of InsurLab Germany: Axa, Barmenia, Debeka, Gen Re, Gothaer, LVM, Provinzial Rheinland and R+V. In addition, one start-up ED Ensure Digital, the two universities and the city’s Chamber of Commerce are founding members. Another approximately 10 German Insurer have already joined InsurLab Germany or declared to join shortly. InsurLab Germany will be based in Cologne, but it will be active throughout the country. Alongside German members InsurLab Germany is also very keen to include partners from outside of Germany.

The newly formed organisation will be also focussing on all relevant topics surrounding the world of insurance such as E-Payment, blockchains, the Internet of Things, e-health, virtual reality and Big Data. The objective is helping insurance industry to move to the future.

InsurLab Germany will set up a co-workspace for start-ups and corporate co-workspace for insurers and other related corporates. Additionally, events (meetups, seminars, conferences) will be part of InsurLab. Actually the Board Members of InsurLab Germany are in discussions with several investors in start-up and accelerator bootcamps if they are interested to join the initiative. The insurance hub of Cologne is strongly supported by Insurers from the Cologne Bay, but also wants to support those organisations for the future. But the ambition is also to support all insurer in Germany and beyond.

Cologne is with over 650 start-ups, 25 start-up centres, many investors (VC’s as well as many private investors) and 100,000 students open to new opportunities and numerous events and networks. The Bay of Cologne offers an exciting ecosystem for large and SME corporates, start-ups and public organisations.

The city is well-known for welcoming newcomers and international insurers looking for a new site in the European Union area – following Brexit, for example – can be assured: Cologne can be a good home, making it an attractive place to relocate.

InsurLab Germany is there to support insurance companies as well as start-ups and related service providers, for example in the financial industry. The initiative is active throughout Germany and will be strongly related to insurtech start-ups from Tel Aviv and New York.

