

A wide canal flows through a residential area. On the left, there are houses with gabled roofs and lush greenery. On the right, a paved road runs alongside a grassy bank. Three rowers are visible on the water, moving away from the viewer. The sky is overcast with grey clouds.

PART 1

Annual Review

2017

achmea 



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PART 1



PART 2



PART 3

As of 2017, our annual reporting will comprise of three parts. Each of these parts aligns with the specific interests of stakeholders. Splitting our reporting into three parts ensures greater clarity and accessibility.

Part 1 is the 'Annual Review'. This is aimed at a broader target audience and contains a description of the progress made by Achmea in 2017 and our vision of the future.

Part 2 is the 'Year Report'. This describes the main financial developments. Among other things it contains the financial statements, the report of the Executive Board and a report on our Governance.

Part 3 with 'Supplements' contains sustainability reporting information and appendices to the other parts.



*Together with the Eindhoven-based scale-up Amber, Achmea works on the creation of innovative products and services that align with new developments in the field of mobility.*

## Introducing Achmea

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## How we became who we are

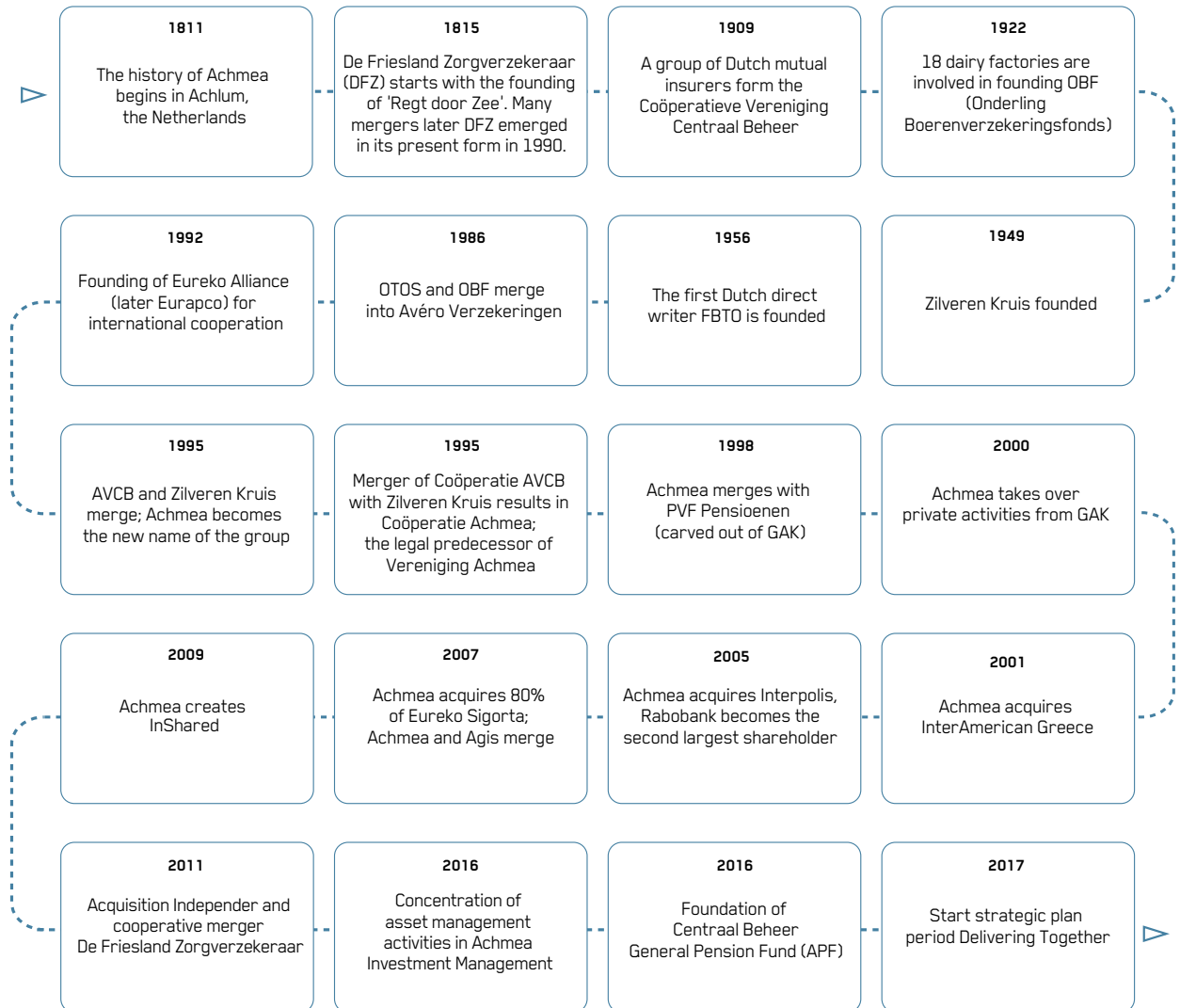
### OVER 200 YEARS OF COOPERATIVE INSURANCE

'Bearing the risk together if someone suffers damage or loss.' That was how it all began with the Onderlinge Brand-Assurantie-Sociëteit in the Frisian village of Achlum in 1811. Ulbe Piers Draisma wanted to insure the possessions of 39 farmers and dignitaries against fire.

In the years that followed, employers' and workers' organisations, health insurance funds and mutual insurance companies were incorporated into our company. Each of these organisations occupied a prominent role in society.

It was against this background that a company with a cooperative identity was born. From our cooperative basis, we think and act in the interest of our customers. Since the foundation of Draisma's mutual insurance company much has changed, but for Achmea the concept of solidarity remains its main core value. The cooperative legacy is anchored in our business operations and style of management. For over 200 years we have provided products and services based on the idea that insurance means bearing the risk together if someone suffers damage or loss.

Our origins have not only largely defined our identity. It has also shaped the activities and core qualities of our company as it exists today.





## Four core qualities

### STRONG BRANDS WITH HIGH CUSTOMER RATINGS

Our brands are rated very highly by our customers. We apply a 'multi-brand' strategy with the aim of ensuring that our customers feel a connection to their insurance company.

Interpolis



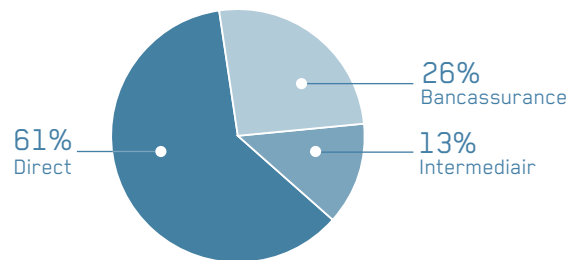
Centraal Beheer



Zilveren Kruis

### DISTRIBUTION VIA MULTIPLE CHANNELS

Through the banking, direct and brokerage distribution channels we offer our customers a wide range of insurance products and related financial products and services.



### LEADER IN ONLINE SERVICES AND INNOVATION

Achmea leads the way in online services in the insurance sector. Renewing our products and services has been an integral part of our business operations for decades now. Over the long years of our company's history, new techniques have often been used to improve our service to customers. FBTO and Centraal Beheer were the first 'direct insurers' in the Netherlands. Through our experience of direct distribution we were well positioned for the transition to online and digital distribution. We started InShared in 2009, the first fully online insurer in the Netherlands. Its efficient IT platform is now also being used to expand internationally. Insurance comparison website Independer has been part of our group since 2011. In order to improve security in neighbourhoods, Homies has been developed. In the event of fire or a break-in, it not only warns the owner but also family, friends or neighbours. With a view to serving our customers better in future as well, Achmea joined the Blockchain Insurance Industry Initiative (B3i) in 2017. We believe that blockchain technology will make the exchange of data more efficient and more secure.

inshared

B3i

Homies

independer

### LARGE CLIENT BASE AND MARKET LEADERSHIP

We serve approximately ten million retail customers in the Netherlands. We offer a wide range of insurances and services. We are the market leader in non-life and health insurances. In the income protection and life insurance markets we are ranked third in the market. In addition, we are the fifth-largest institutional asset manager in the Netherlands.






Non-Life #1	Health #1	Retirement Services #3	Pension & Life Individual #3	Asset Management #5
Achmea 22%	Achmea 30%	NN/Delta Lloyd	NN/Delta Lloyd	APG
NN/Delta Lloyd				Blackrock NL
ASR	VGZ	ASR	Vivat	PGGM
Allianz		Achmea 17%	Achmea 15%	MN
	CZ	Goudse	Aegon	Achmea 7%
Overige		Aegon	ASR	Overige
	Menzis	Overige	Overige	Overige
	Overige			











## Achmea in numbers

Our core activities include Non-Life, Health, Retirement Services and Pension & Life

### Core activities

MARKET POSITION	<b>Non-Life</b> (Gross earned premiums in € billion)
NO.1	 <b>3.3</b> 2016: 3.2
NO.1	<b>Health</b> (Gross earned premiums in € billion)
	 <b>13.2</b> 2016: 13.1
NO.5	<b>Retirement Services</b> (AuM by Achmea Investment Mgt. in € billion)
	 <b>120</b> 2016: 116
NO.3	<b>Pension &amp; Life</b> (Gross earned premiums in € billion)
	 <b>1.6</b> 2016: 1.8
MISC.	<b>International</b> (Gross earned premiums in € billion)
	 <b>1.2</b> 2016: 1.2

### Group key figures

Operational result (Including Health, € million)	Solvency (SII) (%)
 <b>349</b> 2016: -319	 <b>184</b> 2016: 181
Operational result (Excluding Health, € million)	Sustainability (ESG Rating MSCI)
 <b>477</b> 2016: -123	 <b>AA</b> 2016: AA
Net result (€ million)	Customer satisfaction <sup>1</sup> (Average score assigned for cons. market)
 <b>216</b> 2016: -379	 <b>7.4</b> SECTOR AVERAGE 2016: 7.4
Gross earned premiums (€ million)	Number of ftes <sup>2</sup> (Intern)
 <b>19,350</b>	 <b>14,582</b> 2016: 15,715

1) Customer satisfaction survey conducted by the Dutch Association of Insurers (Verbond van Verzekeraars), score assigned for the private non-life insurance market.

2) This relates to internal employees from both Dutch and foreign operating companies.





## Our insurance brands

Achmea operates on the insurance market via different brands. The three 'strongest Dutch brands' are: Centraal Beheer, Zilveren Kruis and Interpolis. These are brands with a broad orientation on the Dutch market. Our 'other Dutch insurance brands' focus on specific target groups or operate through a specific distribution channel (proposition brands).



Centraal Beheer has direct contact with both retail and commercial customers and also operates in the brokerage channel. By expanding its range of products and services, it is increasingly becoming an all-finance provider. Customers can turn to it for property & casualty and income protection insurance amongst others, but also for saving and investment products and mortgages. Through the Centraal Beheer APF, pension schemes are also offered.



Zilveren Kruis is the largest health insurance company in the Netherlands and assists customers in organising good healthcare and in leading a fitter and healthier lifestyle. The affordability and accessibility of healthcare for everyone are leading here. In doing so, Zilveren Kruis offers its customers greater added value as well as good health insurance, for instance via Actify for retail customers and Gezond Ondernemen (Healthy Enterprise) for commercial customers and employers.



Interpolis operates in the banking channel and works exclusively with Rabobank. Interpolis actively promotes prevention and in this respect develops services that can reduce or eliminate risks to customers in their own homes, on the road, at work and within companies. In this way, Interpolis helps prevent damage where possible. Yet if things do go wrong, Interpolis is of course ready to assist its customers. Interpolis does this in a transparent and practical manner. Crystal clear.

## Other Dutch insurance brands



At FBTO the emphasis is on freedom of choice. FBTO offers customers the option of putting together their own ideal insurance policy.



Avéro Achmea offers customers insurance and financial services via the brokerage channel.



De Friesland Zorgverzekeraar works together with stakeholders in Friesland to guarantee high-quality healthcare.



InShared is an online insurer. It focuses on prevention and pays back any premium amounts that are left unused to its customers.



Pro-Life Zorgverzekeringen operates from Christian principles and offers customers insurance that matches their identity.

## International brands



In Turkey, Eureka Sigorta has a strategic partnership with Garanti Bank and sells non-life and health insurance.



Interamerican Greece is the second-largest insurance company in Greece, providing non-life, health and life insurance.



Union is a Slovakian insurer that provides non-life, health and life insurance through the direct and brokerage channels.



Achmea Australia has operated on the local market since 2012 and sells insurance products mainly to customers of Rabobank in Australia.



In mid-November 2017, the sale of Irish life insurance company Friends First to Aviva group plc was announced in line with our strategy.

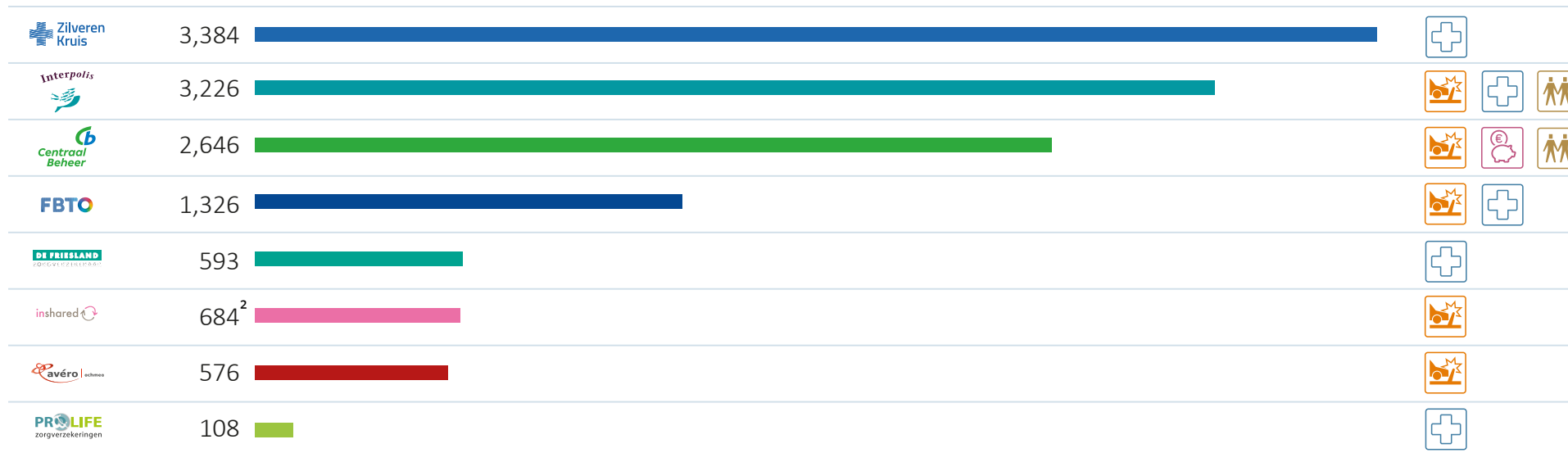


## Number of insured customers

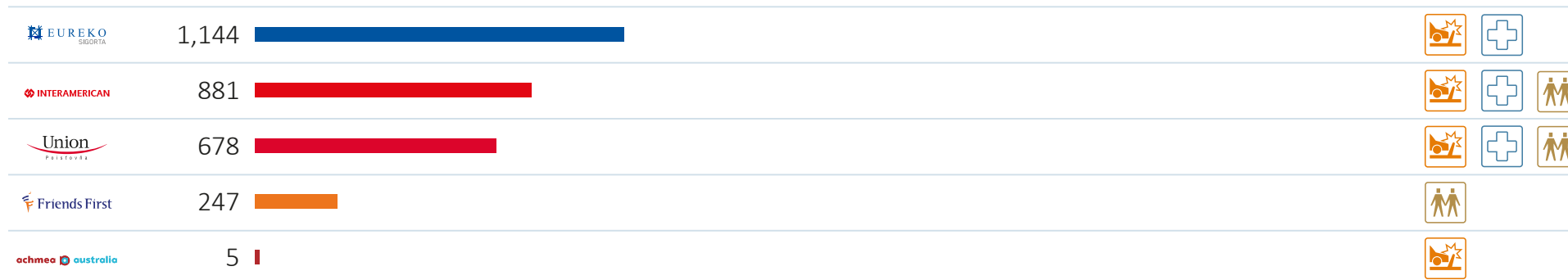
Number of retail customers per insurance brand x 1,000<sup>1</sup>

## The Netherlands

## Activities



## International



Non-Life



Health



Retirement Services



Pension &amp; Life

1) Customers can be insured by multiple Achmea brands. The amount of customers after correction for this fact amounts to approximately 10 million.

2) The number of InShared customers includes those who purchased their policy via HEMA.





## A word from the Chairman

### Relevant to our customers, a trendsetter in insurance

As an insurance company we provide our customers with assistance and are expanding our insurance activities to include innovative solutions and services. Our cooperative identity means that we are at the heart of society and actively address the latest problems facing society. We do not work on the assumption that we will be the only ones to come up with the solutions to all our customers' problems, but rather based on the conviction that we can provide value in a general sense in our capacity as a cooperative insurer that operates in many areas. This applies to both our customers and society in general. In doing so, together we make the Netherlands a healthier, safer and more future-proof country.

'Delivering Together' is also the name of our strategic planning period up to 2020, the first year of which we completed in 2017. We have made major improvements in this respect, both in our services to customers and in terms of operations. Our aim to be relevant to customers and to be a trendsetter is leading in everything we do. The wishes of our customers and other stakeholders are evolving rapidly and they expect us to respond accordingly via our products and services. Adapting our services in good time allows us to remain relevant to our customers. The fact that our customers believe we succeed in this can be seen from the persistently high ratings they continue to award the services provided by our brands. Compliments are due to all our employees who serve our customers day in, day out.

#### **Innovative and trendsetting brands**

We are investing considerably in innovating our services. For instance, over the past year a large number of excellent new services have been added to the range available to our customers. Centraal Beheer is the first insurance company in the Netherlands to provide insurance for car sharing in driverless, electric vehicles. Interpolis earned nationwide

media attention with its campaign on traffic safety and the dangers of being distracted while using mobile phones at the wheel. This triggered much public debate and demonstrated once again that 'modern insurance' goes beyond simply settling claims, and even further than providing preventive measures. As the largest health insurer in the Netherlands, Zilveren Kruis assumes its social responsibility in restricting rising healthcare expenditure. It does so via good health procurement practices, but also by helping policyholders to lead a fitter life, exercise more and eat more healthily. The Actify programme is aimed at our retail customers, and via Gezond Ondernemen (Healthy Enterprise) we help employers to keep their employees fit and healthy.

#### **Cooperative philosophy still at the heart of everything we do**

Our distinctive, cooperative principles lie at the heart of all the investments we make in business operations. As an insurer, by our very nature we are alert to the long-term interests of all stakeholders. Sustainability is therefore logically of great importance to us. Corporate Social Responsibility forms the foundation for our business operations and strategy. In our capacity as an insurer we operate at the heart of society and conduct dialogue on social themes. Input from Vereniging Achmea and its members is of huge added value here. Our partnership with Vereniging Achmea therefore helps to determine our identity as a cooperative insurer.

#### **Strategy implementation on track**

We again took important steps within our group last year. Results improved further at Non-Life. Investments in online services, omni-channel services and digitisation have led to an increase in the number of customers and persistently high customer satisfaction scores. Centraal Beheer is evolving further into an all-round finance provider for insurance, savings, investment and mortgages.



The partnership with our strategic partner Rabobank displays sound results. This is demonstrated by the the growing number of written premiums for casualty, property and term life insurance at Interpolis. The most frequently sold Interpolis insurance policies can easily be arranged via the Rabo Banking App, enabling us to expand our successful bancassurance partnership further to 1.3 million everyday users. During this renewal period, Zilveren Kruis saw growth in the number of policyholders for the second year in a row (nearly 30,000 new customers). This reconfirms its position as the largest health insurance brand in the Netherlands. Our range of online services and our position at major employers contributed to growth.

The Centraal Beheer General Pension Fund provides innovative pension solutions for employers and offers a good range of products for company pension funds in a consolidating market.



Achmea Pension Services and Achmea Investment Management are the outsourcing partners of the Centraal Beheer APF. Among other things, they provide an innovative, digital pension platform and fulfil a fiduciary role in asset management.

We have merged our pension and life insurance activities and created an efficient service organisation that is succeeding in combining a high level of service to customers while keeping a close eye on expenses. In doing so, this makes a significant contribution to our results and our capital position.

And finally, via a fine-tuned strategy, we are growing internationally based on our core competencies of property & casualty and health insurance products via direct and banking channels. The activities of our Irish life insurer Friends First no longer matched our strategy, which led to our decision to sell the company. At the end of 2017 we announced the sale of the company and once the sale is finalised, it will lead to an improvement in our liquidity and solvency levels, part of which will be used for the benefit of our shareholders.

#### Employee engagement still high

As a large employer, we are proud of our employees and of the fact that engagement is high among our 15,000+ colleagues. Among other things, the annual employee survey shows that there is now greater confidence in the future of the company. Our role at the heart of society and in a key position in the lives of our customers is a reason frequently cited by new employees as to why they choose to work at Achmea. We have again drawn up a modern Collective Labour Agreement (CAO) in conjunction with the unions, aimed at 'taking greater control of your career' and 'being able to continue working while fit and healthy'. The good relationship with the Works Councils also plays an important part in all the changes in our company, and I would like to thank them for the substantial amount of effort they put in and their engagement with our company.

Compared to a few years ago, Achmea is certainly in much better shape today. Our expenses have been cut by over a third, while we work more efficiently and more quickly using more streamlined processes. At the same time, our customers still rate us highly, the NPS scores have increased and our written premiums and solvency margin have stayed more or less stable. We have also retained our leading market shares for our core activities. Congratulations are due to all our colleagues who have contributed to this over the years. It demonstrates that as a group we are together capable of making a difference.

#### Improved financial performance

In financial terms, the positive trend continued in 2017, even when adjustments are made for e.g. the severe hailstorms that affected our customers so badly in 2016 and other exceptional expenses. Our operational result over 2017 increased to €349 million, our financial position remained robust with a solvency margin of 184% at stable written premiums of about €20 billion. We are ahead of schedule on our planned reduction in expenses and the inevitable further reduction in the number of internal employees.

The increased operational result over 2017 can be attributed to the implementation of a broad package of measures. Appropriate premiums have been set in relation to the ever-changing risks that are covered, implementation expenses are lower and the control of the cost of claims has improved by means of prevention and advice. These combine to generate the essential recovery in results that we need to be able to continue investing in innovating our services to our customers. The results over 2017 were affected by the allocation of about €108 million in order to restrict the increase in health insurance premiums this year. The allocation of reserves that again allowed us to offer health insurance premiums below cost price is lower than in previous years. The allocation of healthcare reserves therefore continues. These reserves are there to cover any unexpected setbacks on behalf of

our customers and a further allocation to mitigate premium increases is therefore finite. The lower allocation over 2017 demonstrates that the end of this process is in sight.

#### Results not yet at target level

Things are going better, but in spite of all the major changes of the past few years we have still not reached the level we require for our results. Our earning capacity does not yet match our ambitions. Our strategic planning period runs up to and including 2020 and towards the end of that period foresees an annual structural operational result of about €450 million, excluding the contribution from our healthcare activities. Positive results from our health entities are essential to being able to continue serving our customers properly, to innovating and improving our business operations and to being able to invest in healthcare innovation.

#### Delivering Together until 2020

The results over 2017 mean that we have a sound basis for successfully completing our plans in the period up to 2020. This gives us confidence that we will, for instance, increase our profitability. This is also a sound foundation for structural profitability for the long-term. Our innovation enables us to build a trendsetting company: a service provider with daily relevance for its customers. Continuous change remains a cornerstone of our business operations. After all, not everything we do today will necessarily be required tomorrow. Yet we cannot do it alone. We do so together with our customers, partners, capital providers and employees. Together we are working to create an Achmea that is ready for a great future.

Willem van Duin,  
*Chairman of the Executive Board*



# Achmea's story

## Value for customers and society

### THE POWER OF TRADITION

In our wide field of operations we encounter a range of social, political and economic trends. Take driverless vehicles, medical progress, the ageing population, automatised of the home and living environment, changes to the pension system and social schemes, cybercrime, climate change and many more. In this dynamic environment, it is important to investigate and demonstrate how we can be of value for our customers and for society. This fits in with our cooperative tradition and our philosophy aimed at creating value for all our stakeholders.

### OUR STAKEHOLDERS

We aim to continue meeting the expectations of our customers and other stakeholders and are therefore in constant dialogue with them via various channels.

**Customers** are our most important stakeholders. We provide our customers with products and services and they pay for these via premiums. Their experiences, insights and wishes are essential to making our services as good as they can possibly be. Vereniging Achmea is the customer association of Achmea brands and a platform for representing the collective interests of its customer members. Achmea is in dialogue with its customers via the customer councils of the brands and the Council of Members of Vereniging Achmea.

**Employees** are the human capital and beating heart of our company. They use their talents for our company and our customers. They empathise with and understand the needs of our customers and seek out new solutions. In doing so they deliver on our promises.

We have several business **partners**. Rabobank and the brokers are important distribution partners. In addition, we also view our relationships with our corporate customers and employers as partner relationships.

Via Achmea Corporate Relation's 'De Kamer' initiative we discuss corporate social issues with our corporate customers. Achmea has joined forces with external company directors to help shape the future of the Netherlands since 2013. Each year we organise a range of sessions at which directors share their outlook, challenges and perspectives with one another. In addition, we organise Talentenkamer sessions, conduct research and publish books, white papers and magazines in order to connect with the ambition of helping our country move forward.

Also in the context of developing new propositions and services, we increasingly work together with business partners.

Our **capital providers** (shareholders, bondholders and other equity providers) supply our financial assets. In its capacity as not-for-profit shareholder, Vereniging Achmea is the main capital provider.

### HEALTHIER, SAFER AND MORE FUTURE-PROOF SOCIETY

Insurance companies are key partners in the field of safety. Smoke detectors, sprinklers, protective helmets and airbags are an integral part of our daily lives. Insurers made a significant contribution to the development and (legal) introduction of these preventive measures. This is logical, as prevention goes hand-in-hand with insurance. Reducing risks enables us to keep premiums affordable and insurance accessible. We want to continue to play this role in the future as new risks are emerging. We aim to be of value to our customers in these new areas too. We increasingly play a role in this, for instance via responsible asset management.

Our stakeholders indicate that they see an important role for Achmea in making society **healthier, safer and more future-proof**. This also means that our role in dealing with risks is changing.

We continue to settle claims thoroughly and efficiently, but advice and services relating to prevention will grow in importance. We are shifting from 'compensating damage or loss' to 'making life safer and healthier'. From 'repair or recovery' to 'helping to achieve something'. A healthy body, a fit mind, a safe home and working environment and financial planning that takes into account uncertainties, opportunities and an enterprising life.

Our social impact boils down to four themes, on the basis of which we work towards a healthier, safer and more future-proof society via our range of products and services:

1. Good health closer to everyone
2. Safe home, living and working environments
3. (Financial) solutions for now, tomorrow and later
4. Clean, safe and smart mobility

These specific theme fields are partly identified on the basis of an extensive analysis of our operational environment and the dialogue we conduct with our stakeholders. The strategic aspects are elaborated on in the "Achmea's strategy" chapter.

### Customer relevant and trendsetting

Traditional risks, such as damage to a car or home, are being mitigated due to the use of new technology. Yet uncertainty remains part of our lives.

In these areas, too, we aim to be of significance to our customers. We express this in our company's higher objective: to be of daily relevance to our customers via trendsetting solutions. We provide insight and appropriate solutions in order to deal better with risks and uncertainties.





## OUR CORE VALUES

Our core values – **empathising, innovating and delivering** – are an important foundation for the way we work. The dialogue we conduct with our stakeholders provides direction to the desired impact on society and on the way we work, both now and in the future. This also means that we go beyond the boundaries of traditional insurance: there are other ways to contribute to a healthier, safer and more future-proof society. Our knowledge of and insight into risks – based on the huge amounts of data we have on these – allow us to give substance to this. Craftsmanship is an important basis for this and that is why we invest in the development of our employees.

We are adapting our company so that we remain relevant to our customers. In doing so, we invest in the improvement of our services.

Together we are working on the future of Achmea. In that future, Achmea will be more compact, we will work more digitally and continue to serve our customers to the best of our ability via our brands. Insurance brands Centraal Beheer, Interpolis, Zilveren Kruis, Avéro Achmea, De Friesland, FBTO, InShared, OZF and Pro Life collectively serve approximately ten million retail customers across the Netherlands. And they all reinforce each other. This has already yielded many wonderful services in health, living environment, mobility and providing for the future.

## WHAT WE DO AND PROVIDE

Traditionally we have organised the sharing of risk based on the concept of solidarity in society. This is the foundation for insurance. The result is social and economic resilience, for individual customers but also for society as a whole.

What we do and provide via our wide range of products and services has four essential elements:

1. Advice and services relating to prevention
2. Thorough and efficient settlement of claims
3. Health procurement
4. Asset management: the responsible investment of premiums, among other things.

Because we organise risk sharing and pay attention to the important elements of this, multiple results arise from this. These relate to: insight into and advice for our customers, sustainable products and services, a sound financial basis to be able to meet our commitments to our customers and the personal and professional development of our employees. As a result, Achmea has an impact on society in a variety of fields.

## VERENIGING ACHMEA REINFORCES ACHMEA'S COOPERATIVE BASIS

Vereniging Achmea is the association of all our customers and our largest shareholder. It represents the shared interests of Achmea's customers and is responsible for protecting the continuity of the group. All customers of Achmea are also customer members of Vereniging Achmea. Vereniging Achmea is a not-for-profit association and has two goals derived from its articles of association:

- To represent the shared interests of its customer members
- To safeguard continuity of Achmea as a company.

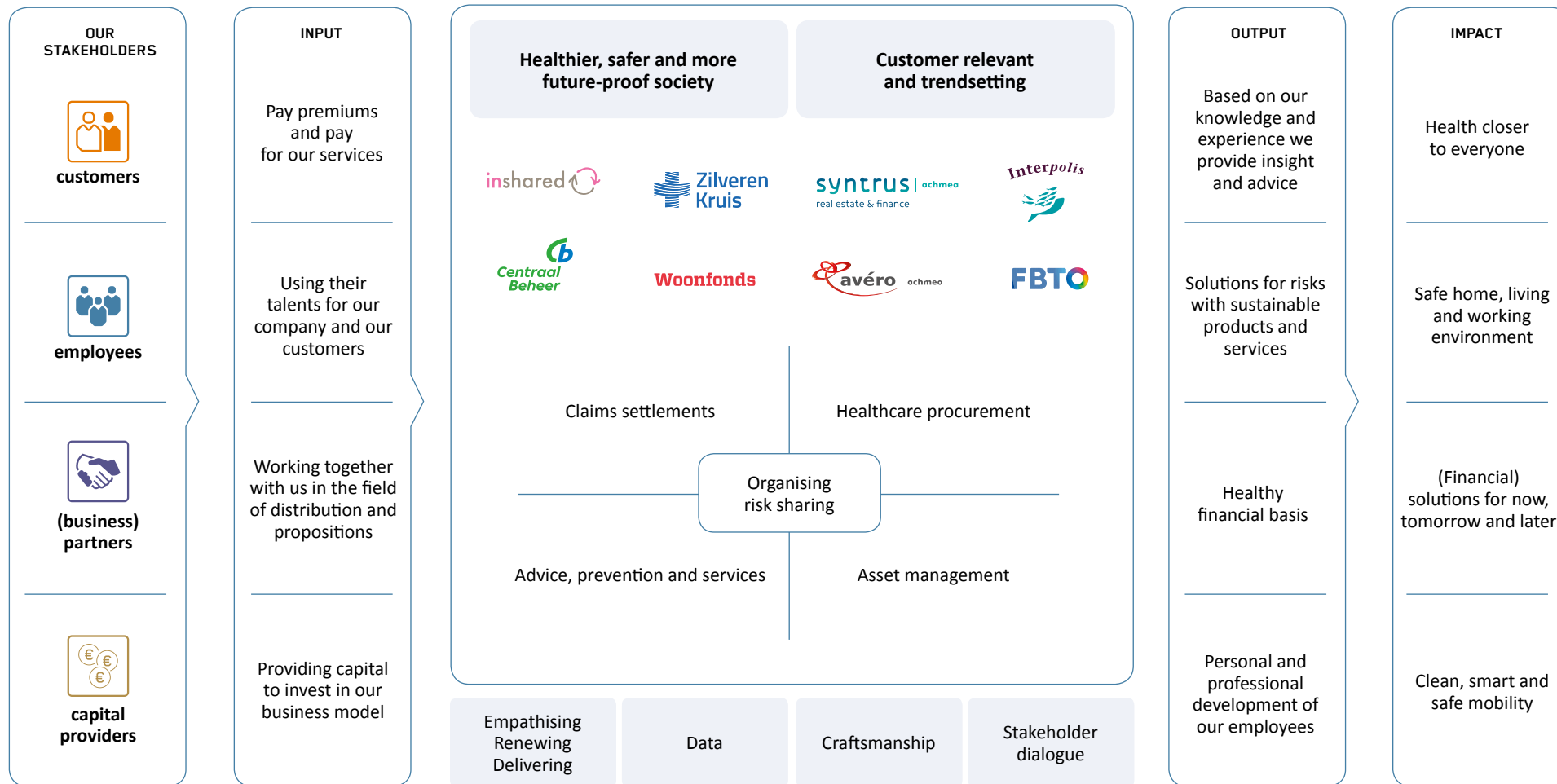
Achmea operates at the heart of society and conducts dialogue on corporate social themes. Input from Vereniging Achmea and its members is of huge added value here. For this reason, the customer members are represented by the Council of Members of Vereniging Achmea. The Council of Members mirrors Achmea's overall customer members base as much as possible.

Vereniging Achmea is managed by a Council of Members and a Board. The Council of Members comprises a maximum of one hundred members. Customer members therefore have a genuine say in Achmea as a company via the Council of Members. This gives Achmea customers a unique position compared to the customers of many other companies.

Mutual insurance companies formed the basis for Vereniging Achmea. A distinctive feature has always been the voice given to its members. Thus the partnership with Vereniging Achmea helps to determine our identity as a cooperative insurer. Cooperative values, such as solidarity, cooperation, the right to express a voice and the influence of customer members, continue to apply in full.



### Our value creation model





*The smart alarm which, in case of fire or burglary does not only ring a siren but also warns you, your family, friends and neighbours with a WhatsApp message. Homies protects your home against fire and burglary.*

## Context & Strategy

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## Our context

### CONSTANTLY EVOLVING

The world around us is constantly evolving. This has consequences both for the financial sector and for Achmea, particularly for:

- The products and services our customers want and desire;
- The ways of interacting with our customers;
- The impact on existing (and new) business models.

For Achmea, the Vereniging Achmea is of essential importance. The association is both the foundation of our cooperative identity and for the interaction with our customers. As we look at the world around us, we see numerous developments and trends. We organize these in gradual developments and accelerating movements. Below we mention the most important ones and indicate how we anticipate those.

### GRADUAL DEVELOPMENTS

#### Acting cautiously is key

How Achmea deals with its customers and the world around it is growing in importance. Society rightly demands high standards of financial service providers in their supply of products and services. Laws and legislation are changing. Also the impact of our actions on the environment is of increasing importance to an increasing number of stakeholders. This often relates to the underlying principles and ethics. Also the theme of data and privacy is important. A growing number of companies see opportunities in business models in which financial results are just a precondition for continuity.

#### Solidarity is changing

The desire for solidarity with others differs from one person to another. Traditional forms of solidarity are changing. Trust in the government or large institutions that 'organise' solidarity is decreasing.

Yet there is still a need to share risks with one another. People are increasingly seeking solutions outside existing products and providers. This is how new solutions emerge. We can see this reflected in peer-to-peer platforms on which ownership is shifting towards usage. People are exchanging products with acquaintances or strangers. We are seeing the growth of small-scale initiatives which revolve around people's immediate environment.

#### More individual space and responsibility

Rising healthcare costs, pension costs and corresponding risks are pointing to changes on the part of the public sector and employers with respect to the assumption of these risks. The large systems for healthcare, pensions and social security are changing as a result of this. Risks are shifting towards individuals and employees. This is also reflected in the job market: the number of self-employed and employees with temporary or flexible contracts is growing fast. There are greater differences in income-related and other forms of protection between employees with a permanent contract and those without. Here, too, there is room for new solutions that work on the basis of greater individual responsibility. At the same time, collective safety nets continue to exist. In the coming period, the ratio of collective and individual solutions will continue to change.

### ACCELERATING MOVEMENTS

#### Economic growth

Growth has returned to the Dutch economy. Growth is stronger than in the countries around us. Internationally, there are the first signs of small increases to interest rates. The relatively high economic growth is revealing bottlenecks in the job market in sectors such as construction, but also in care and technology.

Achmea supports a collective call from Dutch businesses to the government to accelerate the energy transition. In accelerating the transition to sustainable energy, the Netherlands has the opportunity to lead the way in making the economy sustainable, creating more green prosperity and new jobs. This is why Achmea is a member of the Transitiecoalitie (transition coalition) together with other major Dutch companies. We can exert our influence on behalf of this initiative, including via our role as a large asset manager.

#### New technologies

New technologies are changing our world. The Internet-of-Things enables devices to communicate with each other and makes our lives easier. 'Artificial intelligence' will rapidly make more knowledge available for optimising processes and services.

Companies can use algorithms to combine data from various sources and personalise customer interaction. Customers can 'invite' providers to customise their propositions for them. This creates capacity for new business models, supply and demand platforms and smart industry for products for everyday use. We will integrate the possibilities provided by new technologies into our products and daily activities.

#### New possibilities for contact and cooperation

Technological developments mean that it is relatively easy to connect large groups of customers to new providers. The cost of searching is decreasing. Start-ups can grow quickly due to the scalability of new technologies.

Companies are revising their roles and added value, encouraged by innovation that often arises from alliances within networks. The life cycle of products and propositions is shortening. New possibilities for contact and cooperation enable the rapid spread of new ideas.



## RISKS AND UNCERTAINTY

### New and vanishing risks in society

All these changes affect the frequency of or potential for risks. The risk of use is declining, e.g. due to the development of driverless cars and home automation. Early signalling of undesirable situations can contribute to a substantial reduction in the cost of claims. Improved insights into health risks can lead to quicker intervention or preventive action.

New risks are emerging. In the short term, these are risks relating to cybersecurity and the sharing economy. In the long term, we also anticipate an increased need for dealing with risks linked to climate change and liability. For some of these risks, the emphasis will be more on prevention and risk mitigation.

### Growing uncertainty for customers and businesses

Uncertainty in the lives of our customers will continue to be a fact of life. Uncertainty surrounding jobs and income will increase as new technologies can replace the use of human labour. Companies will see new business models and ecosystems emerge that use technology in combinations that do not exist yet. This will change or even disrupt existing business models.

## SIGNIFICANCE FOR ACHMEA

The precise direction and speed of change is unknown. A part of the existing propositions will disappear, new propositions will present themselves, market boundaries are fading and competition is changing. Armed with this knowledge and within this context, Achmea has formulated its strategy. We are anticipating the developments mentioned.

We see a dual challenge for ourselves: on the one hand, to strengthen our current business models, and on the other, to develop new products, services and business models.

The way in which we will do this is described in the Delivering Together section.

### STRENGTHS

- Customer base, brands; customer ratings
- Broad portfolio and advantage of diversification
- Leading in health and property & casualty insurance
- Variety in distribution; strong in banking and direct channels
- Broad access to Dutch businesses

### WEAKNESSES

- Financial results not yet at target level
- Growth of Free Capital Generation required to be able to continue investing in innovation
- Restricted scale of international activities
- Large market share in mature home market

### OPPORTUNITIES

- Increase the number of Rabobank customers with an Interpolis insurance policy
- Use technology for new services, prevention and cost savings
- Expand business model to include services
- Convert data into value for customers
- Revenue models for new risks (cyber, climate)
- Partnering in new ecosystems

### THREATS

- Introduction of new revenue models in existing Achmea markets
- Declining risk of use and need for insurance
- Vertical integration (reinsurers, car manufacturers)
- New ecosystems relating to supply and demand platforms
- Changing concept of solidarity
- Impact of climate change



# In dialogue with our stakeholders

## INPUT FROM OUR STAKEHOLDERS

We conduct dialogue with all our stakeholders via several different channels. A large portion of our employees communicates daily with our customers. In addition to these daily communications, we also organise wider dialogue with our stakeholders on products, services, customer satisfaction, our role in society and other topics that they find important. We are in touch with our customers via customer councils, customer panels, online surveys, Vereniging Achmea, insurance councils and Achmea Corporate Relations (ACR). We talk to our employees every day, via the various works councils, trade unions and the annual employee engagement survey.

We talk to our commercial partners via ACR and in bilateral commercial consultations. Communications with our shareholders are embedded in our formal governance process. With our shareholders Vereniging Achmea and Rabobank, we conduct dialogue in many different ways and at many different levels. At our regular Capital Market Day sessions, for instance, we are in contact with the holders of preferential shares and capital providers

## CIVIL CONSULTATIONS

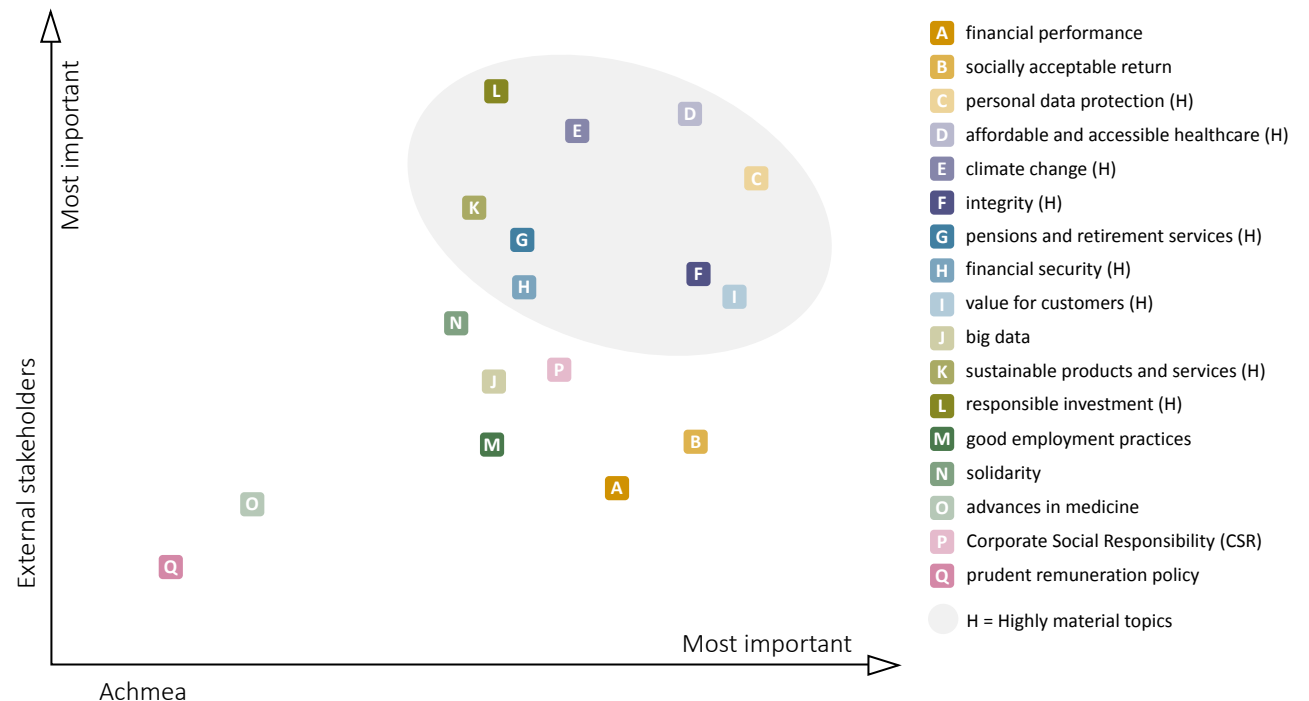
More specifically with regard to our role in society, we organise a dialogue process in which we involve stakeholders that represent specific social interests or have insights into these. For this we invite, among others, representatives of interest groups, knowledge institutes and civil society organisations, academics, opinion leaders and customers. Over the past few years, we have conducted this dialogue intensively in different ways, including via very extensive stakeholder consultations in 2015. We took these consultations and additional, in-depth stakeholder dialogue as a basis when we formulated our

corporate social objectives in 2016: ‘Based on our expertise we contribute to a healthier, safer and more future-proof society.’ We see this choice confirmed by the social stakeholders that participated in the online survey we conducted in 2017. The outcome is depicted in the materiality matrix, which is very similar to last year’s and also demonstrates that the trends for sustainability and social relevance continue.

Affordable and accessible healthcare is very important. This also includes the promotion of a fit and healthy life.

Climate change, responsible investment and personal data protection are growing in importance. This trend matches the increased focus on these themes in the public debate. The 2017 stakeholder consultation confirms that Achmea has a role in developing sustainable product and service solutions for customers and society, across the full range of its product portfolio.

The outcome of the stakeholder consultations show that the majority of the material topics are viewed as important by both the external stakeholders and by Achmea itself.



An in-depth discussion of the material topics is included in the Topics from the materiality matrix appendix. (p.54)





All of the acknowledged material topics are relevant for the strategy of Achmea and the execution of this strategy. Nine material topics are considered by both Achmea as well as external stakeholders to be of considerable importance for Achmea's long-term value creation. In the materiality matrix, these are marked as 'highly material topics'. In the GRI index (see Appendix A: Supplements part 3) it is noted where in the Annual Report it is described how Achmea responds to these topics in its strategy and business operations.

The material topics are addressed in the four strategic themes that we selected last year (also see 'Achmea's story' ([p.11](#))) for which customer impact and societal relevance were the starting point. This is explained in more detail in the section on 'Our strategy' ([p.19](#)). We tested the strategic themes in 2018 against the United Nations' Sustainable Development Goals (see 'Our commitments' [p.46](#)). In 2018 we will, partly based on the SDG's, sharpen our focus on these strategic themes. In order to do so, we will conduct extensive stakeholder consultations.



# Our strategy

## ROADMAP

Our strategy focuses on strengthening our current business models and on developing new products, services and business models. Achmea is evolving from its traditional role as an insurance company that focused purely on risk insurance to one that focuses more on services. In addition to insurance products, we are also in the process of extending our range of services, including those relating to prevention. We offer our customers insights and solutions relating to the uncertainties in their lives. This is the basis for keeping customer satisfaction scores high and securing the continuity of our services. In doing so, we apply short to medium-term and long-term planning. 2017 was the first year of the three-year short-term planning period under the 'Delivering Together' motto. More information on this is given in the next section. First, we deal with our portfolio, profile and the four pillars of our strategy.

### Portfolio

We target retail customers, businesses and collectivities, primarily non-life, health insurance and (supplementary) services through the direct and banking channels. Customers decide how they wish to communicate with us: personally, digitally or by mobile phone. We are expanding our activities to include retirement services, asset management and international activities.

### Profile

We want to be personally relevant to our customers and preferably on a daily basis. We provide insights and dialogue in order to deal better with risks and uncertainties. If desired, we help our customers determine how to deal with these, based on their own risk acceptance policy. We offer insurance policies and services that match the solidarity our customers choose for. And when an insured risk occurs, we pay compensation for the damage and help in recovery.

### Consolidating our current position

The essence is to maintain our market position and to achieve solid financial results. First and foremost, this requires us to serve our customers via existing activities. Each day, get it right the first time and continuing to improve our processes. Here, we are responding to the customer population created by demographic trends, systemic changes, new laws and legislation and growing digital customer interaction. As a result, we can also invest in the further development of our company.

### Digital customer interaction

New challenges in customer interaction often come from outside the sector. Customers, justifiably, have ever-increasing expectations. For this reason, we increasingly offer more personalised interaction, including the option to switch between channels or devices without a problem. Peers also form a frame of reference for customers. Personalised online (robot) advice and automated services are part of this. Real-time insight into data on customers and the options of online and mobile interaction are conditional here.

### Expanding existing business models

New opportunities in our corporate model are linked to the advent of new technologies and devices, such as artificial intelligence, robotics, wearables and the Internet-of-Things. This allows for greater efficiency in business operations and customer interaction and provides new possibilities for creating value for our customers.

Another important aspect is that this allows for different movements, such as the shift from push to pull. Customers take the initiative here. Emphasis is increasingly placed here on prudent management, especially in dealing with our customers' personal data.

### Strategic innovation

Parties outside the sector are present in the value chain or parts of it, blurring market borders and making providers' new ecosystems visible. Data handling, innovation and partnering determine the level of success here. We are responding to this by leading the way in the market (possibly in selected domains) via our own platforms or ecosystems. We may also opt to operate as a follower and join the platforms or ecosystems of others. We are investing in future business models that contain services next to insurances for both familiar risks and in new risk areas.



## Strategic focus within Delivering Together

### FOCUS IN ACTIVITIES

We are now a year into 'Delivering Together', our strategic direction for the planning period covering 2017 up to and including 2019.

### STRATEGIC THEMES

#### Domains in which we take a prominent role

Over the past year, we have selected themes that have an impact on our customers and society. We are concentrating on four themes, as these are relevant to society. Sustainability is a leading motive in these four themes. The themes are:

- Health closer to everyone
- Clean, safe and smart mobility
- Safe homes and taking action
- Financial solutions for now, tomorrow and later

With these, we provide direction to our (future) activities and our innovation. In these themes, we aim to be market leaders, together with selected partners.

In order to be successful, we are creating capacity to experiment. This sometimes requires patience and we can only achieve this through cooperation with carefully selected partners. In addition, the short-term focus is on further strengthening our financial position by structurally improving results.

### FOCUS VIA MARKET-ORIENTED VALUE CHAINS

In order to provide the best possible services to our customers, we work in five market-oriented value chains. With the value chains Non-Life, Health, Retirement Services, Pension & Life and International, we have structured ourselves as efficiently as possible to meet our customers' needs via the propositions offered by our brands and segments. In these, we

emphasise the following accents in the coming period.

The **Non-Life** value chain operates via brands such as Centraal Beheer, Interpolis, FBTO, Avéro Achmea and InShared. With these, we have a leading market position in non-life insurance and a third place in income protection. Customer appreciation is high for direct online distribution and distribution via Rabobank. We are investing in quality improvements and growth by further renewing our services and innovative solutions for safe homes and working environments and clean, safe and smart mobility. This value chain delivers a decisive contribution to the group's results. Claims cost control, reductions in expenses and setting sustainable premiums are important factors here.

The **Health** value chain works to bring good health to everyone, including via Zilveren Kruis and De Friesland Zorgverzekeraar. Affordability and accessibility are key words here. The value chain focuses on the balance between solidarity, market share and solvency. The brands in this chain create added value for their customers by investing in services aimed at prevention. They distinguish themselves in their service delivery by providing good healthcare and innovation relating to healthy living, vitality and employability, including via Actify for retail customers and Gezond Ondernemen (Healthy Enterprise) for employers.

Within the **Retirement Services** value chain the Centraal Beheer Algemeen Pensioenfonds (APF, General Pension Fund) plays a major role. The Centraal Beheer APF provides an innovative pension solution for employers and offers a good range of products for company pension funds in a consolidating market. Achmea Pension Services and Achmea Investment Management are the outsourcing partners of the Centraal Beheer APF. They provide an innovative, digital pension platform and, among other things, fulfil a fiduciary role in asset management. In this value chain, Centraal Beheer is evolving into a broad financial service provider, with direct distribution and via brokers. We offer customers the option of saving,

investing, and arranging a mortgage and term life insurance. In addition, we offer our customers insight into their financial position. We are aiming for growth in volume at pension services and an increase in the assets under management at Achmea Investment Management, both for institutional clients via the Centraal Beheer APF and for retail customers. We offer 3<sup>rd</sup> pillar products from the Pension & Life value chain and 4<sup>th</sup>-pillar products from Achmea Bank and Achmea Investment Management. At Pension Services we are focusing on further reducing expenses and on customer retention and we are also active in company and sector pension funds.

The **Pension & Life** value chain is our service organisation for existing customers with pensions or life insurance policies. We have made a strategic decision on growth in the group pension market via the Centraal Beheer APF. The existing portfolio is therefore no longer growing, but services to customers will remain at a high level for many years to come. In doing so, the value chain provides a significant contribution to our capital position and results. In addition to stability, this value chain also offers growth in term life insurance policies via e.g. Interpolis and Rabobank, and the range of individual pension annuities.

The fifth value chain is our **International** chain, which is an integral part of our group strategy. The International value chain is growing via use of our knowledge and experience of non-life and health insurance products distributed via direct and banking channels. We use these core competencies in countries in which we identify strategic opportunities in the insurance markets. This applies to e.g. Turkey, Greece, Slovakia, Australia and in a partnership in Canada. Under the name of Onlia, we started full online service operations in Canada by using the InShared platform. Initially, Onlia is targeted towards Homes and Cars. We will sell the policies through authorised agents. Where it reinforces our position, we work internationally with strategic partners, such as Rabobank in the Netherlands and Australia and Garanti Bank in Turkey.





*An increasing number of people opts for self-employment. We think along and offer appropriate solutions in the field of disability, pensions and damages.*

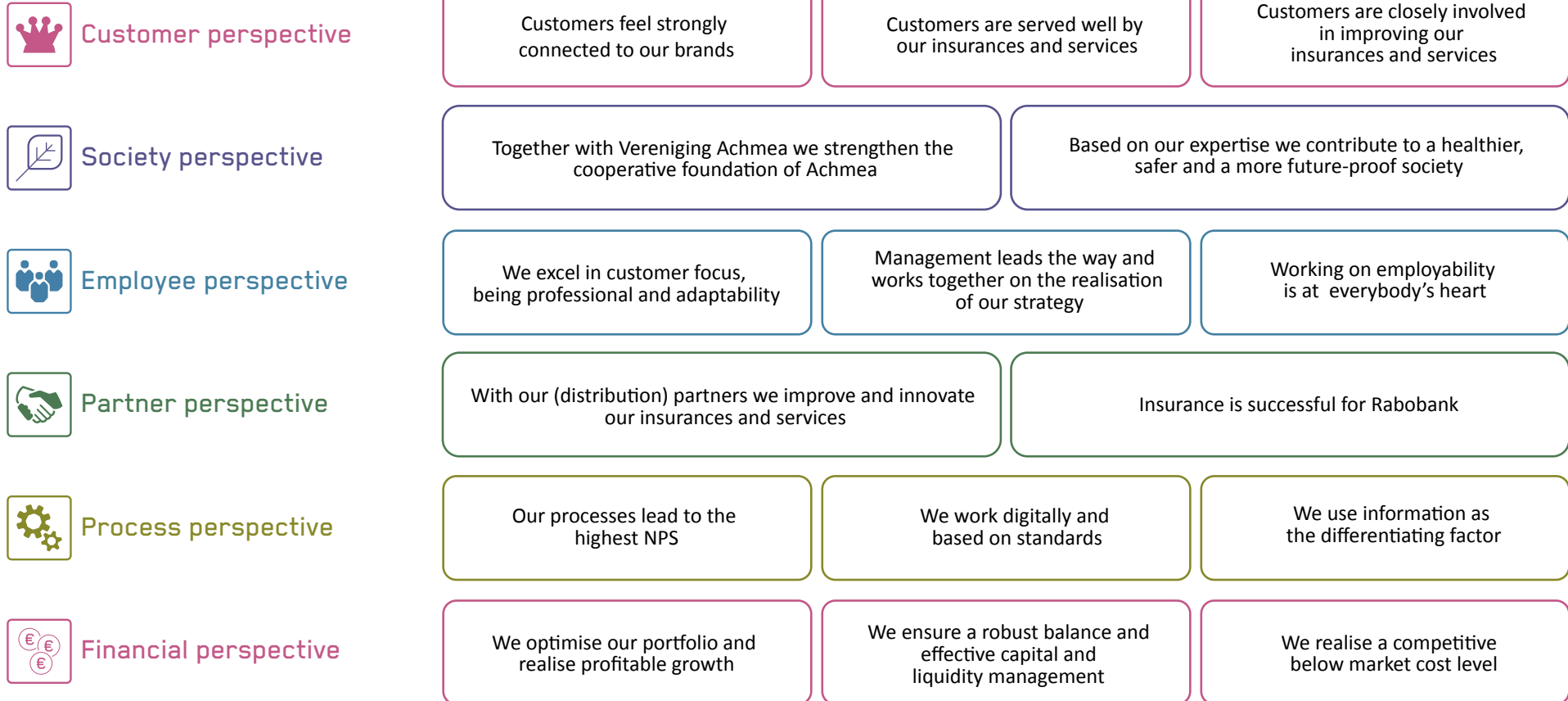
## Objectives & Progress

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# Our objectives for 2017-2019

## Strategy map 2017-2019



Additional information strategy map 2017-2019 can be found in the appendix (p.56).



## STRATEGY MAP FOR 2017-2019

Achmea's activities are managed on the basis of six perspectives. The essential elements of the strategy have been translated into a strategy map. Achmea has key performance indicators for each perspective to guide us in achieving our objectives for the planning period 2017-2019.

## TAKING ACTION TO ACHIEVE OUR OBJECTIVES

Achmea has set Key Performance Indicators (KPIs) for each perspective, to help us to monitor and take action to achieve our objectives during the planning period. In 2017, we refined the KPIs for a number of perspectives. As a result, a number of the KPIs now differ from those in last year's annual report. The progress made in achieving each of the KPIs is set out here, broken down by perspective.

### Customer perspective

Within the customer perspective we measure customer commitment to our brands using the relational Net Promoter Score (NPS). This score indicates whether customers would recommend our brands. In terms of NPS, Centraal Beheer and Interpolis are both in the top 5 in the market. We aim to retain these positions in the years ahead. The relational NPS of Zilveren Kruis is the main area where we see room for improvement. Our long-term objective is to achieve a top 5 position with its customers and labels too.

We measure the extent to which customers feel in safe hands with our insurance policies and services using the Achmea and AFM Customer Centricity Dashboard.<sup>1</sup> The dashboard's outcomes provide an indicator of the extent to which our products and services align with the wishes and needs of our customers. In 2017, we were able to match our 2016 score.

1) Achmea Customer Centricity Score (KBC) concerns an internal KBC-instrument

Our customer centricity score is in line with our objectives.

### Societal perspective

As a key player in the insurance industry, Achmea has a major impact on its environment. We therefore want to use our expertise to contribute to a healthier and safer society. To this end we have organised a variety of initiatives, for instance the Interpolis Automodus app introduced in 2017 and lifestyle and healthcare innovations. In the years ahead we will continue to expand the number of socially important innovations.

### Employee perspective

It is important to Achmea to create an environment in which our employees can grow and excel. A key element of this is working to achieve long-term employability. We measure this using KPIs such as Employability and Leadership, which are derived from our Employee Engagement Survey (MBO). In 2017 we scored 7.7 on Leadership and 7.2 on Employability, retaining our already high scores on these KPIs and achieving our 2017 objectives. These KPIs are part of our long-term objectives within the employee perspective.

### Partner perspective

We work with several partners. Rabobank is a key partner, and we operate together in the insurance market under the brand name Interpolis. We measure the success of this partnership by means of the number of Rabobank customers (in the retail and commercial markets) with an Interpolis insurance policy.

In the years ahead our mutual goal with Rabobank is to increase this number of customers further. This KPI replaces the level of market penetration of Interpolis insurance policies among Rabobank customers.

### Process perspective

The way in which we implement our processes is key to the success of our business. We regard customer ratings for our services as a barometer of that success. We measure our success in this respect using the transactional Net Promoter Score immediately after we have contact with a customer, for instance regarding a product purchase or claim. As of 2018, transactional Net Promoter Score has become one of our KPIs. We aim to use this new KPI to monitor progress on our process objectives more closely than before. As a result, the previous KPI of reduction in number of letters sent, which was included in the 2016 annual report, has been superseded. This KPI aims to secure a 25% reduction in 2019 in the number of letters sent compared to 2016. In 2017, the reduction in the number of letters sent was in line with our planning.

### Financial perspective

For the sake of continuity of our services to customers, it is important for Achmea to remain in good financial health, both in the short and long term.

Within the financial perspective, success is measured in terms of profitability using the KPI Profit Before Tax (PBT). We also want to continue to manage our finances effectively, retaining a robust balance sheet and an effective capital and liquidity policy, while also making further improvements in this respect. Important KPIs in measuring our success in this respect are our financial result, liquidity at the holding company, our Solvency II ratio and free capital generation. On these KPIs, we showed a strong improvement in 2017 compared with 2016. In the years ahead we will focus on continuing the upward trend in our result and free capital generation. We also aim to maintain a more than competitive cost level. To this end we measure the reduction in operating expenses.





## Progress made on our perspectives

### Our customers

We want our customers to have a strong connection with our brands. Therefore, we endeavour to ensure that the market and customers are familiar with and trust our brands. Digital and omni-channel customer service are essential in this respect.

With our insurance policies and services, we aim to offer customers sound and accessible solutions for dealing with uncertainties. We do this by giving them insight into risks. In this way we enable customers to make decisions about which risks they do or do not wish to insure in light of their own personal circumstances. Research has shown that customers trust Achmea's brands.

By actively involving customers in improving our insurance policies and services, we know what is going on among our customers and what concerns them. We involve our customers in improving our propositions, services and processes.

#### Strong connection with our brands

Achmea's brands aim to be relevant and distinctive for our customers in the moments of truth. By actively involving customers in improving our insurance policies and services, we know what our customers are preoccupied with. We get to know our customers' needs for example by making use of customer journey mapping and by regularly analysing

customer contacts. This enables us to improve customer contacts and better align our services with what our customers want. We have used a variety of initiatives to strengthen the possibilities for personal customer contact, for example via our brands' websites.

#### In safe hands with our insurance policies and services

Our customers are satisfied with the products and services offered under the Achmea brands. This is demonstrated for example by the customer satisfaction surveys carried out in 2017 (see table below). Various Achmea brands match or exceed the market average.

### LIST OF CUSTOMER SATISFACTION SCORES FOR ACHMEA BRANDS IN 2017 (2016)

	CUSTOMER-ORIENTED INSURANCE QUALITY SEAL	RETAIL MARKET					COMMERCIAL MARKET		
		NON-LIFE <sup>1</sup>	NON-LIFE <sup>4</sup>	HEALTH <sup>2</sup>	HEALTH <sup>2</sup>	LIFE <sup>1</sup>	NON-LIFE <sup>3</sup>	INCOME PROTECTION <sup>3</sup>	PENSION <sup>3</sup>
<u>Avéro Achmea</u>		7.3 (7.2)		7.7 (7.8)		-	7.5 (7.2)	7.1 (7.1)	6.3 (6.2)
<u>Centraal Beheer</u>		7.5 (7.5)	NPS 4 (5)	-		7.0 (7.0)	7.5 (7.7)	7.2 (7.3)	6.7 (6.6)
<u>De Friesland Zorgverzekeraar</u>		-		8.1 (8.2)		-	-	-	-
<u>FBTO</u>		7.4 (7.3)		8.0 (8.0)		7.2 (-)	-	-	-
<u>InShared</u>		7.4 (7.3)		-		-	-	-	-
<u>Interpolis</u>		7.3 (7.5)	NPS 3 (2)	8.0 (7.9)		(7.2) 6.9	7.5 (7.6)	7.4 (7.2)	-
<u>OZF</u>		-		8.2 (8.2)		-	-	-	-
<u>Pro Life</u>		-		8.1 (8.1)		-	-	-	-
<u>Zilveren Kruis</u>		-		7.8 (7.7)	NPS 0 (-5)	-	-	-	-
<b>Average for Achmea brands</b>		<b>7.4 (7.4)</b>		<b>8.0 (8.0)</b>		<b>7.1 (6.9)</b>	<b>7.5 (7.5)</b>	<b>7.2 (7.2)</b>	<b>6.5 (6.4)</b>
<b>Industry average</b>		<b>7.4 (7.2)</b>		<b>8.0 (8.0)</b>		<b>7.0 (6.8)</b>	<b>7.4 (7.4)</b>	<b>7.2 (7.2)</b>	<b>6.7 (6.5)</b>

1. Source: Verbond van Verzekeraars, Verzekeraars in Beeld onderzoek 2016 and 2017.

2. Source: SAMR, Klantenmonitor Zorgverzekeringen, as per april 2016 and 2017 (Multi-client research).

3. Source: Verbond van Verzekeraars, Klanttevredenheidsonderzoek Zakelijk 2016 and 2017 (both carried out by SAMR).

4. Source: Metrixlab, Brandtracker 2017, yearly average (Carried out on behalf of Achmea).



Achmea's brands monitor customer satisfaction using NPS measurements. Our Centraal Beheer and Interpolis customers appreciate the property & casualty insurance products and services offered and rate them highly. The relational NPS of Zilveren Kruis rose further in 2017.

### Excellent customer service

Our brands manage their operations to ensure excellent customer service. In 2017 Achmea's brands did a great deal of market and customer research and they hold regular consultations with their own Customer Councils. Communications, new products and service propositions are often tested out on our own customer panels. Achmea gives customers the opportunity to provide responses regarding its services when it has contact with them. These responses are used to further improve customer service. The 'agile' approach is becoming increasingly common within Achmea, and we are using so-called backlogs filled with customers' ideas to improve our customer service. In 2017 the 'transactional' NPS of a number of key sales and service processes increased further. Our customer service also continued to evolve in 2017. At Zilveren Kruis, further improvements were made to the submission of expenses claims. Most customers have their claims reimbursed within three days. At Centraal Beheer the scope for customers to use a number of preferred channels when taking out an insurance policy or submitting claims has been widened. Interpolis achieves good satisfaction scores from retail customers for its claim settlement. Its online claim submission service scores highly.

### Use of social media

In a recent survey Centraal Beheer was named most socially-minded insurer. Zilveren Kruis took third place. Centraal Beheer and Zilveren Kruis use social media to strengthen their customer relationships and to engage in dialogue about

current topics. Of all Dutch insurers, Centraal Beheer has the most fans across all channels (Facebook, Twitter, LinkedIn and Instagram).

### Customer Centricity Dashboard

We endeavour to achieve the perfect match with the current and future needs of our customers. Customers can verify this at other bodies, such as regulatory authorities and consumer organisations. Through the Customer Centricity Dashboard of the AFM (Netherlands Authority for the Financial Markets), the AFM has formulated norms to test whether Achmea, as one of the six major insurers in the Netherlands, is putting customers' interests first in the products and services it provides. In most modules Achmea scores better than the market average. According to the KBC measurement, carried out by the AFM, the module claim settlement is still under the market average.

MODULE	ACHMEA BRANDS	MARKET
Self-assessment Mortgages	3.9	3.7
Information provision by insurers	4.3	3.6
Claims settlement	2.6	3.3
Payment arrears on mortgage	3.0	2.8
Unit-linked policies	4.0	3.2

Source: AFM Customer Centricity Dashboard 2017

The Customer-Oriented Insurance quality seal (KKV) underlines the quality of the services and customer focus of an insurer. Achmea has requested and received a KKV seal for most of its brands. In 2017, those quality seals were retained (see table [p. 24](#)).

### PROGRESS MADE BY OUR BEST KNOWN BRANDS

Achmea is focusing on further digitisation and mobile interaction with customers. In 2017, our brands implemented further innovations.

### Centraal Beheer

In 2017, Centraal Beheer further improved its digital customer service for the retail and commercial markets. Using (assisted) self-service and omni-channel customer services, retail and commercial customers can purchase products and services themselves more conveniently and make real-time changes. We cooperate with (potential) customers in order to improve services and introduce innovative concepts into the market.

### Self-service

We improved the self-service functionalities on the websites and in the apps. More is being sold via the online channels in the retail, self-employed and small business markets. Centraal Beheer allows customers to submit claims themselves via a chatbot and follow the progress made in the claims settlement process online through a personal track & trace web page. The customer contact channels WhatsApp and live chat with a customer contact employee, which were already introduced in 2016, have now been better integrated into our customer processes. We are also seeing more sales via online channels in the retail, self-employed and small business markets.

### Online damage repair service

Since 2017, customers – whose claims are not covered by their insurance (e.g. if they only have statutory liability insurance) and customers of other insurers – can use our network of damage repair businesses. Through the online damage repair service, the customer can find a damage repair business close by and request and compare quotes.

1) Source: IDTS, Social Media Insurance Monitor 2017, January 2018

**'Even Apeldoorn bellen'**

Customer research has repeatedly shown that customers are very enthusiastic about the convenience of taking out or amending insurance policies by phone. The option of customer contact via "Even Apeldoorn bellen" by telephone was valued greatly by customers in 2017. A variety of website surveys<sup>1</sup> have shown that it is easy to take out insurance policies with Centraal Beheer. In the commercial market, Centraal Beheer's disability insurance for the self-employed scores the maximum five stars for its terms and conditions in the Moneyview<sup>2</sup> benchmark.

**'Gemaksbeleggen'**

As a financial service provider, Centraal Beheer helps its customers for instance to accumulate capital for the period after their retirement. As part of this, Centraal Beheer offers investment accounts under the name 'Gemaksbeleggen' (easy investment). In 2017 Centraal Beheer launched a campaign to publicise Gemaksbeleggen, which led to a rise in the amount of new investments.

**Zilveren Kruis**

Zilveren Kruis has for a long time been working to improve the quality and accessibility of healthcare. In 2017 Zilveren Kruis made further progress in realising its ambition to bring healthcare closer to customers by providing them with advice and practical assistance. Our healthcare is not focused so much on patients and what they can no longer do, but instead on people and what they are still willing and able to do. In doing so, Zilveren Kruis has worked with its customers to further develop its vitality concepts Actify and Gezond Ondernemen (Healthy Enterprise).

**Insight into risks and coverage**

As of 1 January 2017, 6.4% of insured people switched to another insurer. In addition, many changes are made to insurance policies. Zilveren Kruis provides (potential) customers with insight into their choices when they take out an insurance policy, via Keuzehulp (Choice Assistance) for customers and Polischek (Policy Check) for potential customers. Zilveren Kruis also makes it easy for customers to see which healthcare needs are covered or not covered under the policies. Benchmark research<sup>3</sup> has shown that it is easy to take out insurance policies with Zilveren Kruis and that the online self-service options are highly rated, winning first place for both performance and the service scan.

**ZieZo Selectief by Zilveren Kruis**

At the end of 2016 we introduced the online basic health insurance policy ZieZo Selectief. ZieZo Selectief offers a lower level of coverage at lower premiums. Customers can use selected hospitals and order medication and equipment online. This policy helped Zilveren Kruis further strengthen its market position in 2017 too.

**Actify and Gezond Ondernemen**

In 2017 Zilveren Kruis further expanded its vitality concepts Actify and Gezond Ondernemen (Healthy Enterprise) and renewed the Zilverkorting online store, focusing on senior citizens. Through Actify, Zilveren Kruis offers a lifestyle platform to help customers and non-customers alike live healthy (or healthier) lives and boost their vitality. Zilveren Kruis helps employers to keep their employees feeling physically and mentally fit by offering insights, advice and interventions on health management. Achmea itself is one of the participants, through its innovative 'Healthy Working'

(Gezond Werken) approach, for this renewed approach it was awarded an international prize<sup>4</sup> by the Institute for Health Management and Quality. Via the Zilverkorting web shop, customers gain easy access to discounted products and services, enabling them to stay living in their own homes for longer in a safe and healthy manner, but which are not reimbursed under health insurance policies. This initiative was established partly as the result of cocreation with the senior citizens panel (Seniorenpanel). Customers can share their thoughts on subjects such as living at home for longer and new services, in here.

**Interpolis**

In 2017, together with Rabobank, Interpolis took an important step towards the digitisation of its customer service by integrating its products into the Rabo banking app and introducing its new website and its new 'My-environment' (Mijnomgeving). Interpolis, together with Rabobank, also launched the content platform ikwoonleefzorg.nl. In product and price comparisons, Interpolis performs well. For instance, in a benchmark study<sup>5</sup>, Interpolis scored the maximum five stars for the terms and conditions of its property and home contents insurance thanks to extensive out-of-home cover, good coverage of valuables and limited exclusions Interpolis home insurance was rated as the best in research by the Consumentenbond<sup>6</sup> (consumer association).

**Interpolis and Rabobank**

Interpolis and Rabobank have a strategic partnership. Together they have introduced innovations to the insurance market, by offering package propositions for the retail and commercial markets and good service in dealing with

1) Sources: WUA!, Web Performance Scan - term life insurance, February 2017 and WUA!, Web Performance Scan - disability, April 2018

2) Source: MoneyView, Special Item on disability insurance, February 2017

3) Source WUA!, Online Oriëntatie Zorgverzekering 2018, November 2017 en WUA!, Web Service Scan Zorgverzekeringen, July 2017

4) For more information about the prize awarded by iHMQ, see the 'highlight' box on p.33.

5) Source: MoneyView, Special Item, Woonverzekeringen, June 2017

6) Source: [www.consumentenbond.nl](http://www.consumentenbond.nl), Test Opstalverzekeringen, October 2017



claims. In 2017 Rabobank and Interpolis intensified their partnership. Building on 'Glashelder' (crystal clear), Interpolis has renewed its brand message: 'Focus on what's really important.' Interpolis and Rabobank have the goal of making people's lives simpler when it comes to insurance. They do this through solutions that help people and businesses to focus on what really matters to them and to help them avoid setbacks.

### Safe in traffic

In 2017 Interpolis once again worked successfully with its partners and interest groups to promote traffic safety. These partners included Veilig Verkeer Nederland. With the 'Stichting Wetenschappelijk Onderzoek Verkeersveiligheid' (Institute for Road Safety Research) campaign 'Samen Slim op Weg' ('together we'll stay smart on the road') and the commercials 'This could happen to you too' and 'Focus on what's really important', we called on people not to use their mobile phones at all while driving. The special Interpolis app AutoModus helps people reduce their use of mobile phones in traffic.

### All-in-one policy now incorporated in the Rabo Banking App

In 2017, Rabobank incorporated Interpolis non-life and health insurance products in its Rabo Banking App. Interpolis customers can now take out insurance policies online more quickly and easily in the 'My-environment' and in the Rabobank app. The Rabo Banking App now also includes a new digital health proposition.

### Comprehensive mortgage advice

The comprehensive advice that customers receive when taking out a Rabobank mortgage is bearing fruit for Interpolis. In addition, term life insurance can now be taken out online without advice at rabobank.nl. The market share in term life insurance rose in 2017.

### Interpolis in the SME market

Interpolis scores well online in the SME market with its proposition ZekerVanJeZaak (sure of your business). In 2017 Interpolis worked in partnership with 60 local Rabobank branches to host 15 Cybercrime events, at which 5,500 businesspeople were brought up to date on the risks of cybercrime. Some twenty starter events were also held in partnership with a number of local Rabobank branches, startersdagen.com and ikwordzper.nl. Interpolis ran workshops at these events, providing an insight into risks and smart solutions when establishing a business.

### OTHER BRANDS

#### FBTO

FBTO's property & casualty portfolio, particularly in car insurance, grew in 2017. The personal customer environment MijnFBTO was upgraded in 2017. The customer environment now includes a personal timeline that gives customers a convenient overview of all the correspondence concerning their health insurance, such as expenses claims submitted and invoices reimbursed. This further improved the digitisation of customer contact.

#### InShared

InShared has been active as a digital insurer in the Dutch market since 2009. Through its 2017 campaign '#gek-op-eerlijk' ('crazy about being honest') InShared emphasised its promise to use a small fixed portion of the premiums to run the company and by far the largest portion for claims settlement and payments. Any money that remains below the line will simply be returned by InShared. All customers who have had no claims in a year will be rewarded. In 2017 it continued to develop its virtual agent Fleur, enabling customers to find answers to around 87% of questions on their own.

This successful digital formula in the Netherlands will now be deployed by Achmea in launching a new concept in Canada.

### De Friesland Zorgverzekeraar

Customer contact by telephone was rated a score of 8.3 by those insured with De Friesland in 2017. This was the third year in a row in which the score rose. In 2017 De Friesland Zorgverzekeraar further developed its customer app. Together with customers, the insurer worked to further improve the design and use of the app, enabling users to make changes to supplementary insurance via the app. De Friesland Zorgverzekeraar communicates also via social media (Facebook, LinkedIn and WhatsApp). In 2017 the number of WhatsApp messages increased with more than 30% compared to 2016.

In 2017 De Friesland Zorgverzekeraar intended to strengthen its ties with customers further through a new printed magazine called FAM, which deals with vitality, powerful people and special families. People who are inspired by what they read can contact the interviewees through FANmail, with the editorial team playing a mediating role. Another initiative by De Friesland Zorgverzekeraar is OokGoed! This is an employee initiative of De Friesland for a 'community' for the sake of living more vital lives. The insurer strengthened its ties with commercial customers through the Netwerk Vitale Directies (Management Vitality Network). This is an alliance of management boards of companies that want to improve the vitality and health of themselves and their employees, which is run in co-operation with the employers' organisation VNO-NCW Noord. In 2017 this partnership led to the Vitality Battle. Five selected companies competed in the battle for the title 'Most vital company of the North'.





## Our value to society

Creating value for society is inextricably linked with our cooperative background. We want to use our expertise to contribute actively to a healthier, safer and more future-proof society. In 2017 we developed a number of new initiatives in this area. Through the association Vereniging Achmea we reinforce the cooperative basis on which Achmea is founded.

### CONTRIBUTING TO A HEALTHIER, SAFER AND MORE FUTURE-PROOF SOCIETY.

#### Healthy: Health closer to everyone

Zilveren Kruis has a range of activities aimed at promoting the vitality of our customers, solidarity, and good, accessible healthcare.

#### Healthy lifestyle and healthcare innovations

Through 'Gezond Ondernemen' (Healthy Enterprise) and the Actify app we promote a healthy lifestyle. Through a variety of healthcare innovations we contribute to improving people's health and to good and accessible healthcare. Achmea is involved in Memory Up. Memory Up is a partnership between TU Eindhoven (Eindhoven University of Technology), Philips and LUMC (Leiden University Medical Center). Working together, these parties have developed an app to help people aged 55 to 75 train their memories. The app is currently in the test phase. The HartWacht app was developed with the financial assistance of Zilveren Kruis. Patients can use it to measure their heartbeat themselves at home, share the results online and discuss it with a cardiologist.

From the perspective of prevention, non-smoking is an important topic for our customer's health. In order to contribute to the public interest, Achmea pursues helping insured to quit smoking through prevention. We offer our insured a number of provisions in the policy conditions that facilitate to quit smoking. Achmea does not invest in

tobacco. In addition, we examine how we can pay even more attention to this in the coming period.

#### Sustainable and efficient healthcare procurement

Zilveren Kruis has launched a three-year partnership with the Kersten Hulpmiddelen specialist firm for the supply of up to 10,000 'upcycled' wheelchairs per year. Upcycling ensures that wheelchairs can be re-used wherever possible. This will save more than €25 million. The environmental benefits – less use of raw materials, less waste and lower CO<sub>2</sub> emissions – will be substantial since 85% of the materials will be reused. Kersten deploys people who are 'distanced from the labour market' (20%) which also results in generating 'social return'.

### SAFE: CLEAN, SMART AND SAFE MOBILITY - SAFE HOME AND WORKING ENVIRONMENTS

Safety is a broad-ranging subject and therefore encompasses a great deal of our activities – particularly, but not limited to, our property & casualty insurance and the associated services. There are several activities aimed at clean, safe and smart mobility.

#### Safe mobility

In 2017 Interpolis took the initiative in the public debate on the risks of using smartphones in traffic. In partnership with the Institute for Road Safety Research (SWOV), the first major survey of 'mobile phone use in traffic' was conducted. Interpolis offers the Automodus app, which stops telephones from being used during driving. This smart solution has already been downloaded more than 95,000 times. The aim is to reduce claims by at least 25%.

#### Smart mobility

Centraal Beheer is taking further steps to promote the use of shared cars. It was the first insurer of shared car

### OUR ANSWER TO THE MATERIAL TOPIC RESPONSIBLE INVESTMENT

Socially responsible investing is part of our group-wide Corporate Social Responsibility (CSR) policy. Through this policy we implement international programmes and standards, such as the PRI, PSI, SDGs and OECD Guidelines.

Socially responsible investing ('MVB') means that when making investment decisions the effects on man and the environment are taken into account to the greatest possible extent. The choices Achmea makes are based on our identity and the values that we stand for: to contribute to a healthier, safer and more future-proof society.

We invest the premiums entrusted to us in a responsible manner. By this, we mean that we always want to be able to fulfil our financial obligations to our customers and that we invest with respect for the world around us and for future generations. Our attention focuses in particular on human rights, labour rights, health, nature and climate change. We want to gradually reduce our CO<sub>2</sub> footprint. Societal objectives play an important role in Achmea's vision for the future. Sustainability issues – ESG issues – are acquiring more of a strategic character. In the future, investment will also be approached from the same perspective.

**HIGHLIGHT**

Safe living is a societal issue. By using techniques and the internet we aim to make people's lives safer, more care-free and happier. Under the motto of 'Making your home and your neighbourhood safer by connecting people', Achmea has worked with its partners to establish the Homies initiative.

Homies is a smart alarm system that sends an alert to a resident and their network of friends, relatives and neighbours in the event of a fire or break in using a simple app.

initiatives for retail customers and now – since October 2017 – it is the first insurer to cover self-driving (shared) electric cars. Its about the start-up Amber which arose from a partnership with TU Eindhoven. Amber's founders are aiming to 'optimise mobility while minimising the impact on the environment'. Based on this idea, they have developed a car made from sustainable materials, which will start to be manufactured in 2021. The car will be self-driving and will serve as a shared car. For the time being, existing electric cars are being used to further develop and test the concept. Centraal Beheer believes it is important to be involved in this innovative approach where clean meets smart and is also involved in other 'smart' mobility concepts.

**Clean mobility**

Syntrus Achmea Real Estate & Finance are the first landlords to offer homes that give tenants use of a shared electric car. To this end, a partnership is being established with the Utrecht initiative 'We Drive Solar'. The first three cars are now ready and waiting for use in the carpark of the new complex at Oudenoord, Utrecht. Tenants can take out a contract to use the cars, which are charged using 115 solar panels on the roof of the complex. 'We Drive Solar' cars will also be stationed in

the carpark of the new development being realised at what used to be the tax office. This will help boost sustainable mobility and improve the quality of life in the city.

**Safe businesses**

Interpolis has established a cyber prevention service to give businesses an insight into cyber risks and the status of information security. This service has been set up in partnership with Capgemini. Entrepreneurs who use the service will receive an extensive report on problems and solutions. In partnership with the municipality of Tilburg and Philips, Interpolis has improved the safety and sustainability of the surroundings of the Kreitenmolen industrial estate. This involves remotely-operated smart lighting that can detect any suspicious activity. Another way of 'smart safety' is a patrol service that monitors homes and businesses digitally when the residents or entrepreneurs who use them are not on the premises.

**CLIMATE CHANGE**

Climate change affects the safety of living and working environments. Since weather conditions seem to be becoming more extreme, our customers may have to make claims more often. In the Netherlands, much of this is accounted for by extreme precipitation. Average rainfall has increased substantially over the past fifty years, but the biggest problem is that the downpours have become much heavier. This leads for example to situations where water collects in the streets because the drains are no longer capable of disposing of it all. This results in damage to homes and companies. Yet we are also witnessing more claims as a result of leaking gutters, roofs and walls. More extreme weather conditions also pose greater damage risks to farmers. We want to help our customers to better protect themselves against these risks. Our data provides useful insights into risks. We share these insights with the Royal Netherlands Meteorological Institute (KNMI) to help improve the weather models for hailstorms. We also share them with

municipalities to help them make better informed decisions about adjustments to public spaces. We are studying the possibilities for giving customers the most individualised possible advice on the risks that they face.

In addition we have joined the Transition Coalition, a partnership of more than sixty companies that is lobbying politicians to accelerate the transition to sustainably generated energy. These efforts are based on the belief that a consistent, long-term policy is needed to stimulate private investment in improving the sustainability of the economy.

**CLIMATE CHANGE: OUR CO<sub>2</sub> FOOTPRINT**

Achmea's operations have been climate-neutral since 2011. We measure our CO<sub>2</sub> footprint. This CO<sub>2</sub> footprint takes into account all aspects of our operations: heating, lighting, water and paper use, waste, cooling agents, servers and mobility. We try to improve sustainability wherever we can, and where that proves impossible, we offset our emissions through VCS certificates. Our CO<sub>2</sub> footprint is explained in greater detail in book 3, supplement E, page 17.

In 2017 we began to measure the CO<sub>2</sub> footprint of our investments. We do so knowing that climate change and the necessary transition to a low-carbon economy can have a negative impact on the value of our investments. In 2017 we began measuring the CO<sub>2</sub> footprint of a substantial portion of our equity investments for our own account and risk. In addition we have reached agreements with our asset managers on reducing their CO<sub>2</sub> emissions. In 2018 we will extend our measurements to other investment categories. We aim to achieve substantial reductions in the CO<sub>2</sub> footprint of our investments in the years ahead.

The scope of our CO<sub>2</sub> measurement and the figures themselves are explained in more detail in book 3, supplement E, page 17.



## Fireworks

As an insurer that operates at the heart of the community, we put subjects that impact on many people on the agenda. In this way we are participating in the public debate. Achmea was the first insurer to sign up to the firework manifesto, which advocates centrally organised firework displays and consequently a ban on sales of fireworks to consumers. Every New Year fireworks lead to fire damage, above all, people suffer eye, hand and leg injuries. That is why Achmea advocates professional firework shows that allow everyone to enjoy fireworks safely.

## FUTURE-PROOF: INNOVATIVE SOLUTIONS TO HELP PEOPLE LIVE IN THEIR OWN HOMES FOR LONGER - FINANCIAL SOLUTIONS FOR TODAY, TOMORROW AND LATER

This domain concerns a broad range of activities: pension products and income protection, but also savings, healthcare and real estate.

### Innovative solutions to help people live in their own homes for longer

Achmea believes it is important to help people live in their own homes for longer, even if they need healthcare services. This does mean that people need to know about those services and where to find them. It is also possible that these services will need to be organised or that new services will be necessary. We are keen to play a role in this respect in a variety of ways.

In partnership with Rabobank, Interpolis has launched a prevention services platform: [ikleefwoonzorg.nl](http://ikleefwoonzorg.nl). Zilveren Kruis is also increasingly focusing on helping people to live in their own homes for longer. Customers receive a 'zilverkorting' (senior citizens' discount) on products and services to make life easier for them, for instance by improving their mobility or helping them to live at home for longer despite a disability.

Zilveren Kruis and Syntrus Achmea Real Estate & Finance have signed up for On(t)roerend Goed, a partnership which focuses on developing new forms of living for people who need care. Together with five other partners, Syntrus Achmea Real Estate & Finance and Zilveren Kruis won a prize for their plan 'Who Dares', for the district of Carnisse in Rotterdam. The prize, following a competition launched by the Chief Government Architect (Rijksbouwmeester), is about innovative ideas and links increasing care needs to improvements in sustainable urban living.

## FINANCIAL SOLUTIONS FOR TODAY, TOMORROW AND LATER

Through disability insurance, pension solutions, savings and investment products and mortgages, financial empowerment is crucial to us. In this area, we are a key partner for employers.

Through its platform 'Open', Centraal Beheer assists employers with job market issues such as flexibilisation, employability and talent management. Employers can consult 'Open' for knowledge questions and solutions, as well as relying on its broad network of companies and partners. This enables employers from different sectors to work together on HR issues.

Through its platform 'Mijn Later', Centraal Beheer provides people with insight into their future finances and possibilities. Much has changed with regards to the state retirement pension (AOW) and retirement pension, therefore it is important for people to have a clear understanding of their (financial) future. The 'Mijn Later' platform provides these insights. For self-employed people (zzp-ers) a separate platform on issues relating to financial empowerment has been set up.

The Centraal Beheer General Pension Fund advocates a modern, future-oriented pension system. It takes advantage of economies of scale in its administration and manages the shared capital sensibly and cleverly. It also makes innovations possible, such as 'continuing to invest beyond an individual's retirement date' and combining defined contribution and benefit agreements.

In 2016 Achmea Investment Management (Achmea IM) arose from a merger of the insurer's asset managers for retail customers and pension funds. This gave Achmea IM the scope to invest in its services and to grow. By year-end 2017 the assets under management had grown to €120 billion.

## VIA THE ASSOCIATION VERENIGING ACHMEA WE REINFORCE THE COOPERATIVE BASIS ON WHICH ACHMEA IS FOUNDED.

In 2017, as an active way of elaborating our cooperative identity, we created five thematic working groups. In here, more than sixty members (customers) of Vereniging Achmea and more than twenty Achmea employees/managers participated. The themes are 'carefree retirement', 'work & income', 'liveable society', 'healthcare & health', 'big data & privacy' and 'climate'. These themes are in line with the societal issues identified by Achmea and the subjects that our stakeholders consider to be important. The working groups are focused on exploring and examining the themes in greater depth, in particular their relevance to and possible synergy opportunities with (the brands of) Achmea.



## Our employees

The employee perspective in Achmea's strategy map focuses on everyone who works at Achmea. Besides personnel employed under a collective labour agreement, this also means agency staff and self-employed individuals. In 2017 the emphasis in personnel policy was on long-term employability, leadership and the development of professionalism.

We attach great value to a good relationship with both the Central Works Council and the works councils within our company divisions. Partly due to this close cooperation, Achmea can be a good employer. In times of change, existing relationships may come under pressure. We want to solve issues that may present themselves then in co-creation, each with their own responsibility.

### CHANGE IN A CHANGING WORLD

The job market is becoming more dynamic, competences are getting out of date more quickly and the content of work is changing. Adaptability is becoming increasingly important to employees and organisations. We encourage staff to grow as the business develops and to continuously renew their knowledge and skills. Learning, development and change have become more important than ever before. The ways in which Achmea organises work is changing too. New techniques and working methods are helping us to work more smartly. We are seeing growth in 'agile working' and more self-managed and self-organised teams. Increasingly we assign responsibility to teams and individual employees. This enables them to respond to customer queries and to changes in their work more autonomously and quickly.

Together we face major challenges in work and in market conditions. That is why we make changes to our business. In 2017 the total number of jobs at Achmea declined again. This means that it remains important to invest in knowledge and skills, so that employees maintain a strong position in the job market.

Our aim is to retain employees who are very good at their jobs and who evolve in a flexible and resilient manner as work changes. In this respect they should be helped by managers who lead the way, encourage the development of talent and work with employees to implement our strategy. Through these joint efforts we will develop an organisation that remains relevant to our customers and makes a trendsetting contribution to building a healthier, safer and more sustainable society.

### OUR ANSWER TO THE MATERIAL TOPIC PERSONAL DATA PROTECTION

Achmea uses privacy-sensitive data. In this respect, safeguarding customer privacy is always an important focus of attention. Achmea informs its employees in a variety of ways about how to treat customers' personal data with due care.

Besides customer details, Achmea also holds a great deal of data on its own employees. It is crucial for HR to process these data securely and to safeguard employees' privacy.

Employees' access to HR data is controlled through a system of authorisations. The principle is that employees can only access the data they need to perform their jobs. In a similar way it is ensured that the IT systems linked to HR administration is not given more information than needed. Data and information requests are channelled through a procedure devised in cooperation with the Data Governance organisation, which involves assessing the request in light of Achmea's HR and privacy policy.

In this way HR ensures that employee data are processed securely.



## LONG-TERM EMPLOYABILITY

In a changing world, working on employability is becoming increasingly self-evident to Achmea employees. By this we mean the capacity to work in a healthy, pleasant and productive manner, at Achmea or elsewhere, until the point of retirement. In conjunction with the trade organisations, the objectives of this policy have been determined:

- increasing the resilience of employees and the flexibility of the organisation
- improving the quality and productivity of work.

Achmea has subdivided the theme of employability into four perspectives. Based on each perspective, we offer products and services to help employees and managers enhance their employability. The perspectives are shown in the figure below.



In the Employee Engagement Survey ('MBO') 2017 the average score on employability was 7,2%. Employability in the survey was measured with the aid of thirteen statements. Many scores were better than the 2016 figures. Almost all of the statements for which a financial market benchmark is available, scored better in 2017. The SVM target (Stakeholder Value Management) for employability (72%) was achieved with a score of 73.4%. Vitality and health are important for the employability of staff. Sickness absence is a good indicator in this respect. Since the introduction of the employability policy in 2011, the sickness absence rate has fallen sharply. Since 2016, the rate has been stable at around 3.45%.

## SICKNESS ABSENCE RATE

2017	3.47
2016	3.45

## LEADERSHIP

Achmea's leadership model reflects its vision on leadership. We renewed this model in 2017. Managers help employees discover and develop their talents. They offer employees the scope to try out their own ideas. 'If you have an idea, tell us; and if you're able to do something, do it' is the motto.

The principle in developing leadership is to increase the capacity for self-reflection of managers. After all, change starts with self-reflection. Improve, our 360°-feedback instrument, helps managers in this process. We introduced this instrument in 2017. It allows managers to develop their leadership skills in a targeted way. The Employee Engagement Survey also measures leadership. In 2017 we used ten statements for this measurement. Many scores were better than those of 2016. The two statements for which a benchmark is available scored well above the benchmark.

Almost a year after the introduction of the new leadership model, the score amounted to 7.7.



## PROFESSIONALISM AND LIFELONG LEARNING

Professionalism has for some years been a core quality in Achmea's identity in the four stakeholder model. In 2017 we renewed our vision on the importance of lifelong learning. The objective is to encourage employees to continuously develop their professionalism. This ensures that employees remain valuable to Achmea and resilient in a changing job market. In this way our renewed vision on learning also helps us to achieve our objectives in the field of long-term employability. 'You'll leave Achmea better equipped than when you joined us'. Achmea sees lifelong learning as a responsibility shared between the employer and the employee. Achmea provides a range of training courses so that employees can select the learning interventions that they need. Part of Achmea's new vision on learning is



that employees increasingly learn from each other in the workplace and from the creation of a working environment that encourages learning. Managers play an important part in this. Employees are also increasingly making content available based on their own knowledge and experience.

The Achmea Academy provides support and advice with respect to this new approach to learning. This year we worked hard on developing a new 'Learning Management System (LMS)', which the Academy will make available in early 2018. LMS offers employees access to a personal learning environment that provides digital support for all (digital) forms of lifelong learning.

The MBO produced an average score of 7.2 on professionalism. This year's survey measured professionalism with the aid of seven statements. Many scores were better than the 2016 figures. The two statements for which a benchmark is available scored well above the benchmark.

#### HIGHLIGHT

##### **Gold certificate for the Gezond Werken (Healthy Working) vitality programme**

Improving staff employability is a key priority within Achmea's personnel policy. Vitality and health are a precondition for the employability of employees. In this area Achmea is pleased to be able to draw on the expertise of Zilveren Kruis. With their Gezond Ondernemen (Healthy Enterprise) proposition, it is trendsetting in terms of vitality. Within Achmea, this proposition has been adapted to become the Gezond Werken (Healthy Working) programme. This programme offers all Achmea employees inspiration and support for their bodies, minds, hearts & souls. Healthy Working areas have been set up at seven Achmea locations. Employees can turn to (on a preventive basis) for example the services of company physicians, physiotherapists, dieticians and work/life coaches. In November the International Institute for Health Management and Quality awarded Achmea a gold certificate for its Healthy Working approach.



## Our partners

Achmea works with a variety of partners. With strategic partner Rabobank, Achmea cooperates closely via Interpolis. Through this channel we aim to help Rabobank customers reduce their risks or take out adequate insurance. Retail and commercial customers can then focus on what is really important to them.

In addition, we work with insurance brokers and civil society organisations. These partnerships also allow us to improve and renew our insurance policies and services. With partners we can also increase our market reach.

### PARTNERSHIP WITH RABOBANK OFFERS AMPLE OPPORTUNITIES

Rabobank and Achmea have enjoyed a strategic partnership for years. Rabobank is, amongst other things, a major broker in the Netherlands, and, with Interpolis, the market leader in bancassurance. The result is visible in the form of loyal and satisfied customers. This position has been built up partly through the "crystal clear" package of propositions and service in claims settlement. In addition to serving as the distribution partner of Interpolis, Rabobank is of course also an Achmea shareholder.

Interpolis and Rabobank both have the ambition of further developing their market positions by helping customers deal with risks in the simplest way possible. They are doing so by further integrating the Interpolis propositions into Rabobank service formulas, digitising services and developing smart technological services and solutions. In these efforts, the brand power of Rabobank and Interpolis is deployed, in which social responsibility is also taken into consideration.

### OUR ANSWER TO THE MATERIAL TOPIC PENSIONS AND RETIREMENT SERVICES

Many Dutch people accrue no or little pension, leaving them with a small income on retirement. Achmea needs to provide new and affordable retirement services. This was the idea behind the establishment of the Centraal Beheer General Pension Fund (APF). In the APF we combine the forces of employees, employers and pension funds. Through benefits of scale and smart asset management, we offer the highest possible pension per euro contributed. The Centraal Beheer APF offers the possibility to continue to keep investing after the retirement date. This gives employees flexibility.

Communication with employers is conducted digitally. We facilitate employer and employee consultation through the digital community 'SamenPensioen'. Employers and employees have formal voting rights through interest groups. Via the 'Mijn Pensioen' portal, employees have control over their retirement services, giving them insights and options to make changes.

### OUR ANSWER TO THE MATERIAL TOPIC FINANCIAL SECURITY

As a result of trends in social security, the pensions system and the job market many people are less secure about their financial future. Achmea aims to contribute to financial empowerment by offering products and services that are appropriate, understandable and simple.

The 'Mijn Pensioen' (My Pension) portal offered by the Centraal Beheer General Pension Fund provides people with a total overview of retirement services, communicates in understandable language and gives members control over their own pension accrual. In 2017 this portal won the communication prize from the 'Pensioen Bestuur & Management' pension platform. The jury said that the portal was a shining example of the member portal of the future. In 2017 the number of employers whose pension schemes are administered by Centraal Beheer grew. Besides the General Pension Fund (APF), Centraal Beheer offers saving and investment products to supplement pensions. We also offer customers financial insights in partnership with Rabobank. In doing so we draw on Rabobank's strength as an adviser in combination with the insurance propositions of Interpolis.



In 2017 Rabobank and Interpolis took considerable steps forward. Rabobank retail customers can now take out the Interpolis All-in-one Policy through the Rabo Banking App. Also for the other retail insurance, the service is increasingly being offered digitally. In the commercial market, Rabobank and Interpolis have continued with digitisation, for instance via their ZekerVanJeZaak (Sure of your Business) proposition.

Building on 'glashelder' (crystal clear), Interpolis renewed its brand message in 2017 with "Focus on what's really important". One element of the new brand message is the development of additional services and smart technological solutions to help customers prevent claims and inconvenience. One example is the Automodus initiative, but here is also the conferences on cybercrime, Interpolis thuismeester (safety in and around the home) and the security smoke generator to prevent break-ins at business premises. In partnership with Rabobank, the platform IkWoonLeefZorg has been introduced to help senior citizens live in their own homes for longer. These initiatives are closely aligned with the societal role that Rabobank and Interpolis aim to fulfil together. Rabobank and Interpolis increasingly refer to one another in campaigns, capitalising on the strength of dual branding.

## EMPLOYERS

Employers are also key partners for Achmea. We engage in dialogue with them on long-term employability and on employee mobility and vitality. In this we offer a variety of services and innovative solutions in partnership with our brands. This is generally done through group insurance schemes: employees can join either mandatorily or voluntarily. In 2017 Centraal Beheer, in partnership with BNR and Het Financieel Dagblad, conducted a campaign for the Centraal Beheer Open network. The Open network brings together employers from different sectors to share knowledge and experiences in relation to HR issues. The

Open-network now has many members. Through our joint venture Iselect we have developed a variety of employment conditions portals for employers and sectoral organisations. In doing so Centraal Beheer gives a positive impulse to important societal themes such as employability and employee mobility.

## SECTORAL AND UMBRELLA ORGANISATIONS

Sectoral and umbrella organisations are employer and employee organisations that represent the interests of members in particular industries. Achmea has established partnerships in this area with the metal, education, construction and graphic media industries. One of the main tasks of sectoral and umbrella organisations is to conclude collective labour agreements. These agreements increasingly focus on sustainable employability and employee vitality. One example is the prevention fund established by Zilveren Kruis and MEVAS for members of the metal industry employers' organisation Koninklijke Metaalunie. Another is the partnership established with the Dutch employers' organisation FME in organising a 24-hour session 'Working in the technology industry is like top-class sport'. Next to long-term employability for employees, long-term employability for entrepreneurs is also an important key point. We want to establish partnerships with professional associations and framework contract parties for ensuring continuity in employability and operations. Our role in this respect goes beyond providing guidance and assistance for returning to work in the event of a disability. For instance Avéro Achmea is a key partner for ZZP Nederland Verzekeringen and the agricultural sector (via the organisations LTO and NAJK). Interpolis is a key partner for the medical sector. In 2018 we will intensify these partnerships further.

## INTEREST GROUPS

Achmea works from its cooperative background with social

interest groups. One example is the partnership between Zilveren Kruis and the Ouderenbond (senior citizens' group), especially for health services provided to senior citizens. Zilveren Kruis collaborates with the NOC-NSF sports organisation and both elite and grassroots sport on promoting vitality and developing additional services.

## BROKERS

Over 13% of Achmea's total (written) premiums are accounted for by brokers (excluding Rabobank). Brokers serve as key partners to Achmea, for instance in the commercial and mortgage advice markets. Customers value the advice and comparisons that brokers provide. There is currently a consolidation trend under way among brokers. Achmea often opts for partnerships with the major brokers in the Netherlands, through our brands Avéro Achmea, Centraal Beheer and Zilveren Kruis. Avéro Achmea aims to enhance the value of advice from brokers and to ensure that brokers can do business successfully. Avéro Achmea does so for instance by assisting brokers with important themes such as digitisation and risk management. In 2017 Avéro Achmea collaborated with IBM in organising a number of inspiration sessions for around eighty partners, to examine the opportunities offered by digitisation and technologies such as IBM Watson. A practical follow-up to those sessions is the Digital Transformation masterclass, in conjunction with Nyenrode university, launched in 2018. Given its focus on the commercial market, Achmea announced in 2017 that it would stop offering Avéro Achmea's provincial property & casualty insurance for retail customers via brokers. Centraal Beheer has partnerships with brokers for the Centraal Beheer General Pension Fund (APF) and since 2018 it has also had such partnerships for disability insurance. In the mortgage advice market, we offer Centraal Beheer mortgages, Woonfonds mortgages and term life insurance policies through brokers. Zilveren Kruis is our partner for brokers in the field of health insurance.





## EUROPEAN PARTNERS IN THE EURAPCO NETWORK

Achmea is a member of the Eurapco alliance, a network of European cooperative insurance companies. The Eurapco Alliance is a partnership of eight leading European mutual insurance companies from the Netherlands (Achmea), Germany (Gothaer), Finland (Localtapiola), France (Covéa), Italy (Reale Group), Spain (Caser Seguros), Sweden (Länsförsäkringar) and Switzerland (La Mobilière). In 2017 Eurapco celebrated 25 years since its foundation. Together the Eurapco partners serve around 41 million customers in their markets. The alliance focuses on strategic challenges such as innovation, cyber risks, digitisation and the welfare state. It does so by exchanging knowledge and conducting research that aims to help the partners improve, accelerate and more efficiently implement their strategies in their home markets. In 2017 the Eurapco partners worked together to exchange knowledge on topics such as blockchain technology, artificial intelligence, Agile working and smart home services. Through Eurapco, Achmea continues to build a knowledge platform at European level in the years to come.

## MAXIS GLOBAL BENEFITS NETWORK AND AXA GLOBAL HEALTHCARE

Maxis Global Benefits Network (GBN) in London is a joint venture between AXA Group (France) and MetLife (US). This combination helps provide multinationals with solutions for employee risks relating to income protection, healthcare and pensions. Achmea is one of the top 10 partners of Maxis GBN and has been on the Maxis GBN Member Committee since

2016. In 2017 Achmea was recognised by Maxis GBN as 'most engaged network partner'. This partner network is intended to strengthen our position in the commercial market. OZF Achmea is AXA Global Healthcare's local partner for mandatory basic insurance for foreign expats living in the Netherlands. As of 2016, Zilveren Kruis also contributes as a local partner with the Zilveren Kruis International Health Plan for Dutch expats in foreign countries.

## PARTNERS AND INNOVATION

With the help of innovation we are renewing our business models by developing services in the fields of health, living environments, financial empowerment and mobility. Achmea believes in open innovation: together with partners we are accelerating our innovation. With Lab55, Centraal Beheer is building a bridge between innovative start-ups and Achmea's product and proposition development. Through its 'seats2meet' concept, Lab55 offers workspace to entrepreneurs and students and won the award for "best local flexible working space in the Netherlands" in 2017. Previously Lab55 collaborated with Startupbootcamp. Since 2017 it has its own accelerator programme to speed up innovation at Achmea. In the area of safe homes we have a partnership with Eneco related to the smart thermostat 'Toon'. Together with Eneco we are studying the possibilities for developing services to make people's homes safer and to prevent claims. Especially for the healthcare market, Zilveren Kruis participates in start-ups through Achmea Zorgparticipaties.

## BLOCKCHAIN INITIATIVE B3I

Blockchain is an example of an initiative launched with partners. Blockchain is especially known because of cryptocurrencies such as bitcoin, but can also be applied to insurance policies and 'smart contracts'. In 2016 we examined this technology in proof-of-concepts. In 2017 we launched a project to use blockchain technology to make reinsurance processes simpler and more efficient. We are doing this together with the B3i consortium, a consortium of international reinsurers: the Blockchain Insurance Industry Initiative consortium. Achmea was one of the first Dutch insurers to join this consortium. We also share our knowledge with our Eurapco partners. In the meantime, two Eurapco partners have joined B3i. Website: <https://b3i.tech/home.html>



## Our processes

We aim to provide our customers with the highest-quality personalised services, using their preferred communication media. We organise our processes in such a way that they result in the highest NPS (Net Promoter Score). We aim to answer customer queries directly and on a first time right basis. That is why, wherever possible, we work digitally and in accordance with standards. Working digitally offers more convenience for customers. Working in accordance with standards ensures simplicity and predictability. We use information to help us remain distinctive: we service customers in a personal way based on their circumstances and preferences. In 2017 all Achmea brands made further progress in digitising their customer service and processes. Customers have gained better access to their products and are increasingly using self-service via the web or mobile.

### EFFICIENT AND FLEXIBLE PROCESSES IN MARKET-ORIENTED CHAINS

In 2016 Achmea adapted its organisation according to market-oriented chains. As a result, Achmea operates on the basis of a stronger market orientation in chains for product divisions and distribution divisions. In 2017 and the following years this will contribute to an increased customer focus, decisiveness and efficiency. In order to enhance our agility, we began to implement agile working in 2017. We introduced this approach across the business and the number of renewal projects that followed an agile approach increased to around 50% in 2017. The feedback and satisfaction of our customers (in the form of NPS) play a leading role in this respect. In 2017 and the coming years, this contributed to an increased customer focus, effectiveness and efficiency. Putting our customers first and adopting agile working ensures that we are becoming increasingly effective. Operating in chains ensures that we continue to work more efficiently.

### OUR ANSWER TO THE MATERIAL TOPICS PERSONAL DATA PROTECTION AND VALUE FOR CUSTOMERS

Through digitisation and automation citizens, the government and entrepreneurs are becoming increasingly vulnerable to cybercrime. In addition to protecting their own customer data, insurers have a vital role in helping to prevent and insure these risks.

To protect the data of our customers, partners and employees, we are continuing to invest in IT security. We are doing so through knowledge enhancement, technological innovation and raising awareness within our organisation. Additional measures have been taken to protect workstations and IT environments. In order to raise awareness, we offer IT security training throughout the organisation, and address the subject regularly in our internal communications. In the years ahead we will continue to enhance our digital resilience.

Our customers may also be impacted by cybercrime. We help them to understand the risks and the possibilities that exist for dealing with those risks. In 2017 Rabobank and Interpol organised a number of conferences for entrepreneurs, aimed at raising awareness and preventing cybercrime. We are investigating whether we should offer an insurance policy against the consequences of cybercrime.

### OUR ANSWER TO THE MATERIAL TOPIC BIG DATA

For an insurer, data are a source of knowledge for prevention and other issues, enabling us to improve our services to our customers and/or to prevent claims.

Achmea also aims to be distinctive in its use of data. This will help us to provide customers with digital products and services that best meet their personal circumstances. Besides the customer data that we hold in our systems, more data are becoming available. Take for example the data provided by smart thermostats, which we can use to offer prevention services. Technology providers are holding out the prospect of big data in combination with artificial intelligence and chatbots bringing about a fundamental revolution in customer service, as systems will become self-learning and will advise customers. This raises many questions. Will our customers allow us to use personal data in this way or accept service from robots? How realistic are these promises on the part of technology providers? Achmea believes in digitisation with a human dimension. We use data only if customers give us permission and if it is in their interests to do so. We take measures to protect customer data. We investigate the possibilities offered by technology and use it to remain customer relevant and trendsetting. We believe human involvement will remain essential in future. If they have complex or sensitive queries, customers can always contact an Achmea employee.



## DIGITISATION ON THE BASIS OF A SHARED IT PLATFORM

Using our shared IT platform we will be working in the years ahead on digitising the processes and customer service in our chains. In 2017 the performance of our IT platform was improved through a higher rate of availability, higher productivity and lower cost. Achmea withstood the Petya and Wannacry cyberattacks in 2017 without becoming infected. This confirmed to us that acceleration is required in order to protect ourselves against new digital threats. We took further protective measures in 2017 and will continue to do so in the years ahead. In all of our chains we want to use the shared IT platform wherever possible. In 2017 we achieved results in this area. Our customers can now take advantage of better self-service options. Achmea employees have better information available to help them provide assistance. The digitisation of the processes and administrations of our insurance products has continued. In order to support the increase in digital communication with customers, partners and employees, we are also expanding the possibilities for teleworking.

## NON-LIFE

With respect to non-life insurance, in 2017 we improved the services we provide to retail and commercial customers.

In partnership with Rabobank, we have incorporated Interpolis insurance policies as standard in Rabobank's online mortgage process. Since 2017 Rabobank retail customers have had access to Interpolis insurance policies via the Rabo Banking App. In 2017, the possibilities for customers of Interpolis, Centraal Beheer and FBTO to submit claims digitally were also extended, via the portals and mobile apps of the distribution divisions. In 2017 the customer contact centre system was renewed. All customer contact is now received at one point and processed using a single integrated system. This means that Achmea employees have

better information available to help customers. This system is also used for the Health and Healthcare, Retirement Services and Pension & Life businesses. The administrations of property & casualty insurance for retail customers are being transferred to the new system for the new and improved propositions. Most of the records of the All-in-one Policy (approximately 1.2 million package policies) were transferred in 2017. Centraal Beheer and FBTO insurance policies are also being transferred.

We will be offering the improved digital customer service to commercial customers as well. Since 2017 the Interpolis ZekerVanJeZaak (Sure of your business) proposition has become available online for Rabobank customers. The online customer orientation process has been improved. Liability insurance has been included in the Rabobank service formula for start-up entrepreneurs. For disability insurance, a digital health statement has been introduced and the online service options have been improved. For more complex, advice-sensitive commercial service, we are working with Rabobank to examine the options for digitisation.

## HEALTH

In 2017 Zilveren Kruis made further improvements to customer service and increased the efficiency of its operations. Improvements were made on the basis of customer feedback (NPS). For instance, the information provision to customers via mijnzilverenkruis.nl was extended to include the Zorgverkenner (healthcare explorer tool). The Zorgverkenner brings together information concerning our healthcare procurement, hospital waiting time indications and our reimbursements. Customers therefore have a better insight into their own policy excess and their healthcare expenses. The information provision to employees in our customer contact centres has also been improved, by handling all customer communication by phone, post and

email digitally at a single point. Pharmaceutical claims are being processed by the organisation itself since 2017 and the paper giro collection form (acceptgiro) has been replaced with the payment email. In 2017 the administrations of FBTO health insurance were transferred to the Zilveren Kruis system. The system of Zilveren Kruis serves as the basis for all Achmea health insurance. In this way improvements at Zilveren Kruis become available to health customers of Interpolis, Avéro Achmea, Pro Life, FBTO and OZF Achmea.

## RETIREMENT SERVICES

In 2017 Achmea further expanded its retirement services proposition. New employer and member portals were established for the Centraal Beheer General Pension Fund (APF) and for company pension funds. Centraal Beheer's APF customers have been automatically entered in the records.

The records have been simplified by switching to a new archiving system. Achmea Bank has outsourced the implementation of part of its mortgage process and renewed its saving system.

In 2016 Achmea decided that Syntrus Pensioenbeheer would withdraw from the market for sectoral pension fund services. This decision was implemented in 2017. Sound agreements have been reached with Syntrus customers to transfer services to other service providers; a portion of the customers will switch to Centric. The transfer will be completed in 2018. The MiFID II directive was implemented at Achmea Investment Management in 2017. The forthcoming enactment of the General Data Protection Regulation (GDPR) as of 1 May 2018 also led to a great deal of (preparatory) work being done in 2017.

## PENSION AND LIFE

The servicing of the closed book Pension and Life portfolios



was further improved in 2017. Digitisation can help us improve user-friendliness for customers and reduce management and administration expenses. Processes and records have been streamlined, and old records systems have been terminated. Here, too, digitisation has a high level of priority.

## INTERNATIONAL

The approach to digitisation in the Dutch operating companies is also being applied at our International division. We are using this experience to accelerate our international strategy in the countries in which we operate. We are trying to break into existing markets using digital concepts. For instance, in Canada we are working on introducing an entirely digital insurer in 2018, offering propositions in the field of safety and prevention. In doing so we are drawing on the experiences of Onlia, Union's digital insurer in Slovakia. Similar to the Netherlands, at our International division we are introducing agile working and investing in the possibilities offered by big data. At the end of 2017 we announced the sale of our Irish pension and life insurance company Friends First.

## INNOVATION

Besides improving the products and processes in our chains, we are also looking closely at new developments. Consider for instance the possibilities offered by big data for improving products and services, or the options offered by artificial intelligence for enhancing customer contact. We have conducted a pilot with artificial intelligence at the IT service desk for Achmea employees: to learn about how we could use this technology to help customers. Achmea aims to use technology to be customer relevant and trendsetting.

### IMPROVED HANDLING OF CUSTOMER QUERIES

Customer communication is increasingly being conducted digitally. Besides contact by telephone, communication via e-mail, chat, WhatsApp and web video chat is becoming increasingly popular. In 2017 we introduced a new customer contact system. We now receive all forms of customer communication at one central point. We use this system in our brands' customer contact centres. Employees therefore have easy access to a more complete set of customer data. This enables us to answer customer queries better and more efficiently using the customer's preferred communication channel.

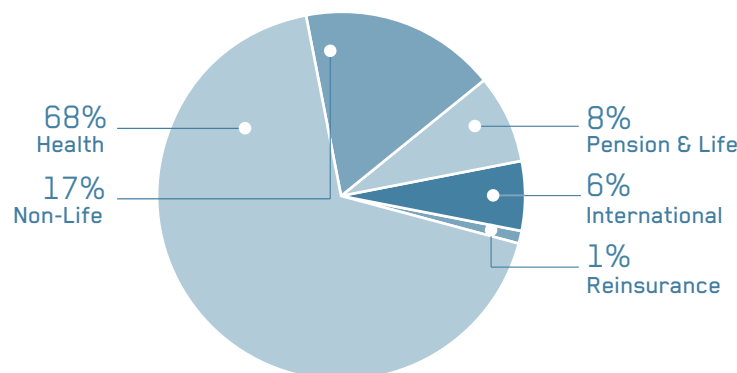




## Our financial results

### Group results

#### Gross earned premiums



#### OVERALL RESULTS

2017 was a year for Achmea during which the improved fundamentals for almost all segments were visible in an improved operational result. The operational result over 2017 is €349 million (2016: €319 million negative).

The higher result is particularly visible in our non-life insurance business, where premium, claim management and expense measures, along with the absence of claims arising from major calamities in 2017, have led to a significant increase in the result. Our health activities earned a higher result than in 2016, with positive trends in healthcare expenses in the current book year and lower expected equalisation contributions from previous years. In 2017 we also needed to use less of our capital reserves for the 2018 health insurance premiums than we did in 2016 for the 2017 health insurance premiums.

#### RESULTS

(€ MILLION)

	2017	2016	Δ
Gross earned premiums	19,350	19,507	-1%
Net earned premiums	19,348	19,428	-0%
Gross operating expenses <sup>1</sup>	2,136	2,446	-13%
<b>BREAKDOWN OF RESULTS</b>			
Operational result (excluding Health Netherlands)	477	-123	n.m.
Health Netherlands	-128	-196	n.m.
Operational result <sup>2</sup>	349	-319	n.m.
Results before tax	321	-414	n.m.
<b>Net result</b>	<b>216</b>	<b>-379</b>	<b>n.m.</b>
<b>BALANCE SHEET</b>			
	<b>31-12-2017</b>	<b>31-12-2016</b>	<b>Δ</b>
Total assets	90,946	92,980	-2%
Total equity	9,949	9,782	2%
<b>SOLVENCY II</b>			
Solvency ratio (Partial Internal Model)	184%	181%	3%-pt
<b>FTEs<sup>3</sup></b>			
	<b>31-12-2017</b>	<b>31-12-2016</b>	<b>Δ</b>
FTEs (internal)	14,582	15,715	-7%
FTEs (external)	2,848	2,561	11%

n.m.: not meaningful

1) Gross operating expenses comprise personnel expenses, depreciation costs for property for own use and equipment and general expenses, including IT expenses and marketing expenses. These are operating expenses excluding paid and due fees, profit sharing on reinsurance and fees and for the allocation of claims handling expenses and allocated investment costs.

2) The operational result is calculated by adjusting the profit before tax for certain items. These are items within income and expenses which are significant and which arise from events or transactions which are clearly distinct from the normal business operations, and are therefore not expected to occur regularly. Examples of such items include exceptional depreciation losses from goodwill and pre-tax results from divestments of business operations.

3) As of 1 January 2017, one FTE is based on a full working week of 36 hours. Comparative figures have been adjusted accordingly.



The result improved sharply at our Pension & Life service organisation following higher investment results and lower operational expenses as a result of the transition to a service organisation for Pensions in 2016. We achieved further growth in the number of term life insurance policies. We spent 2017 working hard on our new Retirement Services strategy. We expanded the range of financial products at Centraal Beheer and positioned Centraal Beheer as a financial service provider. The first customers have now also joined the Centraal Beheer General Pension Fund (APF). The result improved due to lower start-up and investment expenses.

We continued to invest in putting the international strategy into operation throughout 2017. Our international growth is on schedule through the use of the core competencies: property & casualty and health insurance via digital and banking distribution channels.

The Other activities segment is contributing positively to our results via a further reduction in our expenses. This reduction is partly of an incidental nature, for instance due to the additional provision for restructuring made in 2016.

OPERATIONAL RESULT SEGMENTS	€ MILLION	
	2017	2016
Non-Life Netherlands	166	-185
Pension & Life Netherlands	342	285
Retirement Services Netherlands	12	-18
International Activities	16	25
Other activities	-59	-230
<b>Operational result (excl. Health)</b>	<b>477</b>	<b>-123</b>
Health Netherlands	-128	-196
<b>Operational result</b>	<b>349</b>	<b>-319</b>

BREAKDOWN OF NET RESULTS	€ MILLION	
	2017	2016
<b>Operational result</b>	<b>349</b>	<b>-319</b>
Impairments on intangible assets		-93
Transaction results from sales	-28	-2
<b>Results before tax</b>	<b>321</b>	<b>-414</b>
Taxes	105	-35
<b>Net result</b>	<b>216</b>	<b>-379</b>

The net result increased to €216 million (2016: €379 million negative), mainly due to the improvement in the operational result. The result over 2016 was also affected by a one-off goodwill impairment on our Turkish insurance entity caused by economic developments. The transaction result in 2017 chiefly relates to the book result on the planned sale of Friends First.

#### Gross earned premiums

Gross earned premiums amounted to €19,350 million in 2017 (2016: €19,507 million). We realised a higher income from premiums in our property & casualty insurance business due to growth in the retail customer property & casualty insurance portfolio. Higher numbers of customers and higher premiums in 2017 also led to higher gross earned premiums for our health activities. Gross earned premiums for pension & life insurance activities decreased, in line with our expectations, as a result of halting new sales and the non-renewal of existing contracts for group pension schemes.

#### Operating expenses

Gross operating expenses amounted to €2,136 million in 2017 (2016: €2,446 million). The lower gross operating expenses are chiefly due to a decrease in the number of employees by over 800 and the resulting lower personnel expenses. We also realised savings via the more effective use of marketing and further rationalisation within IT.

The cost savings are partly due to one-off effects, such as winding down of Staalbankiers activities, the reorganisational provision made in 2016 and the amendment to the pension scheme in a health entity in 2017. When adjusted for these effects, the decrease in expenses amounts to 5%.

At the same time we continue to invest in innovation and digitisation in our company, with the development of innovative concepts and our strategic programmes, including the roll-out of the Retirement Services strategy, the commercial alliance with the Rabobank and international growth.

At the end of 2016, we announced that we expected the number of employees in the Netherlands to drop by approximately 2,000 up to 2020. The total number of employees in the Netherlands declined by over 800 to 14,484 in 2017 (2016: 15,293) as a result of continuing efficiency improvements at our company and a different approach to working. Adaptability and flexibility are essential to us being able to adapt to the increasingly rapid changes and needs of our customers. Our agile concept and working in 'market-oriented' supply chains underpin this. We are of course also adjusting our offices accordingly, whereby our work will be concentrated in five key locations: Apeldoorn, Leeuwarden, Leiden, Tilburg and Zeist.

Abroad, the number of employees remained more or less stable at 2,946 in 2017 (2016: 2,983).

#### Investments

Income from our own risk investment portfolio<sup>1</sup> amounted to €1,248 million in 2017 (2016: €1,238 million). The higher income is chiefly driven by higher realised gains in the equity portfolio, as well as positive revaluations in the real estate

*1) The investment results (including realised and unrealised changes in value) from our own risk investment portfolio are adjusted for fair value results and other investment returns that are directly related to insurance commitments.*



portfolio. The residential and office segments in particular noted higher increases in value in 2017. These positive trends mitigated to a large extent the decrease in indirect income from fixed income securities via realised gains.

The appreciation of our fixed-income securities and interest-rate derivatives in our Dutch pension and life insurance business, caused by movements in the market interest rate, is not immediately visible in the results. All realised and unrealised investment results on fixed-income securities and interest-rate derivatives are set aside in a Fund for Future Appropriation (FFA). This is part of our technical provisions to cover commitments to our customers with pensions or life insurance policies. As a result of higher market interest rates, the FFA declined by €0.9 billion to €6.9 billion in 2017 (2016: €7.8 billion).

As at year-end 2017, our investment portfolio had a total value of €44.6 billion (2016: €47.4 billion). This decrease is mainly due to a decline in the market value of the fixed income portfolio caused by the announced sale of our Irish life insurer. As a result, all the investments, mainly comprising fixed income securities, have been reclassified as "held for sale" and no longer form part of the investment portfolio. The higher interest rates have also caused a decline in the value of our derivatives portfolio. Moreover, in 2017 we reduced our alternatives by selling the investments in commodities. The market value of the real estate portfolio remains relatively stable as a result of positive revaluations that more or less compensate for the sale of properties.

We further improved the composition of our fixed income portfolio in favour of direct home mortgages in 2017. This portfolio containing home mortgages increased to €7.2 billion (2016: €5.9 billion). Additionally, we sold our positions in covered bonds.

## CAPITAL MANAGEMENT

### Total equity

Total equity increased by €167 million to €9,949 million in 2017 (2016: €9,782 million). The positive net result of €216 million and positive revaluations of equities in particular caused an increase in the total equity. In addition, the total equity was affected by dividend payments on preference shares and coupon payments on hybrid capital amounting to a total of €69 million. The devaluation of the Turkish Lira leads to negative exchange-rate differences.

### TOTAL EQUITY MOVEMENT

(€ MILLION)

<b>Total equity as at 31.12.2016</b>	<b>9.782</b>
Net result	216
Movements in revaluation reserve	80
Movements in reserve for exchange-rate differences	-41
Remeasurements of net defined benefit liability	-19
Dividend and coupon payments on other equity instruments	-69
<b>Total equity as at 31.12.2017</b>	<b>9.949</b>

## SOLVENCY (SOLVENCY II)

As of year-end 2017, the solvency (SII) ratio stood at 189%. This is before planned dividends relating to the positive net result and the announced redemption of Achmea shares. Taking these two effects into account, the SII ratio is 184% (31 December 2016: 181%), an increase of three percentage points. The improved capital position is the result of a combination of an increase in the Eligible Own Funds of €41 million to €8,386 million (2016: €8,345 million) and a

decrease in the Solvency Capital Requirement of €68 million to €4,555 million (2016: €4,623 million).

## SOLVENCY RATIO

(€ MILLION)

	2017	2016	Δ
Eligible own funds Solvency II	8.386	8.345	41
Solvency Capital Requirement	4.555	4.623	-68
<b>Surplus</b>	<b>3.831</b>	<b>3.722</b>	<b>109</b>
Ratio (%)	184%	181%	3%-pt

The increase in total equity is the result of positive technical results in the non-life and life insurance business, an increase in value caused by the financial markets, the refinement of cost assumptions and updating of the mortality experience in the Dutch life insurance business. This is partially cancelled out by the allocation of capital for health insurance premiums in 2018, planned dividends relating to the positive annual results and the announced redemption of Achmea shares.

The Solvency Capital Requirement has decreased due to a decline in the market and life risks. In market risk, the interest rate risk is lower as a result of the capital hedge introduced within the Dutch life insurance business. The capital hedge reduces the volatility in the solvency ratio caused by interest rate developments. The life risk has decreased due to several effects that mainly have an impact on the longevity, expenses and lapse risks. The decrease in the Solvency Capital Requirement is partly cancelled out by a decrease in the Loss Absorbing Capacity of Deferred Taxes (LACDT). Account has been taken in the Solvency II capital of the proposal to the General Meeting of Shareholders on 17 April 2018 to pay out €123.6 million in dividends on ordinary



shares over the 2017 financial year. This proposal is based on a payment of 45% of the net profit excluding the net result of the Health segment and after deduction of payments on other equity instruments. In line with this, a proposal to amend the dividend policy will be presented to the General Meeting of Shareholders, which means that any dividends will also be decided using this method in future.

### Financing

In 2017, the Standard & Poor's credit rating (ICR<sup>5</sup>) for Achmea BV remained unchanged at BBB+, while the rating (FSR<sup>6</sup>) for the Dutch insurance entities was confirmed at A. The rating (FSR) for Achmea Reinsurance Company NV and the rating (ICR) for Achmea Bank NV remained unchanged at A-. The outlook for all the ratings was adjusted from stable to negative at the start of 2017. In March 2018, Fitch also awarded public ratings to Achmea B.V. and its insurance entities. These are A (IDR<sup>7</sup>) and A+ (IFS<sup>8</sup>) respectively with a stable outlook. Achmea Bank NV has a rating awarded by Fitch. This Fitch rating (IDR) was confirmed at A with a stable outlook. The debt-leverage ratio<sup>9</sup> improved slightly to 25.9% (2016: 26.4%) as a result of the increase in total equity. As a result of the higher operational result, the fixed charge coverage ratio improved to 3.4x (2016: -0.9x).

5) ICR: Issuer Credit Rating

6) FSR: Financial Strength Rating

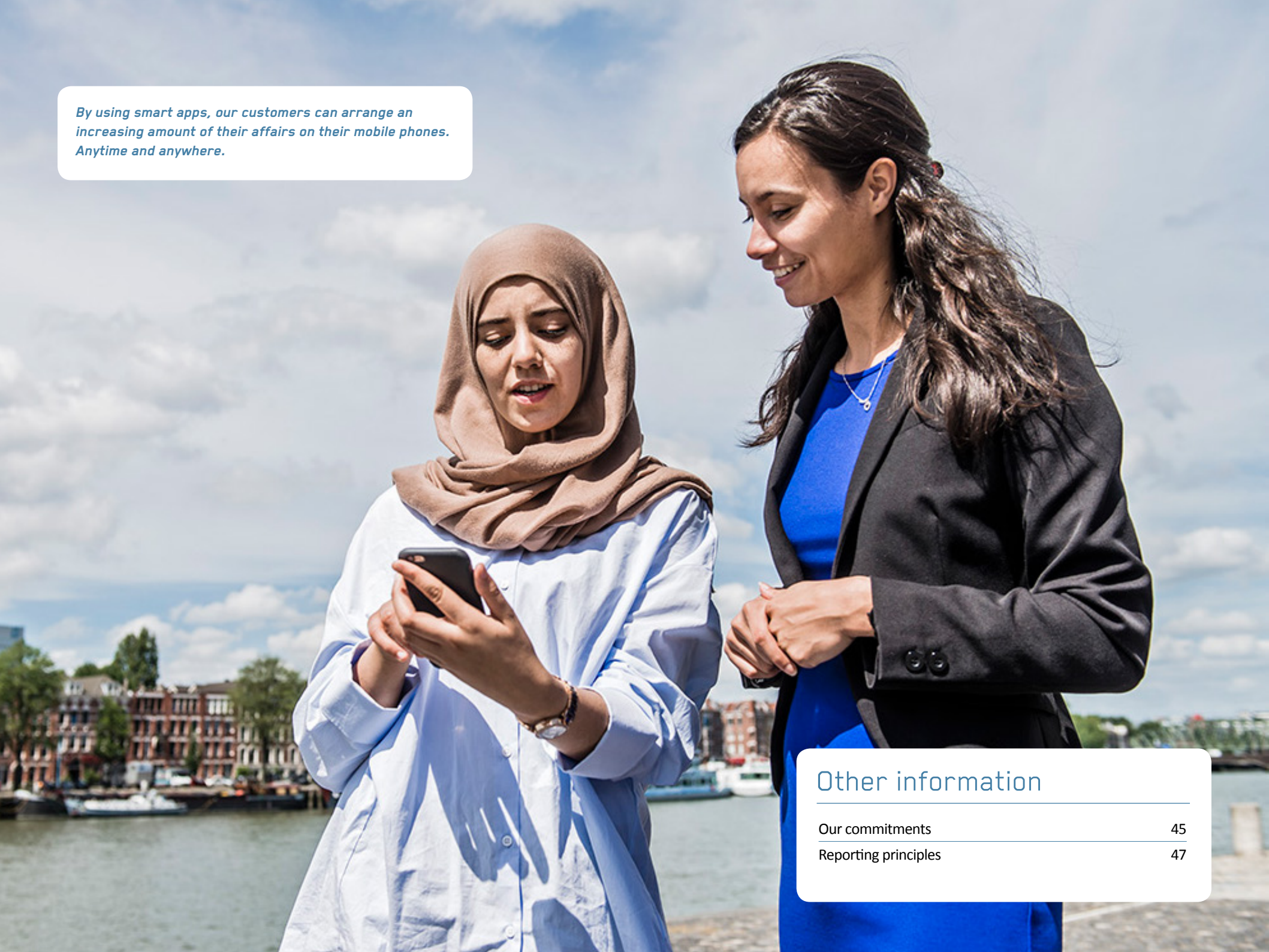
7) IDR: Issuer Default Rating

8) IFS: Insurer Financial Strength

9) Debt-leverage ratio: (non-banking debt + perpetual subordinated bonds) as a percentage of the total (total equity + non-banking debt + perpetual subordinated bonds minus goodwill)



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## Other information

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## Our commitments

### Principals for sustainable insurance

With over ten million inhabitants of the Netherlands who are insured with us, we have a great corporate social responsibility. From our cooperative background we aim to contribute to a sustainable future for our customers, for society and our company. This is more important than ever – also worldwide – now that we are facing social, economic and ecological changes. These trends generate new risks that demand a pro-active role from insurers. This is a global trend. Against this background insurance companies worked with the United Nations in 2012 to formulate the Principles for Sustainable Insurance (PSI). Through this the industry – on a global scale – demonstrates its responsibility for managing these new risks. The launch of the PSI has placed the essence and relevance of insurance firmly back on the map. Insurance is eminently about sustainability: sharing the risks that we cannot bear ourselves. Prevention is an important foundation here: it helps us to make people and societies safer, healthier and more robust.

#### ACHMEA AND PSI

Being a company with a cooperative background, the PSI principles are important to us. That's why we were not only the first Dutch insurer to sign up to them, but we were in fact also involved in their creation. The PSI will help us deal with a globally changing risk landscape. The signatories exchange knowledge and experience, e.g. in climate change, micro-insurance and traffic safety. Through our products and services we want to contribute to a healthy, safe and future-proof society in which people are (financially) empowered. Within our supply chains, we keep looking for ways to ensure that our services meet (new) needs in society.

Engaging in dialogue with our stakeholders help us to gain insight into social issues. In signing up to the PSI, we demonstrate that we wish to be held accountable for how we aim to contribute to a sustainable future.

Further information about the principles and how Achmea implements them in practice can be found in Appendix B and on [www.achmea.nl](http://www.achmea.nl).

#### SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs, or Global Goals) form part of the UN's 2015-2030 Sustainability Agenda. They were launched in 2015 - following widespread consultation among the general public - as successors to the Millennium Goals. There are seventeen goals, from which 169 specific goals have been extrapolated. For more detailed information, please see [www.sdgnerland.nl](http://www.sdgnerland.nl).

Countries implement the SDGs at national and international level. In 2016, the European Union and the UN were among those parties that decided what they would focus on and how they would implement the goals. In July 2016, the UN set out arrangements for monitoring progress and measurement using indicators. These serve as the basis for reporting over the coming years. In the Netherlands, implementation of the goals is the responsibility of the Ministry of Foreign Affairs. In doing so, it seeks to work together with corporate social organisations and businesses. Like the Millennium Goals, the Global Goals have been formulated such that they relate not just to developing countries but to sustainability problems in the broadest sense, anywhere in the world. Businesses have strongly been asked to commit to contributing to the achievement of these goals.

This can be done by adjusting operations, terms and conditions of employment, environmental policy, different business models and investment.

#### ACHMEA'S GOALS

Achmea aims to contribute to a healthier, safer and more future-proof society. This has been elaborated on in four themes:

1. Good health closer to everyone
2. Clean, safe and smart mobility
3. Safe home and working environments
4. (Financial) solutions for today, tomorrow and later

These goals match up to eight SDGs:

- SDG 3: Good health and well-being
- SDG 7: Affordable and clean energy
- SDG 8: Decent work and economic growth
- SDG 9: Innovation and sustainable infrastructure
- SDG 10: Reduced inequalities
- SDG 11: Safe and sustainable cities
- SDG 12: Sustainable consumption and production
- SDG 13: Climate action.

The idea behind the SDGs is to choose a number of goals and express a specific related ambition for each of them. In 2018 we will announce the selection of a single or small number of goals on which to focus. For this, we will be consulting our stakeholders in the process.



## Sustainable Development Goals

The Sustainable Development Goals can be found in the societal themes of Achmea.



### Healthy

### Safe

### Future-proof

Good health closer to everyone



Clean, safe and smart mobility



Safe home and working environments



(Financial) solutions for today, tomorrow and later





## Reporting principles

External reporting is an important tool for Achmea in properly informing in properly informing our stakeholders: customers, employees, (business) partners and shareholders.

As of 2017, our annual reporting will comprise three parts. Each of these parts aligns with the specific interests of stakeholders. Splitting our reporting into three parts ensures greater clarity and accessibility.

Part 1 is the 'Annual Review'. This is aimed at a broader target audience and contains a description of the progress made by Achmea in 2017 and our vision of the future.

Part 2 is the 'Year Report'. This describes the main financial developments. Among other things it contains the financial statements, the report of the Executive Board and a report on our Governance.

Part 3 comprising the 'Supplements' contains sustainability-reporting information and appendices to the other parts. Our report can also be downloaded from our website ([www.achmea.nl](http://www.achmea.nl)) from 17 April 2018. An English version of the text is also available. In the event of any discrepancies between the Dutch and English versions of this report, the Dutch version will take precedence.

### MODIFICATIONS TO THIS REPORT

Aside from the new three-part structure, the following modifications have been made to the reporting over 2017.

- The 2017 Annual Review contains a number of KPIs which Achmea uses to achieve objectives and which have been refined since the report over 2016. More can be read about this in the 'Taking action to achieve our objectives' section on p 23.
- In 2017, Achmea used a new supplier to conduct the employee engagement survey. This supplier expresses the

outcome of the survey in a score, in contrast to the previous supplier that presented the results in a percentage of the number of employees who indicated some measure of agreement with a specific statement. Where Achmea had formulated objectives for 2017 using the old method, the new supplier has converted the score into a percentage in line with the method used by the previous supplier.

- In 2016, the basis for calculating the number of FTEs was that one FTE is the equivalent of a 38-hour working week. Since 1 January 2017, Achmea has adhered to a definition of FTE aligned with the full-time working hours in employment contracts. This is 36 hours a week for Collective Labour Agreement Employees and 40 hours a week for those above the Collective Labour Agreement. For the purposes of comparison, the FTE figures for 2016 have been recalculated in accordance with the new definition.

### ABOUT THIS REPORT

The Executive Board of Achmea B.V. is responsible for preparing the three parts that together form our Annual Report. The financial statements in part 2 are drafted under the supervision of the Finance department. Responsibility for the content and data contained in the report is assigned within the organisation, with a special working group drawn from different parts of the group being responsible for providing the content. The steering committee approves the basic principles, draft copy and final copy. This steering committee is chaired by the CFO and also includes the directors of Reporting, Financial Management, Communications, Strategy, CSR, Administrative Office, Information Technology and Risk Management. The Audit & Risk Committee of the Supervisory Board makes a recommendation to the Supervisory Board regarding the advice to be provided to the shareholders about the approval of the financial statements.

### REPORTING PRINCIPLES

The Annual Report is compiled in line with Dutch legal requirements. In addition to these, the three parts of our external reporting have been compiled in line with the G4 Guidelines (Core option) of the Global Reporting Initiative (GRI). The Annual Report's structure complies in part with the principles of the International Integrated Reporting Framework laid down by the IIRC. Both the IIRC and GRI stress the importance of reporting on material topics. Achmea has refined the material topics in the reporting over 2017. In the current annual reporting structure, these material topics are discussed but not yet leading in determining the structure of part 1, the 'Annual Review'. In line with the basic principles laid down by GRI and the IIRC, Achmea intends to conduct a completely new materiality analysis next year and use the revised material topics as the starting point for its external reporting.

### DEFINITION AND SCOPE OF REPORTING

The financial information and a portion of the employee information contained in this Annual Report have been consolidated for Achmea B.V. and all its group companies. Achmea operates primarily in the Netherlands, as well as in five other countries. Due to this strong Dutch focus, several sections of this report only cover Achmea's Dutch operations. Where this is the case, the different scope is indicated in the (sub) section. With reference to the material topics, Achmea also reports on part of the value chain with respect to responsible investment and climate change. Where this is the case, the different scope is indicated in the (sub) section.





## MEASURING, ESTIMATING AND CALCULATING

The quantitative data contained in the paragraphs on finance and employees have been collected in our financial data management system. Our responsibly invested assets are collected through statements which are completed annually by the operating companies in charge. All information is assessed, and plausibility checks are performed.

## AUDITOR'S SCOPE AND LEVEL OF ASSURANCE

Achmea has asked its external auditor, PwC, to audit and assess its external reporting. The level of certainty applicable to the report is shown below.

- PwC audited the 2017 (consolidated) financial statements. These financial statements are included on pages 59 to 192 of the Annual Report. PwC issued an unqualified audit report with the (consolidated) financial statements of the Year Report on 15 March 2018 (pages 198 to 207).
- In addition to the audit of the financial statements, PwC audited and assessed part of the external reporting with the objective of reporting on the reliability and acceptability of the report. PwC is responsible for providing an assurance report along with the Annual Report in which a 'reasonable level of assurance' is provided about the financial results and the employee information (in the paragraphs on 'Our employees' and 'Our financial results' in the Annual Review). In addition, the level of assurance applies to the 'Results and developments in 2017' and 'Employees and diversity' sections in the Year Report. This means that these data are represented reliably and in an adequate manner for all aspects which are of material importance, and that they are in accordance with Achmea's reporting criteria, as described in the framework for the reporting on pages 70 to 72 of the Year Report. PwC also provides a 'limited level of assurance' in the assurance report with regard to the

reliability and acceptability of the other financial and non-financial information contained in the Annual Report. The activities performed in obtaining a limited level of assurance are aimed at determining the plausibility of information, and are not as in-depth as for assurance engagements aimed at obtaining a reasonable level of assurance. PwC provides no assurance as to the assumptions and feasibility of information relating to the future, such as the targets and objectives, projections and goals included in the report. The statement on new production included in our reporting on p 16 of this report is based on actuarial models. PwC has not included these actuarial models in its procedures for this report. The content of the websites referred to in this report and the report by the Supervisory Board, the biographies of Executive and Supervisory Board members and the Glossary for the Annual Review do not come under the scope of the assurance report. PwC's assurance report can be found on pages 208 to 210 of the Year Report.

- The assurance report compiled by PwC relates to the three parts of the Annual Report and should only be read in conjunction with the full document.

## FUTURE TRENDS AND DEVELOPMENTS

Integrated reporting will continue to evolve, and we expect to implement further improvements in the future in terms of our reporting. We would appreciate hearing your feedback on ways in which we might be able to improve our approach. You will find our address details on the last page of the Annual Review.

*Many accidents occur in and around people's own homes. We help our insured in creating a safe and pleasant living environment.*



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## Glossary

### **APF; General Pension Fund**

APFs are new players in the second pillar of the Dutch pension market and are not restricted to a specific area. This allows General Pension Funds to combine and administer pension schemes of different employers or pension funds. This may result in economies of scale and cost benefits, while still maintaining control over the pension scheme.

### **Annual Premium Equivalent (APEs)**

The total amount in annual premiums from new regular premium business plus 10% of the total amount of single-premium business written during the year.

### **Asset-backed securities**

Financial instruments financed with cash flow generated by an asset portfolio, with the assets having been provided as business security.

### **Assets under Management (AuM)**

The market value of all the investments managed on behalf of third parties.

### **Basic health insurance**

Compulsory health insurance, mandatory for all residents of the Netherlands. This represents the coverage provided by the basic health insurance, consisting of a standard package of healthcare services considered essential by the Dutch government.

### **Carbon footprint**

The total amount of greenhouse gases emitted by an organisation. The carbon footprint covers all relevant processes of an organisation that affect climate.

### **Circular economy**

The shift from ownership to usage (e.g. leasing arrangements), as well as the re-use of products (products as raw materials) as a solution to scarcity of raw materials.

### **Claims ratio**

The claims ratio is claims, including claims handling costs, expressed as a percentage of net earned premiums.

### **Collateral**

An asset pledged by a borrower to secure a loan and subject to seizure in the case of default.

### **Combined ratio**

The combined ratio is a measure of profitability used by insurance companies to indicate how well they are performing in their day-to-day operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means it is paying out more money in claims than it is receiving from premiums. The combined ratio is the sum of the claims ratio and the expense ratio.

### **Compliance**

Compliance refers to the process of ensuring that laws and regulations are adhered to within an organisation. The purpose of compliance is to manage compliance risk and reduce or prevent any loss arising from such risk.

### **Corporate Governance**

Corporate Governance refers to the way in which companies are governed, and involves maintaining a system of checks and balances within corporations. It refers to a combination of governing, managing, supervising and accounting for the company's policies to a number of different stakeholders, including customers, employees, (business) partners and shareholders.

### **Corporate Social Responsibility (CSR)**

By engaging in Corporate Social Responsibility (also known as 'sustainable business'), we demonstrate that we are responsible for the quality of life in society and the

communities in which we operate. This means being a responsible member of the community through charitable actions, which may include encouraging and facilitating volunteer work by employees.

### **Counterparty default risk**

The risk to each party of a contract that the counterparty will not live up to its contractual obligations. Achmea is exposed to many counterparties in the area of investments, treasury, banking, reinsurance, healthcare providers, intermediaries, and policyholders.

### **Covered bonds**

Debt instruments secured by a cover pool of mortgage loans, which provide bond holders with additional security.

### **Credit default swap (CDS) spread**

A CDS is a contract between two parties that involves the transfer of third-party credit risk. It can be used as insurance for a bond investment portfolio, whereby, if the bond issuer defaults on repayment of the loan amount, the credit default swap compensates for this loss. The spread of a CDS is an indication of the risk associated with the swap, i.e. the difference between the expected yield of the CDS and the yield of the bond.

### **Credit risk**

The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

### **Defined benefit pension plan (DB)**

A type of pension plan in which an employer commits to paying a specified monthly benefit to its employees on retirement. The amount to be paid for the pension entitlement is set using a formula that is usually based on the employee's income and length of service.

**Defined contribution pension plan (DC)**

A type of pension plan under which an entity (a company) pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to meet its obligations to its current and future beneficiaries.

**Derivatives**

Financial instruments whose price depends on, or is based on, one or more underlying assets. Its value is determined by fluctuations in the underlying asset.

**Dutch Association of Insurers  
(Verbond van Verzekeraars)**

The Association of Insurers is an interest group comprised of private insurance companies operating in the Dutch market. The Association, whose members collectively represent more than 95% of the domestic insurance market, is an independent entity governed and funded by its members.

**ECB AAA Curve**

Yield curve based on government bonds issued by Eurozone countries with a Fitch AAA rating set by the European Central Bank.

**Engagement (also known as 'enhanced engagement')**

Engagement (also referred to as 'enhanced engagement') is a form of responsible investment whereby investors take on the role of active shareholders, entering into a dialogue with investee companies regarding sustainability issues.

**ESG**

The Environmental, Social and Governance aspects of an organisation that must be taken into account in order to conduct specific processes, including the investment of premium funds, in a socially responsible manner.

**Exclusion (relating to responsible investing)**

Exclusion refers to the practice of refraining from investing in specific companies, e.g. those engaged in the manufacture of products regarded as controversial by the Dutch government, e.g. producers of cluster bombs, land mines, and biological and chemical weapons.

**Execution only**

Execution-only services refer to services whereby customers select their own insurance products, including all product options, without seeking actual advice from the insurer.

**Expense ratio**

The expense ratio is operating expenses, including internal costs of handling claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums

**FSC-certified**

FCS, the Forest Stewardship Council, is an international organisation, established in 1993, dedicated to promoting responsible forest management. FSC sets global standards for forest management and provides certification (in the form of a seal of approval) to companies for their efforts in this area.

**Global Reporting Initiative (GRI)**

International organisation that sets guidelines for sustainability reporting.

**Goodwill**

The amount of future economic benefits arising from assets that are not capable of being individually identified and separately recognised as an asset in a business combination.

**Gross earned premiums (GWP)**

Total premiums on insurance and reinsurance contracts in a given period.

**Impairment**

The amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The asset's carrying amount is reduced to its fair value and recognised in profit and loss.

**Insurance Contract**

A contract under which one party (the insurer) accepts an insurance risk from another party (the policyholder) by agreeing that the policyholder will receive compensation if a specific future event (i.e. the insured event) adversely affects the policyholder.

**Insurance risk**

Risk transferred by a contract holder to the issuer. As a result of its broad insurance product range, Achmea is exposed to life risk, non-life risk, income risk and health risk.

**Insurers' Code**

The Dutch Association of Insurers published the Governance Principles for Insurers on 15 December 2010, also known as the 'Insurers' Code'. It sets out the principles of corporate governance, risk management, auditing and remuneration policy for Dutch insurance companies.

**Intangible asset**

An identifiable, non-monetary asset without physical substance.

**Integrity (corporate ethics)**

Integrity or corporate ethics refers to acting in a conscientious manner and in line with the applicable codes of conduct. It includes not conducting business with organisations and/or individuals that are guilty of corruption and/or fraud and also covers the way fraudulent claims are handled.



**Interest rate risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

**International Financial Reporting Standards (IFRS)**

Reporting standards and interpretations issued by the International Accounting Standards Board (IASB). These comprise: International Financial Reporting Standards (IFRS); International Accounting Standards (IAS); Interpretations by the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC).

**Liability Adequacy Test (LAT)**

An assessment of whether the carrying amount of an insurance liability needs to be increased (or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cash flows.

**Liquidity risk**

Liquidity risk constitutes the risk that actual and potential payments and obligations cannot be fulfilled at the time of their maturity.

**Market risk**

Market risk refers to the risk that an entire market or asset class declines, which can potentially affect the price and value of the assets in the portfolio.

**Micro-insurance**

Micro-insurance products are designed for the most deprived populations in developing countries. These insurance policies offer very low premiums, while the sum insured is low as well.

**Mortgage-backed securities**

Mortgage-backed securities are a type of asset-backed security that is secured by a mortgage or collection of mortgages.

**Operating expenses**

All expenses associated with selling and administrative activities (excluding commissions) after reallocation of claim handling expenses to benefits paid.

**Operational risk**

The risk that losses may occur from the inadequacy or malfunctioning of internal processes, employees or systems, or external events.

**Option**

A financial instrument that conveys the right to buy (call option) or a right to sell (put option) a security at a reference price during a specified time frame.

**Parent company**

An entity that has control over one or more other companies (the subsidiary).

**Principles for a prudent remuneration policy**

The principles for a prudent remuneration policy, as set by supervisors the Dutch Central Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM), serve as the basis for evaluating the remuneration policies of financial companies. The principles and supervision on this policy are aimed at countering the incentives which could potentially result in undesired and irresponsible risks being taken, which, in turn, could cause customer interests to be neglected.

**Principles for Responsible Investment (PRI)**

Launched in April 2006, the United Nations Principles for Responsible Investment (PRI) represent a framework for institutional investors and aim to help integrate environmental, social and governance issues by institutional investors into their investment policies. Further information is available at [www.unpri.org](http://www.unpri.org).

**Principles for Sustainable Insurance (PSI)**

The United Nations Principles for Sustainable Insurance (PSI) are a standards framework for insurance companies designed to incite the insurance industry to consider environmental impact, social living conditions, transparency, customer interests and corporate governance in its business operations. The PSI were launched in 2012. Further information is available in part 3, appendix B.

**Private equity**

An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange.

**Prudent remuneration policy**

A prudent remuneration policy attempts to find a balance between compensation that is commensurate with the abilities and level of responsibility of our people, international standards and rules, and the expectations of our stakeholders and customers.

**Quality seal for customer-oriented insurance (Keurmerk Klantgericht Verzekeren)**

Quality seal awarded to insurers that have achieved high standards in services and customer focus. Further information is available at [www.keurmerkverzekeraars.nl](http://www.keurmerkverzekeraars.nl).

**Socially accepted return**

In order to achieve a socially accepted return, it is important to find a balance between implementation costs, profit and solvency on the one hand and the amount of the premiums on the other hand. There is a public interest, in particular, in privatised collective provisions such as the basic health insurance.

**Solvency**

Solvency expresses the degree in which insurers are able to meet their future obligations. All insurance companies are required by law to maintain a specific solvency margin as a



safety margin (required solvency margin). This is regulated by the Dutch Central Bank, thereby providing additional security to policyholders. If an insurance company's actual solvency margin is equal to the minimum solvency requirement, the solvency ratio is 100%, while if an insurer maintains a higher safety margin, the solvency ratio exceeds 100%.

### Solvency II (SII)

Solvency II is a European Union legislative initiative that became effective in all EU Member States on 1 January 2016. The initiative introduced a new, standardised regulatory regime for insurers across Europe and contains legislation regarding insurance solvency and risk convergence.

### Spread

The difference between the current bid and the current ask or offered price of a given security.

### Stakeholders

Stakeholders are individuals or entities that have a stake in an organisation of whatever nature. They are involved in the organisation's activities, share in its profits, influence its performance and assess its economic, social and environmental impact. Achmea focuses mainly on four stakeholder groups: our customers, our employees, our (business) partners and our shareholders.

### Subordinated debt

Loans (or securities) that rank after other debts should the company fall into receivership or be closed.

### Supplementary health insurance

The supplementary health insurance is a voluntary additional cover to the basic insurance cover, covering medical expenses.

### Sustainable investment

Responsible investment (also referred to as 'socially responsible investment' or 'ethical investment') is a form of investment whereby financiers consider the impact on human beings and the environment in their investment decisions.

### Third-party companies

Third-party companies include the following Achmea subsidiaries of which the social and environmental aspects are not registered at the central level:

- Eurocross Assistance Netherlands B.V., Eurocross International Bulgaria, Eurocross International Central Europe S.R.O.
- De Friesland Particuliere Ziektekostenverzekeringen N.V., De Friesland Verzekeringen B.V., De Friesland Zorgverzekeraar N.V., DFZ Participaties B.V., DFZ Personeel B.V., DFZ Tussenholding B.V.
- Frexit Assurantiën B.V.
- Independer.nl N.V., Independer Services B.V.
- InShared Holding B.V., InShared International B.V., InShared Nederland B.V., InShared Services B.V.
- Klant Contact Services B.V.
- OZF Achmea Zorgverzekeringen N.V.
- Pim Mulier B.V.
- Practis B.V.
- Residex B.V.
- Winnock Zorg B.V.

### Ultimate Forward Rate (UFR)

The Ultimate Forward Rate (UFR) represents the notional interest rate after the last liquid point (LLP) in the forward swap market. It is a risk-free notional interest rate used for long-term contracts which are undertraded due to the long period of time involved. The UFR is used for a variety of purposes, including the valuation of specific long-term contracts and to calculate the solvency ratio.

### Unit-linked contracts

Life-insurance contract which involves investing in an investment fund through the purchase of units. There is often a choice between equity, bond and mixed funds.

### United Nations Universal Declaration of Human Rights

Adopted and proclaimed by the General Assembly of the United Nations on 10 December 1948, the United Nations Universal Declaration of Human Rights sets out the fundamental rights of all people and is a key element of many organisations' codes of conduct as part of their supply-chain responsibility policies.



## Topics on the materiality matrix

### EXPLANATION

	ISSUES RELATING TO ACHMEA'S CORE ACTIVITIES	EXPLANATORY NOTES
A	Financial performance	For Achmea, it is important to be and remain a financially sound and stable company.
B	Socially acceptable return	In order to achieve a socially acceptable return, it is important to find a balance between implementation costs, profit and solvency on the one hand and the premium levels on the other hand. From the public domain, there is a particular interest in privatised collective provisions, such as the (basic) health insurance.
C	Personal data protection	Achmea uses privacy-sensitive data. Two aspects are important here. Firstly, the protection of privacy-sensitive information against use for improper commercial purposes. The second aspect is how Achmea protects these personal data against misuse and theft, e.g. as a result of cybercrime.
D	Affordable and accessible healthcare	The affordability of healthcare is under threat. In the long term, this could pose a risk to healthcare being accessible to all. A number of trends are playing a significant role here, such as the ageing population and an unhealthy lifestyle. There is also the impact of new medicines and other medical innovations, leading to the cost of treatment per life rising.
E	Climate change	Climate change has led to us experiencing ever more extreme weather conditions, and (extreme) precipitation will become an even greater problem. The amount of damage will increase, for both private individuals, businesses and governments. Examples are residential property, commercial property, cars, infrastructure, agriculture and horticulture. In order to prevent the situation from deteriorating, it is important that fewer greenhouse gases are emitted. This requires products and services aimed at preventing damage or loss (prevention, resilience) and a reduction in the emission of greenhouse gases via the promotion of sustainable energy.
F	Integrity	Integrity refers to acting in all loyalty and conscience, and in line with the applicable rules and codes of conduct. No business will be conducted with organisations and/or individuals that are guilty of corruption and/or fraud. This also extends to companies or people who submit fraudulent claims.
G	Pensions and retirement services	Many Dutch people (especially freelancers; 'ZZP') accrue no or little pension, leaving them with a small income on retirement. Furthermore, employment relationships are changing and the traditional 'lifetime job' at a single employer with corresponding uninterrupted pension accrual is no longer self-evident.
H	Financial security	Partly as a result of increased flexibility in employment relationships, but also due to the (partial) privatisation of social arrangements, the Dutch now bear greater responsibility for their personal financial planning. This requires comprehensible and affordable financial products that match the financial literacy of customers. A responsible method of collecting premiums (debt prevention) also contributes here.
I	Value for customers	Putting value for customers first means only selling products and services that truly offer customers added value. It also means that customers could be advised not to buy a product or to switch to a more suitable product. Moreover, it means averting foreseeable disappointments and having easily comprehensible product features.



	ISSUES GERELATEERD AAN DE BEDRIJFSVOERING VAN ACHMEA	TOELICHTING
J	Big data	As an insurer, we have huge amounts of data at our disposal. These data can be a source of knowledge for prevention and other issues that matter to our customers. In addition, these data can also be used for targeted sales.
K	Sustainable products and services	Contributing to a healthier, safer and more future-proof society with sustainable products and services. New risks require new solutions, for instance in the field of cyber security, mobility, climate change, social security, living & care, retirement services, care and health.
L	Responsible investment	As a large investor, Achmea can exert social influence by engaging with companies to discuss their behaviour. Examples include exercising voting rights at shareholder meetings, entering into dialogue on policy or refraining from investing in specific companies or sectors. Responsible investment means taking into account Environmental, Social and Governance (ESG) criteria.
M	Good employment practices	The ambition to be a good employer for all employees. Examples include a safe and healthy workplace, countering discrimination, good employment conditions, opportunities for training, etc.
N	Solidarity	Solidarity is an important pillar in insurance, but also for society as a whole. Increasing transparency on the price structure of premiums could lead to less willingness to share risks. Solidarity is under pressure in insurance, but also in social arrangements. This could result in greater inequality in society. At the same time, we are seeing new forms of solidarity emerge. These are set up by private individuals at their own initiative as an alternative to existing products, services and institutions. Examples include 'bread funds' (trust-based income protection for freelancers), residential and care cooperatives, the growth in informal care, energy cooperatives and initiatives that promote the sharing economy, etc.
O	Advances in medicine	Medical science is constantly producing new and improved treatments. These may be life-saving or life-sustaining and often improve the quality of life. New medicines and treatments are frequently very expensive. For health insurers it is important to respond to and deal with this in the right way.
P	Corporate social responsibility	Through corporate social responsibility we show that we feel responsible for the quality of life in society and the communities in which we operate. In other words, being a 'good neighbour' by doing something for one another. One example of this is stimulating and enabling volunteer work by employees.
Q	Prudent remuneration policy	In a prudent remuneration policy, a balance is sought between compensation that is commensurate with the abilities and responsibilities of our people, international standards and rules, and the expectations of our stakeholders and customers.



## Strategy map details

### Customer perspective

#### CUSTOMERS FEEL STRONGLY CONNECTED TO OUR BRANDS

- Customers are familiar with our brands, know what the distinguishing features are and feel connected to them
- Customers trust the brands and feel that they are in safe hands
- We aim to be relevant and distinctive at those times that matter to our customers
- Digital customer service is essential to this
- Positive coverage in the national media supports brand affinity

#### CUSTOMERS ARE CLOSELY INVOLVED IN IMPROVING OF OUR INSURANCES AND SERVICES

- We know what issues are relevant to our customers and what concerns them. We involve our customers in improving our propositions, services and processes. We do so, for instance, by consulting periodically with them (e.g. via our customer panels and customer councils), by handling complaints with care and picking up on signals from customers
- We are open and transparent in everything we do. We listen to our customers, ensure that we understand their question and explain to them what is and is not possible
- We perform well on the KBC workflows

#### CUSTOMERS ARE SERVED WELL BY OUR INSURANCES AND SERVICES

- Our insurance policies and services offer customers sound and accessible solutions for dealing with uncertainties
- We match up to current and future customer wishes and requirements, such as omnichannel customer service
- We provide our customers with insight into risks and enable them to make decisions about their personal situation with respect to risks that they do or do not wish to insure
- We perform well on the KBC workflows

### Societal perspective

#### TOGETHER WITH VERENIGING ACHMEA WE STRENGTHEN THE COOPERATIVE FOUNDATION OF ACHMEA

We involve our Members Council in improving our insurance policies, services and customer service:

- We give substance to Achmea's cooperative background via Vereniging Achmea
- The Members Council, the cooperative heart of Achmea, is an important forum for identifying current issues in society

#### BASED ON OUR EXPERTISE WE CONTRIBUTE TO A HEALTHIER, SAFER AND A FUTURE PROOF SOCIETY

We use our knowledge and skills to contribute to a healthier, safer and more future-proof society. In conjunction with our stakeholders and social organisations, we use our knowledge, information and skills as follows:

- We participate in a select number of forums/platforms (such as Netspar, De Kamer, Innovatietafel, Verbond van Verzekeraars, Pensioenfederatie, UNEP FI, ZN, Klimaatcoalitie) and deliver a visible contribution

- Our initiatives need to contribute to Achmea's future revenue model
- Among other things, we do this by working towards prevention
- Via the Achmea Foundation we give substance to a society that applies principles of solidarity





## Employee perspective

### WE EXCEL IN CUSTOMER FOCUS, BEING PROFESSIONAL AND ADAPTIBILITY

- Achmea employs professionals who excel at customer focus, professionalism and adaptability, enabling us to move with the changing (digital) environment
- We are able to work together in the chain in order to offer our customers the best
- We view things from the outside in and aim to learn and improve continuously

### MANAGEMENT LEADS THE WAY AND WORKS TOGETHER ON THE REALISATION OF OUR STRATEGY

- Our managers allow employees flexibility within set frameworks. They develop talented employees and in doing so create a safe culture for learning. They challenge employees and guide them with respect to performance and behaviour and are transparent about this
- They give meaning to the changing (digital) environment and encourage cooperation in the chain

### WORKING ON EMPLOYABILITY IS AT EVERYBODY'S HEART

- Sustainable employability is of strategic importance in a (digital) environment that is changing at an ever-faster pace. Our employees are responsible and anticipate shifts in knowledge, skills and capacity in good time
- Working on employability goes without saying for our employees and is encouraged by managers

## Partner perspective

### WITH OUR (DISTRIBUTION) PARTNERS WE IMPROVE AND INNOVATE OUR INSURANCES AND SERVICES

- We have partners in brokerage, supply, innovation and the chain
- To provide insurance and services we work together with partners with a view to optimum performance of the activities in the chain (distribution, product and support functions)
- Our cooperation with and selection of partners is aimed at continuously improving and revising our insurance policies and services and on using technology to innovate throughout the chain

- Our IT environment allows us to work simply, flexibly and securely with our partners
- How we cooperate with our partners depends on the partner's role in the chain and can quickly be adjusted
- Decisions on outsourcing activities to partners are made on the basis of benefits and costs

### INSURANCE IS A SUCCESSFUL PRODUCT FOR RABOBANK

- Interpolis insurance policies and services and the proposition offered by the Rabobank are an excellent match
- Rabobank's customer service is integrated into its service chain; maximum self-service online
- Full digital processing chain between Rabobank and Achmea
- Effective cooperation at all levels in the organisation, aimed at jointly improving the banking insurance chain
- Rabobank's insurance and services are profitable in the long term, both for Rabobank and for Achmea



## Process perspective

### OUR PROCESSES RESULT IN THE HIGHEST NPS

- Continuous improvement of processes takes place in the chains with the highest NPS as a basic principle
- Customer service and communications are preferably conducted digitally and matched to customers' personal preferences
- Person-to-person communications will continue to exist; with a view to meeting customer needs, in those cases where required and if customers "cannot work things out online"

### WE WORK DIGITALLY AND BASED ON STANDARDS

- We work digitally in order to increase convenience for customers; customer queries are dealt with immediately and on a first time right basis
- To this end it is essential that we work according to standards
- We focus on mobile first and omnichannel
- Chains are structured as much as possible so that they are digital; based on digital principles that apply to the whole of Achmea

### WE USE INFORMATION AS THE DIFFERENTIATING FACTOR

- Data enables us to set ourselves apart, as we can match the propositions and customer service to customers' personal situations and as we can structure the chains so that they are completely digital
- We use the data at our disposal to create value for our customers, among other things by providing insight into risks (burglary and flooding), providing assistance in the event of emergencies and e.g. finding the best hospital
- Customers have easy access to all their data held at Achmea (personal data, products, claims, service queries, payments etc.)
- We 'return information to customers': customers decide whether and how we may use their personal data
- The whole chain (distribution, products and support) operates on the basis of current, complete and accurate information.
- Privacy of customer data is guaranteed
- We combine external and internal data to improve our services and processes
- We use technology to improve the provision of information as a distinguishing factor



## Financial perspective

### WE OPTIMISE OUR PORTFOLIO AND REALISE PROFITABLE GROWTH

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- We focus on growth in profitable market segments
- We optimise our existing portfolio by applying targeted measures to unprofitable activities
- We take measures to reduce our cost of claims and adjust our premiums so that they match the risk profile
- In the case of Health, we explicitly aim for a fair share. The portfolio needs to be a reflection of society

### WE ENSURE A ROBUST BALANCE AND EFFECTIVE CAPITAL AND LIQUIDITY MANAGEMENT

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- The balance sheet structure and capitalisation size contribute (with respect to the risk profile) to a stable and effective balance sheet
- We allocate our capital in such a way (market risk and insurance risk) that we can both consolidate our market position and improve our profitability
- We generate enough liquidity to be able to meet our obligations and create room for investments
- This means that the required solvency level for organic growth is generated and additional return is created in order to invest
- An effective investment policy forms a component (outcome) of an effective capital policy

### WE REALISE A MORE THAN COMPETITIVE BELOW MARKET COST LEVEL

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- We achieve a lower cost level than our competitors by converting the fact of being the largest insurer into economies of scale
- We strive continuously to decrease our operating expenses in the chain



## Colophon and contact information

This is the English-language version of the Achmea Annual Report for 2017. A Dutch-language version of this report is also available; in the event of a conflict between the two versions, the Dutch-language version will prevail.

The Achmea Annual Report can be downloaded from the Achmea website, [www.achmea.com](http://www.achmea.com).

Achmea would like to receive your feedback to the Achmea Annual Report at the address below.

**Achmea B.V.**

Handelsweg 2  
3707 NH Zeist  
P.O. box 866  
3700 AW Zeist

**Investor Relations**

[investors@achmea.com](mailto:investors@achmea.com)

**Achmea MVO**

[mvo@achmea.nl](mailto:mvo@achmea.nl)

Telephone number:

+31 30 693 70 00

[www.achmea.nl](http://www.achmea.nl)

**Editor**

Jan Jaap Omvlee,  
Cognito Financial Communications,  
Amsterdam

**Design**

Sensum,  
Almere