



# ANNUAL REVIEW 2018

Part 1



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Achmea’s annual reporting comprises three parts. Each of these parts is aligned with the specific interests of our stakeholders and the aim is to create greater clarity and accessibility. The three parts together make up Achmea’s integrated annual reporting. Read more about our approach to reporting on page 38 of part 1.

## PART 1



Part 1 is the ‘Annual Review’. This is aimed at a broader target audience, such as customers, employees, students and interest groups. It describes our strategy, the progress made in 2018 and our vision of the future. The external auditor has issued an opinion on the sustainability information included in this part. The assurance report containing the auditor’s opinion can be found on page 200 to 203 of part 2.

## PART 2



Part 2 is the ‘Year Report’. This describes the main financial developments. Among other things, it contains the Executive Board’s report (the ‘Annual Review’, which is part of the Executive Board Report, is included in part 1), the financial statements and the Supervisory Board report, as well as a report on our Governance and risk management. The external auditor has audited the 2018 (consolidated) financial statements: these are included on pages 44 to 179 of the Year Report. The auditor’s report can be found on pages 185 to 199 of part 2 (other information).

## PART 3



Part 3 comprising the ‘Supplements’ contains sustainability reporting information and appendices to the other parts.

## PART 1

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We are seeing a wide range of trends in mobility and technology, such as the rise of electric vehicles and sharing services. More and more innovations are being made available that allow residents of the Netherlands to customise their mobility solutions. The impact on the environment and safety of course plays an enormous role here. Achmea actively contributes to a safer society via initiatives such as AutoModus, #IkrijvoorNL (#IdriveforNL) and WegWijsVR (RopesVR).

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# A word from our chairman

## Innovation, while holding on to what works well

Achmea works to create a healthy, safe and future-proof society. As an insurer with a cooperative identity, we believe in a society in which everyone participates, including after setbacks. We play a significant role in the lives of our customers through our insurance policies and services. Whether it involves sharing risk via an insurance policy, prevention, accruing a good pension or a service that makes life better or healthier. Our company but also our insurance policies and services are undergoing significant changes. We are adapting to the wishes of our customers. We innovate continuously, while holding on to what works well. Customers are of course key in everything we do, while sustainability also plays an important role; a focus on long-term value creation lies at the heart of our cooperative identity.

### We play a role in the lives of our customers

Our strategic direction is unchanged. We are a service provider with a cooperative background that is relevant to our customers on a daily basis and a trendsetter in the markets in which we operate. We are at the heart of society and actively address the latest problems facing society. These range from access to good healthcare for everyone, to the affordability of pension schemes, as well as from the rise of self-employed professionals and their position on the job market to the opportunities generated by technology. These are trends that affect the lives of our customers and we want to and can play a role in these.

### And contribute to solutions to social issues

The insurance companies that form part of Achmea respond to these themes by offering tangible insurance policies and services. In addition to insurance and prevention, we are increasingly developing innovative services that allow us to help our customers in a range of areas. Interpolis has long been an advocate of prevention and does this in innovative ways. Via AutoModus it created a movement to highlight road safety and the distractions caused by mobile devices.

Moreover, the ThuisWacht (HomeGuard) smart security system ensures a safer home environment. Zilveren Kruis helps its customers, both retail and business, to lead a healthier and more vital lifestyle. And it works to bring good health closer to its customers. Sometimes literally, by moving healthcare from the hospital to the GP, or from the GP to the home environment. Centraal Beheer is increasingly becoming a broad service provider that works on solutions for everyone. It provides a range of 'convenience services', such as KlusHulp (odd jobs), mobile phone repairs, Pechhulp (emergency assistance) and of course Gemaksbeleggen (easy investment). Via our retirement services pension strategy and in collaboration with the Centraal Beheer General Pension Fund (Centraal Beheer Algemeen Pensioenfonds), we provide future-proof and modern pension accrual solutions, including asset management and banking products. These examples illustrate how we at Achmea are trendsetting for our customers.

### New services growing in addition to existing activities

These new types of services are growing in importance, alongside our existing activities of course. We are investing considerably in creating the best services and distribution for our customers. Good service goes further than simply providing the best insurance policies and services. We also want to serve our customers where and when is convenient to them. Directly, via brokers, through Interpolis via Rabobank, via employers and pension funds. Our varied distribution across all channels is a distinctive advantage. We started the trend towards doing more business online and via mobile services several years ago. Now we are working to expand our leading position in the sector. A robust IT infrastructure assists us in this. We are investing in easy-to-use websites for customers, have included all the Interpolis insurance policies in the Rabo banking app and thanks to InShared have the only fully online insurer on the Dutch market. High ratings are awarded to our portals, which enable pension scheme members



to obtain information at all times on the level of their income in later life. We do this as much as possible together with our customers and partners, including Rabobank and the pension funds. Especially in times of great change, a great deal of value can be derived from cooperation with partners. Vereniging Achmea, our largest shareholder, supports us in conducting dialogue on social themes. Input from Vereniging Achmea and its members is of huge importance here. Our partnership with Vereniging Achmea therefore helps to determine our identity as a cooperative insurer. This enables us to provide value in many areas.

### Good progress on achieving strategic plans

In 2018, the second year of our Delivering Together planning period, we made further progress on achieving our strategic



objectives. Our operational result increased to €391 million and our financial position was further strengthened. Our solvency ratio is good and increased further to 203%. Our customers can rest assured that we will be here for them at all times. The sound results over 2018 give us confidence that we can achieve our ambitions for 2020. We are focusing on increasing our result even further. This is essential in order to be able to continue protecting our customers against unexpected or new risks and to be able to continue investing in innovation with respect to our company, our insurance solutions and our services.

Via our innovation we are creating a trendsetting company: a service provider that is relevant to its customers every day. Continuous change remains a key aspect of our business operations. After all, not everything we do today will still be a given tomorrow. Yet we cannot do this 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 bright future.

The changes we are implementing have only been possible thanks to the efforts day in, day out of all our colleagues. They deserve our heartfelt congratulations for this. As an employer, we offer many opportunities for personal development and employability. We have severed the link between remuneration and performance appraisals and as far as possible offer customised terms and conditions of employment, such as a month's birth leave for partners. This allows us to attract and retain the best employees. Face-to-face conversations and regular surveys demonstrate that support for this strategy remains as high as ever among our employees. Good cooperation with the Central Works Council is crucial to this and I would also like to thank its members for their constructive and regular meetings.

#### **We report on our sustainable contributions**

We are as transparent as possible about what we do and the

results we achieve. We have reported on more than just our financial results for many years by publishing an integrated annual report with a focus on more than simply the financial perspective. For instance, in this annual report we again report on the material topics that are of great importance to our company and to society. We link international Sustainable Development Goals (SDGs) to our strategy. We place the emphasis on good health and well-being (SDG 3), sustainable cities and communities (SDG 11) and climate action (SDG 13). In doing so, we look at our insurance policies and services, at our business operations and also at our investments as the fifth-largest institutional investor in the Netherlands. Achmea Investment Management manages over €129 billion, both on behalf of Achmea and customers, especially pension funds. We aim to lead the way in sustainable asset management and be a trendsetter in this respect. One of the spearheads here is entering into dialogue with the companies in which we invest, either on our own behalf or that of others. This is how we use our influence to effect change in production processes, working methods or working conditions. In our capacity as a major investor, we also contribute in this way to a healthy, safe and future-proof society, one which reaches beyond just the Netherlands.

Concluding, at the end of last year, Roelof Konterman stepped down as a member and Deputy Chairman of the Executive Board. Throughout his career spanning over 36 years at Achmea, Roelof has been of great value to our company, to the implementation of our strategy and therefore to the many customers we serve on a daily basis. On behalf of myself personally and on behalf of the Supervisory Board, I would like to thank Roelof for his hard work and commitment during his long career at Achmea.

**Willem van Duin**

Chairman of the Executive Board

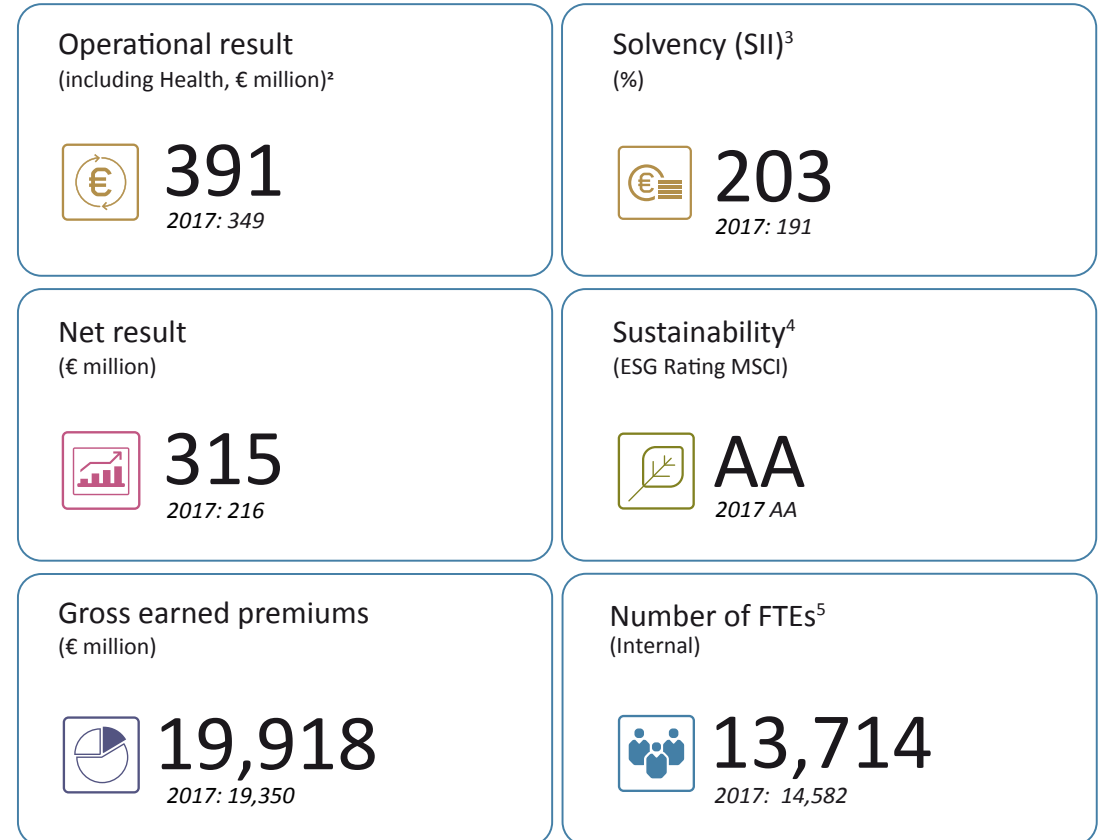


# Achmea at a glance

## Core activities



## Group key figures



1) Insurance activities according to earned premiums and other according to assets under management.

2) The operational result for Health was €128 million (2017: -€128 million).

3) The solvency ratio before planned dividends and coupons on hybrid capital. After deduction of these items, the ratio stands at 198% (2017: 184%).















4) MSCI ESG Research is one of the world's largest providers of ESG ratings and research. Asset managers use these to analyse the impact of ESG factors on the long-term risks and return of the investments made on behalf of their corporate clients.

5) Internal employees of both Dutch and international activities.





# Our brands

Achmea operates on the Dutch insurance market via different brands. Our three ‘biggest brands’ are Centraal Beheer, Zilveren Kruis and Interpolis. These are brands with a broad orientation on the Dutch market. Other Achmea brands focus on specific groups or offer their insurance propositions, banking products or services through a specific distribution channel.

## DUTCH BRANDS

 <p>Zilveren Kruis is the largest Health insurance company in the Netherlands and provides customers with advice and assistance when paying for and organising healthcare and leading a fitter and healthier lifestyle.</p>	 <p>At FBTO the emphasis is on freedom of choice. It offers customers the option of putting together their own ideal insurance policy.</p>	 <p>Avéro Achmea is the primary brand for Property &amp; Casualty and Income Protection insurance via the brokerage channel.</p>	 <p>De Friesland Zorgverzekeraar has been operating in the Dutch province of Friesland for over 200 years.</p>	 <p>Woonfonds has been selling mortgages to retail customers via independent advisors since 1973.</p>	 <p>Pro-Life Zorgverzekeringen operates on the basis of Christian principles and offers customers insurance that matches their Christian identity.</p>	 <p>Achmea Pensioen Services administers pension schemes for company, occupational and voluntary sectoral pension funds and for the Centraal Beheer General Pension Fund (GPF).</p>
 <p>Centraal Beheer has direct contacts with retail and business customers and its products are also sold via brokers. Customers can turn to it for Property &amp; Casualty and Income Protection insurance, pensions, mortgages, savings and investment products.</p>	 <p>Eurocross Assistance is the Dutch emergency response centre specialising in global medical, mobility and personal assistance.</p>	 <p>SA RE&amp;F invests in real estate and mortgages on behalf of pension funds, insurers and charities.</p>	 <p>OZF is the specialist Health insurance company that offers a basic package of Health insurance policies, as well as group health insurance for employees of companies and institutions.</p>	 <p>InShared is the all-round online insurer. InShared pays out an End-of-Year reward if less than 80% of the premium is claimed as damage or loss.</p>	 <p>Hagelunie is a Dutch insurance company that was founded by market gardeners and has been insuring greenhouse businesses for over 80 years.</p>	 <p>Achmea Investment Management offers asset management solutions and investment propositions for retirement services and serves both institutional and private investors.</p>

## INTERNATIONAL BRANDS

 <p>Interpolis operates in the banking channel and works exclusively with Rabobank. Interpolis ‘Glashelder’ (crystal clear) makes people’s lives simpler when it comes to insurance and the focus is on what is really important to our customers.</p>	 <p>In Turkey, EurekaSigorta has a strategic partnership with Garanti Bank and sells Non-Life and Health insurance products.</p>	 <p>Interamerican Greece is the second-largest insurance company in Greece, providing Non-Life, Health and Life insurance products.</p>	 <p>Union Slovakia is a Slovakian insurer that provides Non-Life, Health and Life insurance through the direct and brokerage channels.</p>	 <p>Achmea Australia has been operating on the local market since 2012 and sells insurance products mainly to customers of Rabobank in Australia.</p>	 <p>Onlia commenced operations in Canada in 2018 and provides online Car and Property insurance.</p>
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# 2018 in brief



## JANUARI €136 million paid out to customers affected by January storms

Two severe storms passed over the Netherlands on 3 and 18 January 2018. Achmea paid out about €136 million to affected customers. We are seeing an increase in claims caused by extreme weather in our capacity as an insurer, leading us to seek out partnerships with a view to restricting the resulting damage and nuisance.



## MARCH Launch of BlueLabel, a risk scan for flooding caused by rain

Achmea and partners are the first in the world to map the impact of extreme rainfall on each home (nearly 8 million Dutch homes and business premises). Via BlueLabel we are helping customers to become more resilient to the consequences of climate change.



## JUNE Achmea helps 'Zurich' to accelerate online services

Achmea is to help Zurich Insurance Group ('Zurich') improve its customer services using InShared online technology. The InShared IT platform is available for use by other insurers under the name 'Outshared'.



## DECEMBER New Collective Labour Agreement

A new Collective Labour Agreement was drawn up in 2018 for 2019. A significant part of this is TOP: Talent, Development and Performance. The core of TOP is that employees and managers regularly discuss the employee's personal development, performance and results; this will replace the annual appraisal.



## DECEMBER Launch of Onlia in Canada

Achmea launched Onlia together with Fairfax Financial, an online insurer in Canada. Onlia works locally via the InShared IT platform, Achmea's online insurer in the Netherlands.

2018

2019

## MARCH Achmea among top-3 most sustainable Dutch insurers

According to the Ethical Insurance Guide, Achmea is among the top-3 most sustainable Dutch insurers when it comes to investment policy. Achmea scores particularly well on the topics of nature, health and labour rights, while also receiving high ratings for transparency and accountability.



## JULI Road safety with Interpolis

Interpolis has worked to improve road safety for many years, for instance via the AutoModus app that helps people not to use their mobile phones while driving. In 2018, IkrijvoorNL ([www.ikrijvoornl.nl](http://www.ikrijvoornl.nl)) was launched in collaboration with VeiligVerkeer Nederland (road safety organisation). Every 100 kilometres driven yields one euro for the benefit of #IkrijvoorNL. This money is then used to fund ideas for improved road safety.



## OCTOBER Sale of Independer to Persgroep

Independer has grown sharply over the years and brought Achmea a great deal in relation to customer focus and innovation. By opting to sell this company Achmea is choosing to focus on online customer services via its own distribution channels.



## JANUARY Merger of De Friesland and Zilveren Kruis

The organisational merger of De Friesland and Zilveren Kruis was prepared in 2018 and will be implemented in 2019.





# Our mission

‘Bearing the risk together if someone suffers damage or loss.’ This has formed the basis for our company since its foundation in 1811. A great deal has changed since then though. The then small-scale cooperative non-life insurer now provides insurance and services relating to healthcare, health, mobility, income protection, pensions, asset management, legal protection and much more. Yet solidarity remains a fundamental principle for Achmea. Prevention is an important precondition, as this can help to restrict damage or loss and keep premiums affordable.

### Relevant to customers and trendsetting

We align our services as much as possible to the experiences, insights and wishes of our customers and to the needs of society. Our knowledge and insight into risks enable us to make a contribution to this. The aim is to be relevant to customers and trendsetting thanks to our innovative solutions. This is how we continue to give substance to our cooperative identity in 2018.

### Our cooperative identity

About two-thirds of our shares are in the hands of Vereniging Achmea, about one third is owned by Rabobank and the remainder is held by similarly-minded, cooperative financial institutions elsewhere in Europe. This means that our cooperative identity is guaranteed right down to our shareholders. Together with Vereniging Achmea, which represents the collective interests of all Achmea customers, we are developing an inspiring complementary range of cooperative features, values and communications that will also prove their worth over the next few years. Expertise is an important basis here and this is why we are investing in the personal development of our employees and in improving our services.

### Healthy, safe and future-proof

Our products and services provide solutions to risks too substantial to be borne by any individual party. This is another aspect of solidarity that is inherent to our business. Our mission is to contribute to a healthy, safe and future-

proof society and to this end we have defined four focus areas in which we aim to have a positive impact for our stakeholders. These focus areas are:

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

These were selected based partly on insights derived from the dialogue we conduct with our stakeholders and on our extensive environmental analysis.

### Sustainable Development Goals

We linked these four focus areas to the United Nation’s Sustainable Development Goals (SDGs) in 2018. These 17 SDGs together form the 2030 Agenda for Sustainable Development. We believe it is important to participate in this agenda. We aim to excel in SDG 3 (Good health and well-being), SDG 11 (Sustainable cities and communities) and SDG 13 (Climate

action). These three SDGs touch on major trends and risks that our customers and society face and are closely bound up with Achmea’s core business. Our choice of SDGs is strategic in nature. They are close to the core of our company, our cooperative identity and encourage innovation and growth.

### Our core values

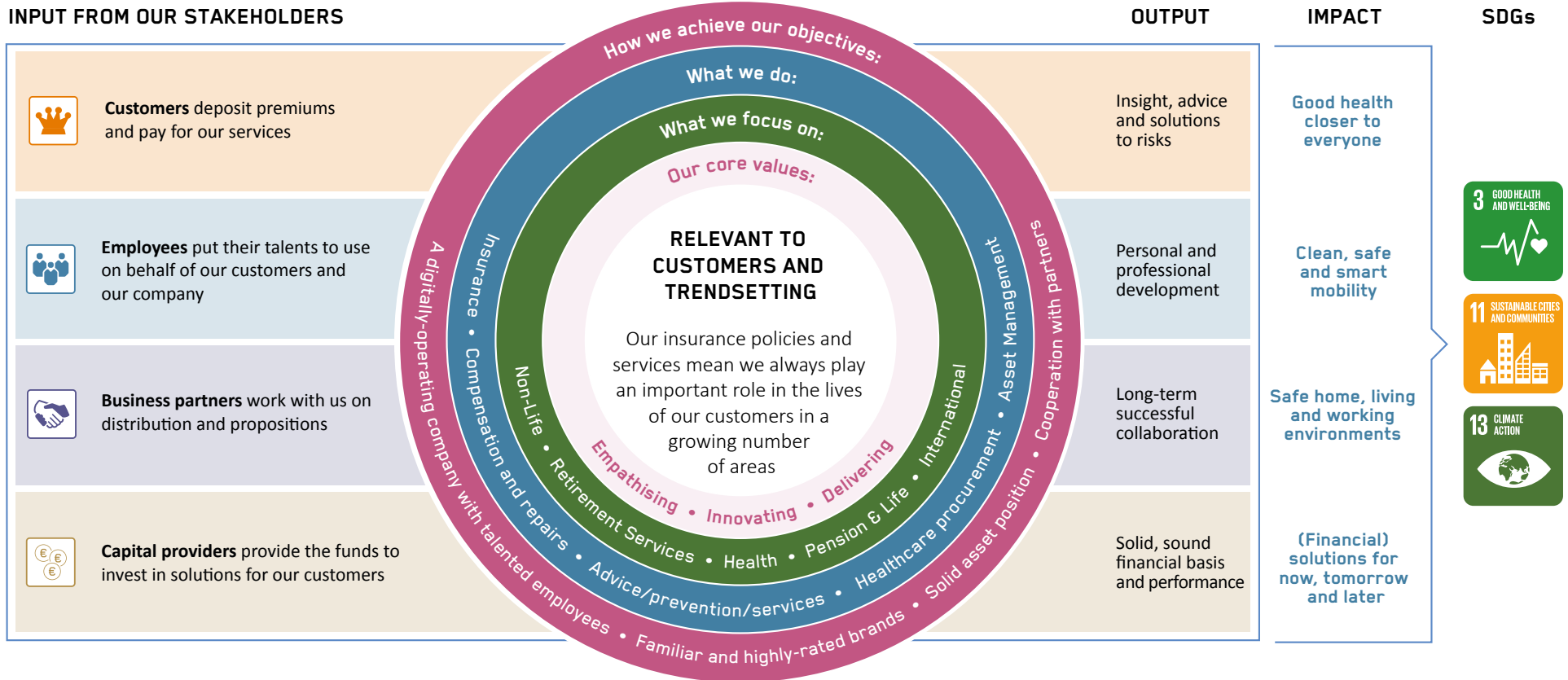
Our core values – empathising, innovating and delivering – are an important foundation for the way we work. Everything we do revolves around our customers. This is why it is essential to know what matters to our customers and what our customers and society need. Achmea gives substance to this by involving customers and partners in developing appropriate insurance policies and services (co-creation). We aim to create an even more customer-driven organisation that communicates using methods customers want and at a time that is convenient to them. This means that we are constantly adjusting and renewing our processes. Living up to our promise to our customers is crucial: our customers need to be able to rely on us being here when they need us.





# Our value creation

Our value creation model depicts the relationship between our strategy, the business model and the results and impact that Achmea achieves. Within our value creation model, 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 impact we wish to have on society and how we work. The value creation model also shows how we create value for our stakeholders in the long term. More information on this can be found in the individual sections of this Annual Review.





We are again seeing an increase in the number of claims caused by severe weather and want to do something about this. We increasingly advise our customers on how they can protect themselves from damage or loss caused by bad weather and offer supplementary services in this respect. By working closely together with our partners, we help our customers to adjust to a changing living environment. We keep a close eye on the climate in relation to our business operations. Climate action is one of the most important UN Sustainable Development Goals (SDGs) for us.

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# Our context

## TRENDS AND DEVELOPMENTS

The world of our customers and the one in which we operate as a wide-ranging service provider are both changing fast. Economic and political changes, new technologies and demographic trends are creating new risks and opportunities. In this section, we outline our vision of the context in which Achmea defines its strategy. Later in this report we will demonstrate how these trends and developments have an impact on Achmea and how we deal with them. We have listed the main trends and developments here.

### Solidarity

We enable solidarity via our products as risks can be shared with others. There will always be a need to share risks, but people increasingly want to decide for themselves with whom they wish to display solidarity. At the same time, new activities are emerging in the sharing economy, sometimes even free of charge.

### New risks

New risks are emerging, such as those relating to cybercrime, the sharing economy, climate change and liability. We are also seeing an alteration in the risk of use thanks to the rise of driverless cars and home automation.

### Shifting responsibility

The systems for healthcare, pensions and social security are coming under pressure. Risks are shifting towards individuals and employees. Many people are less certain about their financial future. The context in which companies operate is also evolving rapidly and is consequently more uncertain. This is also reflected in the job market.

### Customers taking the lead

Customers are getting better at finding providers. Insurers



need to be prepared to offer a customised range of products when it matters most to customers. New technology is accelerating this trend. Wearables, the Internet of Things (IoT), speech analysis, artificial intelligence (AI) and online platforms are becoming increasingly important to contacts with customers.

### Customers demanding higher standards

Customers are demanding ever-higher standards of the services provided by companies. They expect insurance solutions, but also apps and services, combined with an insurance policy. They also want to be able to switch between different digital devices without this presenting problems in their contacts with insurers. Online platforms are increasingly important to contacts and interaction with customers.

### Growing importance of data

Data communications between customers and providers will

increase. The willingness to share data is bound up in trust, convenience and the added value experienced by customers. Customers want convenience but also a human dimension and prudence when it comes to data and privacy.

### New propositions

New types of insurance are being provided alongside more traditional variants. Broader solutions for mobility or health are also emerging. This is blurring market boundaries and causing the role of insurers to shift position in the chain.

### Ecosystems

Many companies wonder whether they can cope with all the changes they currently face by themselves. This is leading to the creation of alliances, in which companies join forces to work together on specific propositions. Which of these are successful? And what role does an insurer choose in this kind of ecosystem: director, partner or supplier?



# In dialogue with our stakeholders

The many social, economic, financial and technological trends translate into challenges for our stakeholders. These are our customers, employees, business partners, shareholders, capital providers and supervisory authorities. We aim to provide as much added value as possible for our stakeholders. This is why it is essential to be in touch with them in order to know which changes and challenges they believe to be important. We conduct dialogue with our stakeholders in many different ways. There are direct contacts between our customers and employees via customer service centres. In addition, there are regular contacts via customer councils, customer panels, policyholder councils and the Vereniging Achmea online surveys.

One example of how the Executive Board communicates with customers is the annual 24-hour Directors' Council. During the 2018 edition, the Executive Board together with the Directors' Council talked to a national volunteer organisation, Achmea customers, a cultural institution and a public-private partnership, among other parties. The Executive Board also talked to experts from the Geneva Association during a knowledge session on 'Extreme Events & Climate Risk' at Achmea. A discussion was held on measures to control the damage or loss caused by nature and the risks and opportunities facing the insurance sector.

Employees are consulted via work and team meetings and regular contact with managers. Achmea also has a number of works councils and a Central Works Council. Discussions on terms and conditions of employment take place during meetings with trade unions. An annual Employee Engagement Survey is also held.

We talk to our business partners via Achmea Corporate Relations (ACR) and in bilateral business meetings. We discuss social issues with our corporate customers and academics via

the Achmea Corporate Relations 'De Kamer' initiative. Contacts with our shareholders Vereniging Achmea and Rabobank are embedded in our formal governance process.

We talk to our external capital providers via events such as special meetings with analysts.

## WHAT DO OUR STAKEHOLDERS BELIEVE TO BE IMPORTANT?

In addition to the regular stakeholder contacts mentioned above, we conduct a more specific survey on what stakeholders think via a stakeholder consultation process. This comprises dialogue sessions on specific themes, in-depth interviews and online surveys or a combination of

these. We ask our stakeholders which topics they believe to be important to Achmea. In this process, we involve representatives of interest groups, customers, knowledge institutes, social organisations, employees, customer councils, shareholders, distribution partners, academics, opinion leaders, trade unions and analysts. In 2018, we conducted an online survey, complemented by in-depth interviews and a survey of the general public.

## OUR STRATEGIC OBJECTIVES

Our mission to contribute to a healthy, safe and future-proof society is based partly on previous stakeholder consultations. These choices match up well with the results of the survey held in 2018. Achmea selected thirteen material topics for the

### VERENIGING ACHMEA REINFORCES THE COOPERATIVE BASIS ON WHICH ACHMEA IS FOUNDED

Vereniging Achmea is the association for all our customers and our largest shareholder. It represents the shared interests of Achmea's customers. All customers of the Achmea brands 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 ensure continuity of Achmea as a company Achmea operates at the heart of society and conducts dialogue on social themes. Input from Vereniging Achmea and its members is of huge added value here. The customer members are represented here by the Vereniging Achmea Council of Members. The Council of Members mirrors Achmea's overall client base as much as possible.

Vereniging Achmea is managed by a Council of Members and a Board. Customers 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. The say given to its members remains a distinctive feature to this day. Our partnership with Vereniging Achmea therefore helps to determine our identity as a cooperative insurer. Cooperative values, such as solidarity, cooperation, having a say and the influence of customer members, continue to apply in full.

# In dialogue with our stakeholders

survey and our stakeholders subsequently ranked these topics in a chart as follows. The materiality matrix (see figure) shows how stakeholders (Y axis) and Achmea (X axis) assess the importance of the topics to Achmea.

We can see that the trends towards sustainability and social relevance are continuing.

## Responsible investment

Sustainability criteria are an integral part of responsible investment. These play a role in the selection of investments and in the impact investors have, for instance by excluding sectors or companies, voting at shareholder meetings or entering into dialogue on the company's policies. Targeted investment in companies that aim to have a sustainable

social impact is one method of responsible investment. Customers expect Achmea to invest with respect for people, animals and the living environment. Benchmarks such as the Ethical Insurance Guide test our policies and their practical implementation and in doing so influence Achmea's reputation. The Dutch government's implementation of OECD guidelines has led to an International Responsible Business Conduct (IRBC) agreement within the insurance sector. Achmea's investment policy is based on the UN's Sustainable Development Goals (SDGs) and five key topics that have been derived from these.

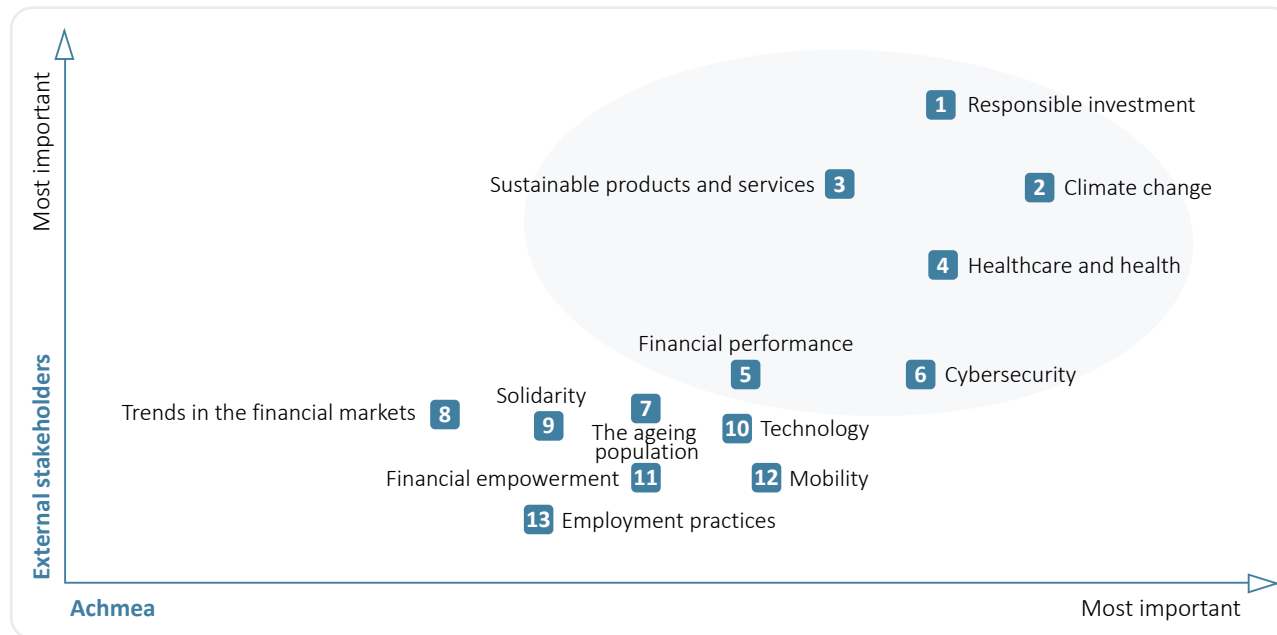
Detailed information can be found on pages [26-28](#) of this Annual Review

## Climate change

We are facing increasingly extreme weather conditions in the Netherlands and these generate more risks and cause more damage or loss. Preventive measures are needed to restrict damage or loss and keep the Netherlands safe. To combat further global warming, it is essential to restrict greenhouse gas emissions and encourage the transition to renewable energy.

Climate change affects us as an insurer in different ways. We are seeing an increase in the amount of damage or loss. New services aimed at prevention are helping to preserve the insurability of our customers.

Customers demand (financial) services for making society more sustainable. The government demands that we help fund the energy transition in our capacity as an investor. In



- 1 Responsible investment
- 2 Climate change
- 3 Sustainable products and services
- 4 Healthcare and health
- 5 Financial performance
- 6 Cybersecurity
- 7 The ageing population
- 8 Trends in the financial markets
- 9 Solidarity
- 10 Technology
- 11 Financial empowerment
- 12 Mobility
- 13 Employment practices

*The topics are explained in more detail on the following pages. We explain the impact of the topics on Achmea and how Achmea deals with them.*



# In dialogue with our stakeholders

the long term, investments in sectors comprising fossil fuels will become riskier. We aim to reduce the CO2 emissions generated by our company offices.

Achmea is contributing to the implementation of the Paris Climate Agreement. Please see pages [12](#) and [26-28](#) for more information on how we do so.

## Sustainable products and services

Achmea contributes to a healthy, safe and future-proof society. For an insurer this mainly involves solutions to new risks for customers and society. Prevention plays an important role here.

Trends in cybersecurity, mobility, climate change, social security, accommodation and care, retirement services, healthcare and health affect all our chains and customer groups. The problems experienced by customers and society have an impact on Achmea's products and services.

Examples of how Achmea contributes to a healthy, safe and future-proof society can be found on pages [18](#) and [21-24](#).

## Healthcare and health

The Dutch healthcare system is among the best in the world. The public sector decides what is covered. Within this playing field, health insurers bear responsibility for increasing the effectiveness of that cover and keeping expenses down as much as possible. Solidarity is an important feature here. Future access to and the affordability of healthcare in the Netherlands is under pressure, however. This is a fundamental political and social issue. Promotion of a healthy lifestyle and control of the price of medicines and healthcare are crucial to maintaining accessible and high-quality healthcare.

Rising healthcare costs can pose a threat to the accessibility of healthcare. A number of trends are playing a significant role here, such as the ageing population and an unhealthy

lifestyle. The impact of new medicines and other medical innovations can lead to a higher average cost of treatment. These trends can hinder Achmea in its objective of keeping healthcare accessible for everyone in the Netherlands.

Achmea works to ensure that healthcare is accessible for all. Please see pages [22](#) and [23](#).

## Financial performance

Financial performance is important to the continuity of our company. Within this we need to maintain a balance between administrative costs, profits and solvency on the one hand and premium levels on the other.

Poor financial performance can have a negative impact on our capacity to invest and innovate and therefore on continuity.

Achmea aims to earn a responsible financial return. Please see pages [35-37](#).

## Cybersecurity

The protection of customer data against theft, data leaks and IT failures is essential to customer confidence in Achmea. Our customers can become the victims of cybercrime. Achmea can suffer material loss as a result of the loss of data and an interruption of operations. Customers are increasingly aware of the online risks in relation to their own systems.

Achmea recognises the importance of cybersecurity and works constantly to improve the security of its IT environment. Systems and procedures are adapted in order to protect our customers' details and we apply a privacy policy. We are investing in education with a view to improving the level of knowledge about data. Please see pages [31](#) and [34](#). Achmea also provides customers with solutions relating to cybersecurity. Please see page [21](#).

## The ageing population

The ageing population affects Achmea in its capacity as a pension provider. This is why Achmea is developing services and initiatives aimed specifically at senior citizens. With Achmea Pension Services, Achmea Investment Management and together with the Centraal Beheer General Pension Fund (GPF), we offer future-proof pension provisions. Please also see page [26](#).

The ageing population also affects Achmea as a health insurer, for instance due to the growing demand for care for senior citizens. Achmea is devoting greater attention to improving fitness and health and allowing customers themselves to arrange safe in-home care. Please see page [22](#).

## Trends in the financial markets

Achmea invests premiums in order to earn a positive investment result in the interest of our customers. Interest rates and equity and bond prices affect the risk and return on these investments.

Interest rates that remain low for a long period lead to low investment results. Interest rates that continue to fall can ultimately pose a threat to our solvency as a company. Uncertainty on the financial markets can have an adverse effect on confidence in financial institutions. High volatility in interest rates and prices, as well as shocks on the financial markets, can have a negative impact on investment results and written premiums.

Via our Asset & Liability Management (ALM) policy we match our investments to our commitments and control the risk within internally-set bandwidths. More on this can be found in part 2, page 66.

## Solidarity

Solidarity remains a key bedrock for insurance. At the same time, solidarity is coming under pressure in our society, and



# In dialogue with our stakeholders

this could potentially lead to greater inequality. Yet new forms of solidarity are also emerging. Examples include personal insurance funds for the self-employed, residential and energy cooperatives and projects that encourage the sharing economy.

Solidarity is an important theme for Achmea. At the same time, we are seeing risk selection and premium differentiation becoming increasingly important in the market for Property & Casualty insurance. Greater transparency in the price structure of premiums can lead to people being less inclined to share insurance risks.

For Achmea, solidarity forms the foundation of insurance. Please also see pages [9](#) and [12](#).

## Technology

Thanks to digital trends we can now communicate with our customers using many different channels. They want to get in touch with us using whichever channel suits them best and at any time of the day or night. Digitisation offers new opportunities for better estimating risks. Customer-centric data can help us to position our propositions more accurately and make our business operations more efficient.

Innovation in customer contacts requires a huge amount of investment. We can use data to provide solutions containing reasoned and personalised recommendations in relation to prevention. The protection of privacy and clear communications on the use of big data are essential here.

Achmea aims to be a digital insurer with a human dimension. Please also see pages [18](#), [24](#) and [32-34](#).

## Financial empowerment

Trends in social security, the pension system and changes to

the job market mean that many people enjoy less security about their financial future. Insight into future earnings and into financial risks and requirements is more important than ever. Financial education and stopping people getting into debt are also important.

Financial empowerment has an impact on Achmea in its capacity as an income protection insurer and provider of banking and pension products. The reduced role of the public sector and changes to the social and pension systems mean that people need to arrange more for themselves. This particularly applies to those who are self-employed.

Achmea encourages financial empowerment. Please see pages [18](#), [22](#) and [26](#) for more detailed examples.

## Mobility

The Netherlands faces enormous challenges in relation to mobility. Increasingly frequent traffic jams, (inner) cities becoming gridlocked and trains packed to overflowing during the rush hour are just a couple of examples. There are a growing number of traffic accidents, partly due to the use of mobile phones, while at the same time we are witnessing the advent of driverless and electric vehicles. These could provide a fresh boost and opportunities for solving mobility and climate issues.

Car insurers have seen an increase in the number of claims as well as higher average claims over the past few years. This has an impact on the cost of claims. The shift from ownership to use and car-sharing concepts could reduce the size of the market for private car insurance. The growing sharing economy also raises questions about liability. The Dutch government is working to achieve the accelerated electrification of vehicles on the road.

Achmea is encouraging clean, safe and smart mobility. Please also see pages [21](#) and [23](#).

## Employment practices

Good employment practices ensure that a company retains the right employees and are important to the power of innovation, but also to customer-relevant and trendsetting services.

Achmea needs very specific competencies and talents and competes on the job market against both large corporations and small, innovative businesses and start-ups. That is why it does all it can to be a good and attractive employer. This means investing in e.g. the personal development and education of employees, a safe and healthy workplace, sound terms and conditions of employment and diversity. Please see pages [30](#) and [31](#).

## INTEGRATED STEERING

In 2017, we initiated a three-year programme to embed integrated steering even further into our organisation. Since then, we have reached a number of important milestones. For example, we have selected the leading SDGs, our strategic focus areas have been further embedded into our business operations and the vision on value creation has been enhanced. In the meantime, we are working on aligning our integrated reporting and steering. In this way, we aim to make it easier to measure our ambitions against the material topics and create greater insight into the relationship between the material topics and our strategy. As a result, in our annual report over 2019 we will be able to demonstrate even more clearly our progress on those topics that are important to Achmea.





# Our strategy

## WHY WE DO WHAT WE DO

Our stakeholders expect insurance policies of us. Yet we can also play a role with respect to services to prevent damage or loss, investment with a focus on people and planet, the promotion of good health, a safe environment or sound financial planning. This is a validation of our decision to work together with our partners and customers to create a healthy, safe and future-proof society.

Our focus areas are: good health closer to everyone; clean, safe and smart mobility; safe home, living and working environments; and (financial) solutions for now, tomorrow and later. This provides direction for our strategy and our innovation.

The core of our strategy remains unchanged: providing people with security against risks by offering insurance and services. We do this as follows:

### Our products and services

We help customers to decide how they wish to protect themselves against these risks and how they can restrict the consequences. We offer insurance and services for retail customers, small and medium-sized businesses, other companies and institutions. We aim to serve customers via a range of different channels and media, with a view to being personally relevant to customers on a daily basis. We do this by ourselves or together with our partners.

We focus on Property & Casualty, income protection and health insurance. Customers can buy our products directly from us, but also via Rabobank or other intermediaries. And we are expanding retirement services and the service company in the Netherlands. Internationally, we are mainly developing positions in Property & Casualty and health insurance in countries in which we have identified strategic opportunities.

### Our financial ambitions

Our financial ambitions are aligned with our cooperative identity. Long-term value creation for our customers is a priority here. We aim to generate enough financial return and disposable capital to be able to continue investing in renewal and innovation, as well as to retain capital providers and generate larger margins for absorbing volatility and set-backs. We aim to achieve a sufficient level of profitability and free capital generation to be able to invest in innovation. Our main priority in this respect is to improve profitability deriving from normal business operations.

### Sustainable distribution

As an insurer, we believe a future-proof and sustainable distribution system to be important. We use online distribution channels plus banking distribution via Rabobank. It is partly thanks to our partnership with Rabobank that we can offer customers good insurance policies. As a result of our improved IT infrastructure, we succeeded in increasing efficiency and reducing complexity in 2018.

## CHALLENGES FACING ACHMEA

Achmea works constantly to improve its services. This is how we prepare our company to face the challenges of tomorrow. We see the main challenges as:

### Improving existing activities

We work in a competitive industry, one in which ever-higher standards are being demanded of our services. This means that there is constant pressure to further improve products and processes. Robotisation and artificial intelligence are becoming increasingly important in this respect.

### Changing environment

There are challenges in processing system changes (pensions, social security, healthcare) and requirements deriving from

laws and legislation (IFRS, GDPR, PSD2 etc.). Demographic trends, such as the ageing population, diversity and urbanisation, also have consequences for our products and services.

### New technologies in interaction with customers

Digital communications geared to the wishes of our customers are a necessity. Infrastructure, processes and organisational structure need to be designed accordingly. Online platforms and speech technology will play an increasingly important role here.

### New propositions and business models

Broader propositions that also comprise services are becoming increasingly popular. We develop these ourselves or together with our partners. This requires us to invest in partnerships.

### Employee competencies

New applications and work processes demand of our employees flexibility and the ability to use new technologies. Multi-disciplinary skills are becoming more and more important, as are creativity and the desire to continue learning new things.

## WHAT DO WE BELIEVE TO BE IMPORTANT?

### Acceleration

We want to accelerate processes in our four focus areas. We do so by employing strategic innovations aimed at boosting our future revenue model. We are introducing innovations at our company relating to retirement services, new initiatives in Property & Casualty and digital business models internationally.

### Strengthening

We want to further improve our management and business operations and strengthen our balance sheet, allowing us



# Our strategy

to cut our direct and indirect expenses in the process. We are also introducing innovations with a view to boosting our revenue model in relation to customer retention, written premiums and results. We are experimenting with new propositions and business models. The impact may seem small at the moment, but these measures are already boosting (access to) our basic services and could contribute to customer retention in future.

## Towards a more compact and digital company

We are increasingly becoming a data and technology company in our capacity as a financial service provider. We focus our distribution on the requirements of our customers and aim to standardise and automate our processes, integrate systems and cut expenses. This will create a more compact and digital company. We are focusing on online and personalised interaction with our customers. Our approach for retail customers is the same as the one used for small and medium-sized businesses. We support this with new technology, such as chatbots and other types of robotisation.

## FOCUS PER SEGMENT

We are expanding the role of Centraal Beheer as a (financial) service provider. We are developing our activities to include banking products and services that can also be sold on the market individually. In the partnership between Rabobank and Interpolis we are increasing our efforts to achieve growth. Here, Interpolis is focusing on supplementary and innovative prevention services, among other things.

### Non-Life

We are constantly working on further streamlining our company in order to cut expenses. We are working on further claims management measures, apply an additional prudential margin for large claims and are testing new business models, mainly for the home and mobility.

In our commercial business we aim to achieve growth in small and medium-sized businesses and expect growth in the retail customer segment. In the business claims segment the focus lies on improving results. At Income Protection, we are renewing the product portfolio and our interaction with customers.

### Pension & Life

Good customer service is a priority at Pension & Life. We are also working on further cutting expenses and making them variable, whilst retaining a high level of customer satisfaction. Robotisation of processes, the integration of systems and machine learning are assisting us in this.

Our ambition is to grow in term life insurance and products that pay benefits (individual pension annuities and annuities). In doing so, we aim to contribute to the success of Retirement Services.

### Retirement services

We provide pensions, banking products and asset accrual from a single chain. The Centraal Beheer General Pension Fund (GPF) provides a group second pillar pension solution. Achmea Investment Management and Achmea Pensioen Services focus on institutional clients. Achmea Bank offers savings and mortgage products for third and fourth pillar solutions via Centraal Beheer's online platform, but also via brokers in the retail customer market.

We are creating opportunities to accelerate processes, for instance for mortgages. And we are strengthening Centraal Beheer as a gateway to retirement services.

### Health

We aim to contribute to accessible and affordable high-quality healthcare for everyone and to prevent the formation of waiting lists. In doing so, we are focusing on the vitality of



people, on prevention and promoting a healthy lifestyle. We want to contribute to the well-being of people and restrict the cost of healthcare. We are investing in new options for healthcare at home. Our goal is to strengthen our position in health procurement and further cut expenses. We are doing this by contributing to affordable healthcare and to sound business operations with cost-price premiums. We continue to be a relevant partner for employers and other group insurance schemes.

### International

We are consolidating our position on markets in which we already operate and temporising our position on markets that are new to us. We do so by selling our range of Property & Casualty insurance policies via direct and banking distribution channels. We are also exploring opportunities for exporting the success of InShared.



Working longer is increasingly the norm for many people in the Netherlands. Remaining employable and being of value to and via your work are important factors here. Yet this is not a given for everyone. The older you are, the higher the risk of health problems, including those caused by (physically) hard work. In spite of all the changes on the job market, there is still a need for future-proof pensions. We meet this need via the products and services provided by Retirement Services.

## Our objectives and results

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## How we create value for our customers

The interests of our customers are key to our services. We want to know what preoccupies our customers and for them to feel a strong sense of affinity with our brands. We aim to actively involve customers in improving our insurance policies and services and so we endeavour to ensure that the market and customers are familiar with, and have confidence in, our brands. We conduct customer surveys, customer travel and use surveys and analyse our contacts with customers. With our insurance policies and services, we aim to offer customers sound and accessible solutions for dealing with uncertainties. Online customer services are essential to this. Customers can then choose whether or not they wish to insure the risks.

We compare our customer-centricity objectives, for instance, to the AFM's Customer Centricity Dashboard.

We also use the Net Promoter Score (NPS) to measure customer commitment to our brands. This score indicates whether customers would recommend our brands. We measure how our customers rate us via customer satisfaction surveys. The scores for our Property & Casualty brands and our Health insurance brands climbed further in 2018. Most of Achmea's brands match or exceed the sector average. This gives us confidence in our policy of further improving our products and services together with our customers.

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

Customers are satisfied with the products and services offered under Achmea brands. This is demonstrated for example by the customer satisfaction surveys carried out in 2018 (see table). Most of Achmea's brands match or exceed the sector average.

Achmea uses responses from customers to further improve its services. We are seeing growth in 'agile working'. Customers' wishes and ideas form important input here.

Our services are becoming increasingly digital, often via mobile phones. A growing number of insurance policies are being sold online and service queries dealt with online. Customers can now also submit claims via our chatbot. Self-service assistance on the website is done via live chat. Customers can also communicate with us via apps, such as WhatsApp.

### Claims settlement

In 2018, claims settlement supervision was transferred from the AFM to Stichting Toetsing Verzekeraars (Stv, Foundation for the Review of Insurers). Four Achmea brands hold joint first place with an average total score of 4.5 on a scale of 0 to 5.

### CUSTOMER SATISFACTION SCORES 2018 (2017)

	CUSTOMER-ORIENTED INSURANCE QUALITY SEAL	Retail market			Commercial market	
		NON-LIFE <sup>1</sup>	HEALTH <sup>2</sup>	LIFE <sup>1</sup>	NON-LIFE <sup>3</sup>	INCOME PROTECTION <sup>3</sup>
Centraal Beheer	✓	7.5 (7.5)	-	7.4 (7.0)	7.8 (7.5)	7.3 (7.2)
Interpolis	✓	7.6 (7.3)	8.1 (8.0)	7.3 (7.2)	7.4 (7.5)	7.4 (7.4)
Zilveren Kruis	✓	-	7.9 (7.8)	-	-	-
Avéro Achmea	✓	7.2 (7.3)	7.7 (7.7)	-	7.3 (7.5)	7.2 (7.1)
De Friesland Zorgverzekeraar		-	8.1 (8.1)	-	-	-
FBTO	✓	7.5 (7.4)	8.1 (8.0)	7.1 (7.2)	-	-
InShared	✓	7.3 (7.4)	-	-	-	-
OZF	✓	-	8.2 (8.2)	-	-	-
Pro Life	✓	-	8.2 (8.1)	-	-	-
<b>Average for Achmea brands</b>		<b>7.4 (7.4)</b>	<b>8.0 (8.0)</b>	<b>7.3 (7.1)</b>	<b>7.5 (7.5)</b>	<b>7.3 (7.2)</b>
<b>Industry average</b>		<b>7.5 (7.4)</b>	<b>8.0 (8.0)</b>	<b>7.0 (7.0)</b>	<b>7.4 (7.4)</b>	<b>7.3 (7.2)</b>

1. Source: Dutch Association of Insurers, 'Verzekeraars in Beeld' survey 2017 and 2018

2. Source: SAMR, Customer Monitor Health Insurance, as per April 2017 and 2018

3. Source: Dutch Association of Insurers, Customer Satisfaction Survey Business 2017 and 2018

BRAND	SCORES
Centraal Beheer	4.5
Interpolis	4.3
Zilveren Kruis	4.5
Avéro Achmea	4.0
FBTO	4.5
InShared	3.8
OZF	3.0
Pro Life	4.5
Market	3.8

### Customer-Oriented Insurance quality seal

The Keurmerk Klantgericht Verzekeren, KKV (Customer Oriented Insurance quality seal) underlines the quality of the services and customer focus of an insurer. Achmea retained the quality seal for all of its brands in 2018.



# How we create value for our customers

## Customer Centricity Dashboard

We endeavour to achieve the perfect match with the current and future wishes and needs of our customers. Customers can verify this at independent 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 monitor 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 2018, Achmea received feedback on the 'Code of Conduct for business insurance policies', 'Pensions' and 'Spreads on mortgages' dashboard modules. Achmea's score of 3.8 on a scale of 0 to 5 for the first module listed exceeds the market average (3.3). The AFM has decided not to award scores for the 'Pensions' module. In the 'Spreads on mortgages' module, the AFM surveyed how mortgage lenders pass on spreads to customers during fixed-rate periods and on adjustments to interest rates. Achmea scored 1.5 for this module, which is below the market average (1.9). Achmea has taken the AFM's feedback on board and started to implement improvements. A number of the AFM's recommendations had already been followed up on by the end of 2018.

## CENTRAAL BEHEER

In 2018, Centraal Beheer continued to take steps to achieve (assisted) self-service via whichever channel customers choose. Retail and business customers can buy products and services more quickly and easily or implement real-time changes themselves, with or without the assistance of an employee.

Centraal Beheer received the maximum five-star rating from MoneyView for its contents and Property insurance and performs high on website performance according to

several benchmark studies. Centraal Beheer was named the most customer-friendly insurer in the Dutch retail customer market in 2018. In the business market, Centraal Beheer was again awarded the title of most customer-friendly Property & Casualty insurer. With an NPS among Property & Casualty customers of +5 over 2018 (2017: +4), Centraal Beheer is still among the top-three insurers in the benchmark.

Retail customers were generally enthusiastic about the chatbot on the Centraal Beheer website: the average NPS over 2018 was +22.6. Our chatbots enable us to cut expenses for customer contacts and improve the customer experience. We conducted a total of over 550,000 chats via the website over 2018; 23% of these led to a live chat. This means that an employee was involved in the chat. As of the end of 2018, the number of chats with retail customers via the website since the introduction of our chatbot totalled nearly 1.2 million.

Our aim is also to provide services via Centraal Beheer that make life easier and help businesses grow, whether they are insured with us or not. Centraal Beheer launched a range of new services in 2018. Via Lab55, Centraal Beheer is constantly innovating together with customers, start-ups and other companies.

Google released its Google Assistant voice application on the Dutch market in 2018. Centraal Beheer was involved in its capacity as insurer and partner.

### Clean, smart and safe mobility

Centraal Beheer Roadguard was launched in 2017. This emergency assistance on demand app has now been downloaded over 300,000 times. Nearly 6,000 customers and non-customers made use of this service in 2018.

### Safe home and working environments

Centraal Beheer launched its Telephone Repair services

at the start of 2018. The KlusHulp (odd job) app that was introduced in September enables customers and non-customers to find reliable workmen for any type of odd job. KlusHulp was launched in collaboration with Zoofy. Since September, Centraal Beheer has received over 4,000 applications for KlusHulp.

At the end of November, Centraal Beheer launched Legal Aid on demand together with LegalGuard (an Achmea initiative). In the event of potential legal problems customers and non-customers can obtain advice or have a contract analysed and pay a fixed fee for the service.

Centraal Beheer participated in a smart door lock pilot scheme together with Albert Heijn: come home from work to find your shopping already in the fridge.

### Centraal Beheer in the business market

In December 2017, Centraal Beheer introduced the 'Kortenkrachtig AOV' (simple disability insurance). This insurance provides full cover for work-related disability, at a lower premium for a temporary payment period of three, four or five years. This is because most entrepreneurs are back on their feet within five years. Entrepreneurs can take out this insurance policy themselves.

Centraal Beheer works together with professionals from different sectors on HR issues. 'Open' from Centraal Beheer offers employers a network in which they can share knowledge and ideas with other employers: Open Dialogue. For employees, Open provides an HR Portal containing solutions for working on their long-term employability. Together with Homies (an initiative of Achmea and Accenture), Centraal Beheer conducted a pilot scheme among residents' associations. Homies is an affordable alarm system that automatically generates a group app in the event of an emergency. Via 'Cyberzeker' (CyberSecure), since the end of



## How we create value for our customers

November 2018 Centraal Beheer has provided companies with a cyberchecklist, an assessment and cybersecurity insurance.

### Financial solutions for now, tomorrow and later

Centraal Beheer's ambition is to be a broad financial service provider and offer customers propositions that provide financial security. In 2018, Centraal Beheer introduced a new mortgage proposition for the self-employed and expanded the ThuisHypotheek Online (home mortgage) service. In addition to first-time buyers, people who already have mortgages can arrange a mortgage online without using a mortgage advisor. Centraal Beheer has also offered house hunters a home purchase service since February 2018, through which customers receive a discount on valuation and notary fees. Furthermore, Centraal Beheer has set up a Mortgage Academy; an online learning environment for arranging a mortgage. It is now also possible to buy investments using the Centraal Beheer app. Centraal Beheer aims to play a significant role in the retail customer investment market as well. The proposition has received positive evaluations with respect to price and quality in independent studies. The revised app enables customers to consult their portfolios quickly and easily and execute transactions.

### ZILVEREN KRUIS

The ambition of Zilveren Kruis is to provide solutions that allow more people to enjoy good health for longer, that help more people to recover from illness and that give people who are ill a better quality of life. This is why we are bringing good health closer to everyone: closer in the sense of prevention and care, in terms of time and attention, as well as physically closer. Zilveren Kruis devotes greater attention to improving vitality and allowing customers to arrange safe in-home care themselves. Other brands are also working on this, such as De Friesland Zorgverzekeraar

that is concentrating on bringing good health closer to customers in the Dutch province of Friesland and Pro Life that mainly focuses on Christian faith-based care. There are other service brands, such as Pim Mulier and Eurocross, and propositions such as GezondOndernemen (Healthy Enterprise), Present, Zilverkorting (SilverDiscount) and Actify that also contribute to improving the vitality of our customers. Zilveren Kruis developed new propositions for employers in 2018, such as 'GezondRendement' (Healthy Return), which combines Health and Income Protection insurance. Moreover, GezondOndernemen now has a portal on which employees can arrange health interventions themselves.

### Accessibility of healthcare

The MC IJsselmeer and MC Slotervaart hospitals went bankrupt in 2018. This was a huge blow to all concerned, especially the patients and residents of the region. In spite of holding early and regular meetings with all parties, it proved impossible to support the hospitals further. The lack of a future-proof perspective played an essential role here. Many different parties are involved in funding hospitals and hospital care and each party has its own role to play. Zilveren Kruis is and feels responsible for guaranteeing the accessibility and quality of healthcare for its policyholders. We naturally take this duty of care very seriously, including in the unlikely event that a care provider goes bankrupt.

### Gezond Ondernemen (Healthy Enterprise)

With 2.4 million policyholders, Zilveren Kruis occupies a strong position in the group insurance market. It works intensively with group insurance schemes on innovations and customised solutions. Group insurance schemes yield valuable insights into the wishes and needs of their members and help us in translating these into innovations and customised solutions. The objective is to make agreements on healthcare content with all the main group insurance schemes by no later than 2020. As an example, in collaboration with the Red Cross



the Preventiefonds van Metaalunie (metalworkers' union prevention fund) and Zilveren Kruis have come up with customised First Aid courses and corresponding First Aid kits for the metalworking sector.

### Actify

Online lifestyle platform Actify contains instruments for inspiring people and helping them to exercise more, eat more healthily and relax. In 2018, these individual themes were combined into a single app that people can use to work more easily on improving their overall health.

### Healthcare brokerage

Zilveren Kruis helps its policyholders to choose healthcare services. Zorgverkenner (Healthcare explorer tool) answers questions such as: Where can I go for a consultation or treatment? Can I be seen more quickly at a different hospital? How much is reimbursed? How much do I pay myself? Customers who want personal advice can turn to healthcare coaches. The Healthcare brokerage coaches saved customers a total of 183,200 days' wait in 2018. Customer satisfaction is high at a rating of 8.4 and an NPS of 29.



# How we create value for our customers

## Customer perception of Zilveren Kruis

The Net Promoter Score (NPS) for Zilveren Kruis has increased from 0 in 2017 to 7 in 2018. Customers recommend Zilveren Kruis for the overall experience, the simplicity of submitting claims, speed of payment and contacts with employees. Ziezo (See It), the online budget proposition, was rated for the first time and earned an NPS of 11. In 2018, Zilveren Kruis won a Grand Prix Content Marketing Award for its 'Firework Suit' video. Moreover, Zilveren Kruis and Pro Life were ranked among the best healthcare claims handlers in the market by the Customer Oriented Insurance quality seal in 2018.

## Uncertainty about the legislative proposal on healthcare

A group of members of the Lower House of the Dutch Parliament has been working on a legislative proposal for some time (legislative proposal 'banning profit distribution by health insurers'). The proposal would mean that profit distribution will no longer be possible, as it would lock up a large portion of the capital held by health insurers. As our health insurance operations work on a non-profit basis and we have no intention of paying out the result deriving from basic health insurance, we believe this proposal to be unnecessary. Nor do we believe that it is in the interests of our policyholders and healthcare providers, partly because of the potential uncertainty surrounding the funding of innovation.

The Council of State, the Dutch Central Bank (DNB), the Dutch Healthcare Authority (NZa) and the Authority for Consumers & Markets (ACM) were highly critical of the initial draft of the legislative proposal - over two years ago now - and also pointed out that it will not benefit the functioning of the health insurance framework. The members have clarified a number of the uncertainties via a proposal to amend the bill, but many things remain unclear. We expect greater clarity on any political decisions regarding this legislative proposal in 2019.

## INTERPOLIS

Interpolis enjoys a large number of satisfied customers. The related NPS for Interpolis for Property & Casualty insurance is among the highest in the market, for both business and retail customers. In the retail customer market Interpolis has an NPS of +4 (2017: +3).

Via its revised "focus on what's really important" positioning, Interpolis is concentrating on four domains (mobility, home, work and well-being) with solutions that are relevant to customers and trendsetting. These assist customers by providing security against the risks they are exposed to and aim to reduce the cost of claims in themes that Interpolis believes to be relevant to society. Interpolis aims to reduce the number of traffic accidents significantly by 2020. To this end, a special team is working daily to come up with, create and test smart mobility solutions. These help our customers to prevent and restrict damage or loss. We do this together with a network of universities, research institutes, the government, the Institute for Road Safety Research (Stichting Wetenschappelijk Onderzoek Verkeersveiligheid, SWOV) and other parties.

### Safety on the road, safety at home

Interpolis has worked for many years to reduce the use of mobile phones while driving, for instance via its AutoModus app and the IkrijvoorNL initiative. This has resulted in Interpolis being viewed as one of the leading parties in this field.

We contribute to a safer home environment via initiatives such as 'Groenedaken' (green roofs, to prevent flooding) and 'Thuiswacht' (home guard, together with Eneco's Toon). It is also our ambition - together with our partners - to reduce the number of burn-outs among millennials. Our range of products has been expanded to include reimbursements that aim to prevent burn-out symptoms.

## All-In-One Policies

Our main retail customer package proposition was revised for all our 1.2 million customers in 2018. All the types of insurance in this policy are now available via mobile devices thanks to the Rabobank Banking App. Bicycle insurance was added in 2018. Our digital accessibility has been much improved: about 70% of all All-in-One Policies are arranged online. In the case of ZekerVanJeZaak the percentage is close to 30%. Claim notifications are also conducted online in 14% of cases. During a stormy January 2018, as many as 29% of claims were reported online. This made Interpolis more accessible to its customers and enabled claims to be handled more quickly.

## IkWoonLeefZorg

Together with Rabobank, Interpolis has an online platform called IkWoonLeefZorg (ILiveCare) for senior citizens and informal carers. We have a growing number of visitors to the website and newsletter subscribers: nearly 70,000 visitors a month, a total of over 700,000 unique visitors since the launch of the platform and over 60,000 newsletter subscribers.

## Business market

In 2018, a quick premium calculation was available for nearly all the ZekerVanJeZaak (insurance package for small business owners) products via Rabobank.nl. Since the end of 2018, all the information on ZekerVanJeZaak has been available in the Rabo Banking app. For larger small and medium-sized businesses we have developed ZekerInBedrijf (insurance package for large business owners), a brand new proposition that will be rolled out on a large scale together with Rabobank in 2019. ZekerInBedrijf comprises seven unique customer promises. One is that customers will receive assistance within a single day and can get back to running their businesses.

The new ZekervoorJePersoneel (sickness absence) proposition was launched at the end of September. Customers themselves select the portions that are relevant to their personal situations.



# How we create value for our customers

## FBTO

2018 was a successful year for FBTO. We achieved net growth and also earned positive results in terms of customer satisfaction and relevance. The Customer-Oriented Insurance quality seal named FBTO as the most Customer-Centric Insurer 2018 and the Dutch Healthcare Authority (NZa) was exceptionally positive about our use of video clips to explain health insurance topics. Customers awarded our Pechhulp (emergency assistance) service a rating of 8.7. Our webcare team was given a 9 for its rapid service, which is among the best in the market.

In 2018, we launched our new FBTO Car insurance and new FBTO Legal Aid insurance. Via co-creation with our customers we worked on the new FBTO home proposition, healthcare proposition and the search function on the FBTO website. In this way, FBTO is taking steps to remain relevant to customers in future as well.

## INSHARED

Online insurer InShared has operated on the Dutch market for nearly ten years now. Its features include online convenience, good insurance policies at affordable premiums and its unique End-of-Year Reward. This has led to InShared increasing its written premiums by over 10% each year, with satisfied customers. The End-of-Year Reward is the premium InShared pays back to its customers from its surplus reserves. Thanks to investment in self-service and automation, InShared succeeded in keeping expenses more or less stable in spite of the volume growth it experienced. For instance, in 2018 the online policy folder was further improved. This means that 95% of customers' queries are answered themselves or automatically.

Interest in the success of InShared has led to the creation of OutShared. This is a new online platform and business model in which expertise is employed on behalf of other players outside the Netherlands. As an example, the platform is used for Achmea's online player Onlia in Canada. Preparations for a start-up in collaboration with insurer Zurich are well under way.

## AVERO ACHMEA

We again worked intensively with brokers in 2018, organising knowledge sessions on 'The value of (online) advice' together with parties such as IBM Watson. We are investing in a digital partner domain within which all the transactions between brokers and our insurance policies and services can be conducted online.

Following a successful pilot scheme, new Property & Casualty propositions have been implemented among authorised agents, with a fully digital process and (re-) use of the new Achmea Property & Casualty systems and processes. This has been done according to the example set by the income protection market, in which Avéro Achmea is displaying growth in sickness insurance. Together with insurance brokers, we have presented a new strategy for co-insurance to the market aimed at delivering added value for all parties involved.

### Unit-linked policies

In 2012, Achmea implemented a compensation scheme for holders of unit-linked policies that had been agreed with four consumer organisations. In addition, Achmea meets the supplementary measures formulated at the time by the Dutch Minister of Finance. Yet a number of our customers do not think this is enough. They have combined their objections and are being represented by an interest group. In November 2018, we were approached by Vereniging Woekerpolis.nl

(association that represents customers with unit-linked policies) and the Dutch Consumers' Association. They wanted to meet to discuss a more far-reaching supplementary compensation scheme. We did not take them up on this offer as we do not recognise the situation they outlined or the alleged liability. Achmea wishes to continue its policy of dealing prudently with individual complaints. In January 2019, we received a summons from Vereniging Woekerpolis.nl and the Dutch Consumers' Association.

## ACHMEA INTERNATIONAL

Outside the Netherlands, Achmea operates in Turkey, Greece, Slovakia and Australia. We added Canada to this list in 2018. Together with Canada's Fairfax, Achmea has developed a fully online insurance proposition in Canada. Onlia's car insurance was launched there in December: an innovative online car insurance policy with the ambition of making Canadian roads safer. Onlia uses Achmea's online IT platform InShared.

Interamerican has introduced the new Bewell health insurance to the Greek market. Bewell offers customers personalised health plans, based on their actual needs and financial options. Interamerican is the first insurer in Greece to provide health insurance in this way. EurekaSigorta is also working to provide services that go beyond pure insurance. It launched the life companion app, a digital ecosystem that connects customers to the service providers they need.





# How we create value for society

Achmea has an impact on society via its insurance products and services, via its business operations and investments. We also invest in Corporate Social Responsibility (CSR) via a range of different foundations.

Our aim is to use all these options to offer solutions to the challenges facing Dutch society, contributing on the basis of our broad expertise and operations. The social themes we focus on are: 1. Good health closer to everyone, 2. Clean, smart and safe mobility, 3. Safe home, living and working environments and 4. (Financial) solutions for now, tomorrow and later.

## THE ADDED VALUE OF OUR PRODUCTS AND SERVICES

We measure our progress on our ambition relating to sustainable products and services via the number of achieved innovations. A total of about 20 innovations were successfully implemented in 2018.

### Clean, safe and smart mobility

Interpolis is committed to improving overall road safety. A special team is working daily to develop smart mobility solutions. Interpolis does this together with universities, research institutes, the government, the Institute for Road Safety Research (SWOV) and other parties. IkrijvoorNL was launched in 2018. For every 100 kilometres participants drive without using their mobile phones, Interpolis puts money aside for initiatives on road safety.

WegWijsVR has been developed especially for school pupils. Children can use this to practise their own route home from school using a safe virtual environment. The municipality of Tilburg has now made WegWijsVR available to all primary schools, and the Dutch provinces of Zeeland, Drenthe, Friesland and Groningen have now also promised their cooperation.

Centraal Beheer is responding to the evolution of the sharing

economy by participating in Buurauto. The Buurauto pilot scheme in Amersfoort allows senior citizens to be driven to physiotherapy or hospital appointments in their area by a volunteer driver. In Eindhoven, Centraal Beheer has started to insure driverless electric shared cars belonging to Eindhoven start-up Amber.

Syntrus Achmea Real Estate & Finance has expanded its cooperation with We Drive Solar. Inhabitants of Museo in Utrecht can take one free drive a month in a We Drive Solar car during the first two years. The batteries are charged via solar panels. These cars are now also driving around Karspelhof in Amsterdam. The aim is also to use batteries to power homes.

### Safe home, living and working environments

Customer surveys demonstrate that more than a quarter of residents in the Netherlands are unhappy about leaving their homes unattended. Interpolis Thuiswacht means that people can enjoy peace of mind when they go out. Via Homies, Centraal Beheer provides an affordable alarm system that creates a group app in the event of an emergency.

Centraal Beheer has organised information sessions on sustainability issues for municipalities and water companies. Different perspectives have also been applied to the risks relating to soil movement, climate change and third-party risk.

Interpolis has launched a range of cybersecurity services and insurance solutions on the business market, as well as organising cyber events that were attended by nearly 500 people. Interpolis is promoting the construction of 'green roofs' with a view to preventing damage or loss caused by severe rainfall and heat stress. Special water-absorbing plants absorb surplus water, prevent heat stress in homes or buildings and absorb carbon dioxide. Nearly 500 participants have already signed up in Tilburg and there is a great deal of interest from other cities.

Achmea has launched a water vulnerability scan called BlueLabel together with Royal HaskoningDHV and consultancy Nelen&Schoorlans. Local authorities and companies can use this online service to take measures to prevent flooding caused by rainwater and improve living conditions. Rotterdam is the first municipality to set to work using BlueLabel.

### Good health closer to everyone

Zilveren Kruis is bringing healthcare into homes in a safe manner. Patients can use Hartwacht to take their own measurements at home, while the cardiologist views the results remotely. Hartwacht (HartGuard) is an initiative of Zilveren Kruis, FocusCura and Cardiologie Centra Nederland (Netherlands Cardiology Centres) and has been included in the basic health insurance policy. Thuisdialyse (home dialysis) allows people to conduct kidney dialysis in their own homes. Zilveren Kruis is also investing in NeoKidney, a portable artificial kidney.

Via FreeStyleLibre, Zilveren Kruis is endeavouring to improve the lives of diabetics. FreeStyleLibre measures blood sugar and partially replaces the need for diabetics to prick their fingers to test their blood. Initial study results are positive: fewer sick days taken, fewer hospital admissions and improved quality of life. Zilveren Kruis is working together with the Dutch Diabetes Association on this project.

Wijkkliniek Amsterdam-Zuidoost (District Clinic Amsterdam-Zuidoost), especially for older patients, has been opened together with AMC Amsterdam and Cordaan care institution. The initiative focuses on vulnerable senior citizens with acute care needs.

### (Financial) solutions for now, tomorrow and later

Via 'KortenKrachtig AOV', Centraal Beheer provides full cover for work-related disability, at a lower premium and for a

# How we create value for society

temporary period. The lower premium makes this income protection insurance more accessible for entrepreneurs. Centraal Beheer's Mortgage Academy ensures that people are well-prepared for their mortgage applications by explaining the different types of mortgage, tax returns and redemptions. Participants can take a test: those who pass the test can arrange their own mortgage via Centraal Beheer's ThuisHypotheek service.

Achmea Investment Management manages over €80 billion on behalf of Dutch pension funds, including the Centraal Beheer General Pension Fund (CB GPF), and in doing so plays an important role in accruing the pensions of a large group of people. Yet Achmea Investment Management's role is not restricted to pension accrual via employers. As the asset manager behind the CB Gemaks- en Fondsbeleggen (easy and fund investment) proposition, Achmea Investment Management also gives people the opportunity to accrue capital for their retirement in the fourth pillar of the Dutch pension system.



## RESPONSIBLE BUSINESS OPERATIONS

Our more than 11,000 employees and multiple locations across the Netherlands mean that we are in a position to contribute to a future-proof society. We drew up an ambitious sustainability plan to this end in 2018. This will help us to achieve climate-neutral operations by 2030. To do so, we participate actively in local and regional networks and contribute to making our key locations and environment more sustainable. We are seeking out innovative options together with suppliers. Furthermore, we are strengthening our (brand) propositions with respect to sustainability and making this visible. Examples of this include installing a green roof on the Interpolis building in Tilburg and solar panels on our roof in Apeldoorn.

### Our carbon footprint in 2018

Achmea's operations have been climate-neutral since 2011 as we compensate for our CO<sub>2</sub> emissions by purchasing Voluntary Carbon Standard (VCS) certificates. We measure our CO<sub>2</sub> emissions for 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. Our carbon footprint is explained on pages 14-17 of part 3 of our annual reporting.

## SOCIALLY RESPONSIBLE INVESTMENT

Achmea invests with respect for people, the world around us and future generations. We use our influence as an investor on themes that match our core values. These themes are: human rights, labour rights, good health,

nature & the environment and climate change. Important tests for our investment policy include the Ten Principles of the UN Global Compact, the UN Principles for Responsible Investment, as well as the OECD Guidelines for Multinational Companies. This policy will be further enhanced by our focus on the Sustainable Development Goals and the impact of the IRBC agreement recently concluded by the insurance sector.

We use our influence by voting at shareholder meetings, entering into dialogue on policy and conduct (engagement), excluding companies and sectors and via impact investing. Achmea excludes two sectors: tobacco and controversial weapons, including nuclear weapons. The first step is to incorporate ESG aspects into the investment process. ESG stands for Environmental, Social and Governance. Achmea



# How we create value for society

## ELECTRICITY COMPANIES AND CLIMATE CHANGE

We are discussing climate change with a range of industries. In 2018, Achmea completed a three-year engagement process with eleven European electricity companies. Renewable energy sources do not guarantee a constant, reliable supply of energy. The challenge lies in finding the correct balance between continuity of the energy supply, the environmental impact and cost. All the companies recognise the need to reduce their emissions. Most are shifting their energy mix towards natural gas and renewable energy sources. Four of the eleven companies have promised to restrict their CO<sub>2</sub> emissions in line with a two-degree scenario and aim to be CO<sub>2</sub>-neutral by 2050.

asks its asset managers to incorporate ESG factors wherever possible. This means that when asset managers take investment decisions they take into account the ESG criteria available for the companies in their portfolios in some way. The extent to which these are taken into account in their investment decisions will vary according to the manager and potentially the portfolio.

### Voting and dialogue

We can exercise direct influence by voting at shareholder meetings. Achmea also enters into direct dialogue (engagement) with companies on ESG themes, such as climate change, good governance, human rights, corruption and cybersecurity. In doing so, we aim to contribute to improving the sustainable conduct of companies and the quality of their management.

We have held intensive talks with some companies (enhanced engagement) on themes in which they perform

poorly. This approach improves the chances of a change of conduct. In 2018, we discussed themes such as labour rights, corruption and the environment. Please refer to the table below for the number of engagements and voting.

### Impact investment

Our impact investments total €832 million. The greater portion of this (€729 million) comprises Green Bonds. In this way we invest in projects for renewable energy and transport solutions with low CO<sub>2</sub> emissions. The market for Green Bonds is growing rapidly and we expect to increase our investments in them. Achmea invests in ten impact funds, via investment funds aimed primarily at clean or renewable energy, microfinancing, organic products and healthcare. In the case of healthcare, our aim is to cut healthcare expenses and contribute to improved healthcare in Africa. We have invested in developing hospitals and healthcare together with the International Finance Corporation (IFC, [www.ifc.org](http://www.ifc.org)). Achmea also invests in companies that focus on organic food and sustainable consumer products in Europe. The fund in question, Triodos Organic Growth Fund, holds five companies in the portfolio that are active throughout the whole value

chain. One of the companies is developing an environmentally-friendly, compostable variant of baby nappies. The range of organic products has been expanded to include female hygiene products, tissues, clothing and toilet articles.

### Trends in Socially-Responsible Investment (SRI)

The climate change theme received additional attention in 2018. Achmea decided to increase its investments in Green Bonds in this year by stipulating a minimum allocation to them of about 2.5% in the government and corporate bond portfolios. Furthermore, Achmea invested €75 million in the Achmea Investment Management Green Bond Fund. As of year-end 2018, the amount invested in Green Bonds totalled €729 million.

Achmea also aims to reduce the indirect negative impact it has on climate change via investments. An internal Socially-Responsible Investment Committee has been installed in order to monitor and develop investment policy better. This committee will advise Achmea on trends, proposals and decision-making relating to Socially-Responsible Investment policy via the CFO.

## ACHMEA ENGAGEMENT AND VOTING TABLE

INVESTMENT ENTITY	ENGAGEMENTS				VOTING			
	2018		2017		2018		2017	
	NUMBER OF COMPANIES	NUMBER OF TOPICS	NUMBER OF COMPANIES	NUMBER OF TOPICS	NUMBER OF SHAREHOLDER MEETINGS	NUMBER OF VOTES	NUMBER OF SHAREHOLDER MEETINGS	NUMBER OF VOTES
On behalf of Achmea	92 <sup>1)</sup>	109 <sup>1)</sup>	126	147	970	13,002	854	11,955
On behalf of (customers of) Achmea Investment Management, incl Fund Management (Retail)	146	183	92	112	1,866	24,175	3,162	38,997

1) Number relates to engagement conducted by Achmea IM and Robeco



# How we create value for society

## External Socially-Responsible Investment (SRI) assessment

Achmea subscribes to the United Nations' Principles for Responsible Investment (UN PRI). This entails an annual assessment. The PRI Association again assessed Achmea, awarding very high A scores across the board. This means that Achmea scores higher than the comparison group. In the Ethical Insurance Guide's policy assessment Achmea ranked in third place in 2018.

## INVESTMENTS BY ACHMEA INVESTMENT MANAGEMENT

Achmea Investment Management invests on behalf of institutional clients, such as pension funds and insurers. It advises its clients on how to formulate and apply Socially-Responsible Investment (SRI) beliefs, objectives and themes. Achmea Investment Management also implements policy on their behalf as part of this role. Important recognition for Achmea Investment Management comes from the assessment by the UN PRI Association. It received a score of A or A+ in all sections of the 2018 assessment.

### Green Bond Fund

Achmea Investment Management launched the Green Bond Fund in November 2018. It uses a proprietary independent framework to establish whether the proceeds of the Green Bonds are used for sustainable projects. This framework is based on the international Green Bond Principles and the Climate Bonds Initiative.

### International SRI agreement (IMVB-convenant)

The International Socially-Responsible Investment (IMVB) agreement has been under preparation for Dutch pension funds. Achmea Investment Management has worked on the final version of this agreement. Achmea Investment Management's SRI team conducted impact analyses for many of its pension fund clients. This gave boards

## HUMAN RIGHTS VIOLATIONS, DEFORESTATION AND LAND THEFT

We talked to Friends of the Earth Netherlands about how Achmea can contribute to combating human rights violations, deforestation and land theft by palm oil companies. The organisation asked us to stop investing in companies that are involved in these violations. We explained that conducting - and continuing to conduct - dialogue with such companies is more effective than excluding them. Over the past few years, we have successfully engaged with fourteen large companies in the palm oil (product) chain, including on deforestation and land theft.

insight into the commitment that derives from signing up to the agreement.

### Stewardship Code

Achmea Investment Management also contributed to the creation of the Stewardship Code that came into force on 1 January 2019. This code provides institutional investors with a framework for monitoring the long-term objectives of Dutch listed companies.

## MICROFINANCE FUNDS

Our microfinance funds focus mainly on access to financial services (known as financial inclusion). Achmea now has participations in seven countries, including Jordan, Paraguay and Tunisia. Investment is also made via climate funds in projects and companies that work on renewable energy projects and the development of technology for wind and solar energy.

Achmea Investment Management also manages investment funds aimed at private investors. It applies the same exclusion policy to these investment funds as the one that applies to Achmea itself. No investment is made in tobacco and controversial weapons, including nuclear weapons, or in companies that breach international norms.

## SYNTRUS ACHMEA REAL ESTATE & FINANCE

Syntrus Achmea Real Estate & Finance embraced five of the 17 UN SDGs in 2018: Good health and well-being, Sustainable and affordable energy, Sustainable cities and communities, Responsible consumption and production, and Partnerships focused on sustainability.

### Real Estate

In 2017 and 2018, Syntrus Achmea Real Estate & Finance examined which measures could be taken to reduce CO2 emissions for the Achmea Dutch Health Care Property Fund portfolio. The aim is to achieve a reduction of 25% in 2025 versus 2017. In 2018, we examined which objectives and measures contribute to reducing CO2 emissions in residential property portfolios.

Twelve Syntrus Achmea Real Estate & Finance property funds and portfolios participated in GRESB in 2018, the international sustainability benchmark for property funds and portfolios. Four in-house funds received the maximum five-star rating. The Achmea Dutch Health Care Property Fund was even named the world's most sustainable healthcare property fund of all the global funds assessed by GRESB. Six of the other funds and portfolios earned four stars, while one earned three stars and one two stars.

Eighty-four percent of the Dutch property investments managed by Syntrus Achmea Real Estate & Finance possessed a green energy label in 2018.



# How we create value for society

## Mortgages

The PVF Particuliere Hypothekenfonds managed by Syntrus Achmea Real Estate & Finance invests in Dutch mortgages with owner-occupied residential properties as collateral. As of mid-2018, 61% possessed a green energy label (A, B or C). This is almost the same percentage as 2017 (60%). The fund aims to hold as many green energy labels as possible in the portfolio. To this end, Syntrus Achmea Real Estate & Finance provides brokers and customers with information on sustainability measures and funding options. In 2018, it also started collecting data on the actual energy consumption of the collateral via the national network operators.

## INVESTING IN SOCIETY

Achmea invests in social engagement via the Achmea Foundation and Stichting Achmea Slachtoffer en Samenleving.

The Achmea Foundation aims to increase the resilience of vulnerable people both in the Netherlands and abroad. Each year, Achmea makes available 0.5% of its net profits to this end. In Africa, the Achmea Foundation has supported projects relating to e.g. agriculture and healthcare, while in the Netherlands the Achmea Foundation focuses on social enterprise in healthcare.

Stichting Achmea Slachtoffer en Samenleving funds projects aimed at providing information, prevention and the treatment of victims. Projects funded in 2018 included: a preliminary study into the impact of driverless cars and liability parameters; a study into the impact and consequences of online sexual harassment and research into children with behavioural problems after an acrimonious divorce.





# How we create value for our employees

Our employees are the beating heart of our company. Via our HR policy we strive to have our employees empathise with our customers and understand their needs.

## Achmea best employer

Now that the job market is picking up again, it is hard to attract the right type of people. This is why we are strengthening our brand as an employer. We are proud that Intermediar named Achmea the best employer in the insurance and pension sector in 2018. In mid-2018, Achmea revamped its vacancy website [werkenbijachmea.nl](http://werkenbijachmea.nl) to include a new back-end recruitment system.

## Easy access training courses

The new learning environment was launched in January 2018. Employees can now increase their professional expertise via easy access training courses. Customer centricity is a major theme in our training programmes. Examples include courses for employees that cover the Financial Supervision Act (Wft) and communicating clearly with customers. News items, blogs and vlogs help employees to become familiar with new technologies. Employees followed over 76,000 courses in 2018, mainly e-learning modules (92%). This is an easy access way of learning more about topics and applying this knowledge to the workplace. On average, employees awarded the courses, including the mandatory e-learning modules, a score of 7.3.

## High Employee Engagement Survey response rate

The Employee Engagement Survey (MBO) tells us whether we are on the right track towards achieving our objective in this respect, and Achmea therefore conducts this each September. Managers can discuss the results in their teams and set to work accordingly. At 84%, the response rate in 2018 was once again high (although down 2 points versus 2017). The survey therefore provides a reliable picture of employee engagement at Achmea.

## Gender diversity

Achmea continues to monitor gender diversity and aims to achieve the target of at least 30% women and 30% men at all levels of the organisation. We specifically focus on those levels at which this is not yet the case, such as the Directors' Council, senior management and at executive level. A range of interventions led to a slight increase in the proportion of women in the abovementioned levels in 2018.

### MALE/FEMALE RATIO AT ACHMEA IN 2018

	MALE	FEMALE
Supervisory Board	50%	50%
Executive Board	83%	17%
Directors' Council	78%	22%
Sr Management	71%	29%
Executive level	73%	27%
Total Achmea	48%	52%

*Excluding third-party companies and international operating companies*

## From diversity to multicultural diversity

Cultural diversity is an important priority for Achmea. We would like to be an inclusive company, one in which everyone can be themselves and in which we are open to all kinds of talented people. We targeted three objectives in 2018: awareness, statistical insight and bringing our employees' journey into line with this. We achieved awareness via Permanent Education sessions on multicultural diversity for directors. About 12% of our employees come from a multicultural background. Our ambition is to increase this percentage.

## Employability as a central theme

Maintaining or increasing employability is a challenge in an environment that is changing radically, both within Achmea and outside it. Achmea provides many opportunities to its

employees to assist them in working on their employability. We do so, for instance, by investing in healthy working, promoting professional expertise and shaping new leadership skills. Examples of this include the VERDER (onwards and upwards) and DO IT! awareness campaigns. VERDER deals with an employee's own employability and what employees can do now to be able to progress within the company. The DO IT! campaign fosters a culture of learning, development and performance. Over 2,000 employees participated in DO IT! in 2018. One of the aspects we measure in our Customer Engagement Survey is the KPI for Employability. Our score of 7.3 in 2018 was an improvement versus 2017 and is in line with our target for 2018.

The year also saw preparations for a new appraisal and remuneration system that will come into force on 1 January 2019. Achmea has decided to discontinue the traditional performance reviews and is switching to a system in which employees are in control. We tested several aspects of this in practice in 2018 and incorporated our experiences into a new way of working: Talent, Development and Performance (TOP).

## Integrated approach to vitality & good health

We are also bringing good health closer to our employees. Our Healthy Working team aims to inspire and help employees by providing support for their bodies, minds, hearts and souls. Each key location has a team comprised of company physicians, psychologists, physiotherapists, dieticians and work/life coaches. This integrated approach helps employees to access the right professional quickly, simply and anonymously. In 2018, 4,155 employees made use of a Healthy Working intervention and 1,089 employees decided to take a Health Check.

*1) Achmea participated in the Cultural Diversity Barometer pilot scheme conducted by the Dutch Ministry of Social Affairs and Employment and Statistics Netherlands (CBS).*



# How we create value for our employees

## Additional efforts for 60+ employees

In the wake of the retirement age being raised in the Netherlands, we introduced activities aimed specifically at our employees aged 60 and over continuing to work productively, with pleasure and in good health. Examples of interventions include: 'Financially Fit', the 'continue to be a player' and 'healthy working' training courses.

## People who face obstacles to job market access

Achmea has committed to implementing the Participation Act Jobs Agreement and works to provide long-term jobs for people with an illness or disability as part of the regular workforce. In 2018, 23 employees from this target group joined the company as a result of group placements in Leiden, Tilburg, Apeldoorn and Leeuwarden. As of the end of 2018, Achmea had 55 places in its workforce for people with a work-related disability. Recognition of their disability (e.g. stuttering, hearing difficulties or some type of autism) leads to these employees being deployed in areas where their specific talents can be put to good use. One example is the Participation team at the Zilveren Kruis call centre, at which employees with hearing difficulties mail rather than phone our customers.

## LGBT

At Achmea we have an internal LGBT network called HoLA! In its role as an employer, Achmea is also a member of Workplace Pride via HoLA! This organisation aims to improve the working situation of LGBT (Lesbian, Gay, Bisexual and Transgender) people at work. The objective is to create a working environment which embraces everyone and in which LGBT employees can be themselves and help others.

## Involving participation bodies at an early stage

Achmea believes it is important to have good relations and cooperation with participation bodies. In this, we aim to resolve organisational problems through a process of co-creation. In 2018 the Achmea Works Councils held regular con-

sultations with the management of the operating companies. At central level the Central Works Council (COR) held talks with the Executive Board.

The Central Works Council and management have arranged that strategic decisions for which the impact on personnel is not yet known (in full) are presented in what are known as high-level requests for advice. The tangible details of the impact of a planned decision are included in the follow-up or partial requests for advice. This distinction means that the Central Works Council is involved in the Executive Board's plans at an early stage. The Central Works Council handled a total of 15 requests for advice and 12 requests for consent in 2018.

## Constructive consultations with the trade unions

Achmea held talks with the trade unions about the current collective labour agreement and the new agreement. This led to a set of agreements for 2019. The main topics are: a structural pay rise of 2.25% as of 1 January 2019, an adjustment to pension funding, a salary progression system based on fixed increments (aligned with the new TOP method) and four weeks' birth leave for partners. The parties also agreed a joint "Agenda for the future". The term of the new collective labour agreement is one year.

## Preventing undesirable behaviour

We aim to prevent undesirable behaviour, mainly through clear communications on the subject. We have a complaint system for dealing with complaints of undesirable behaviour and more than 20 internal confidential advisers for employees. In 2018, the confidential advisers oversaw 27 cases related to undesirable behaviour (2017: 36 cases). One complaint was submitted to the Undesirable Behaviour Complaints Committee in 2018.

## Ethical corporate culture

Achmea attaches a great deal of importance to an ethical

corporate culture. This is why Achmea conducts an annual systematic integrity risk analysis and a General Code of Conduct applies to all employees. By integrity (corporate ethics) we mean: acting in accordance with socially-accepted values and norms in general and specifically those that apply within our company. Achmea does not accept any integrity violations that could pose a threat to the financial and other interests of customers and employees or to the continuity and/or integrity of Achmea or the financial sector. Achmea applies a zero tolerance policy on discovery of any integrity violations. The Achmea Integrity and Fraud policy sets out how we control integrity risks. The control of corruption is one aspect of this policy.

Achmea participated in Dutch Integrity Week in 2018. Moreover, employees can follow an e-learning integrity module; about 90% of our employees have completed this module. Here, employees are given tips on how to recognise integrity dilemmas in their day-to-day work and the correct way to deal with them.

# How we create value for our partners

Achmea works with a variety of partners. We cooperate closely with strategic partner Rabobank. In addition, we work with IT partners, insurance brokers, healthcare providers, vitality partners and organisations operating in the social domain. These partnerships allow us to improve and renew our insurance policies and services.

## Interpolis and Rabobank

Achmea has a strategic relationship with Rabobank, for instance via the sale of Interpolis insurance policies. Together they reiterated their insurance ambitions in a joint plan in 2017. The ambition contained in this plan is to serve customers better and to occupy a lasting trendsetting position on the insurance market. We launched new package

propositions for the retail and business markets in 2018. Rabobank retail customers can now take out the Interpolis All-In-One Policy and their health insurance policies through the Rabo banking app. Furthermore, a term life insurance policy has been developed in collaboration with Pension & Life that customers can arrange directly themselves, including via the app. In the business market, Rabobank and Interpolis have continued the process of digitisation, for instance via their ZekerVanJeZaak (Sure of your Business) proposition.

In 2017, Interpolis renewed its brand message by adopting a “Focus on what’s really important” positioning. One example of this is the AutoModus initiative. Up to the end of 2018, our AutoModus app had been downloaded over 160,000 times. Initial analyses show that drivers who drive with AutoModus switched on suffer significantly less damage to their cars than would be expected based on their risk profile. Other Interpolis initiatives include conferences on cybercrime, ThuisWacht (safety in and around the home) and the security smoke generator to prevent break-ins at business premises. In partnership with Rabobank, the IkWoonLeefZorg platform helps senior citizens to live in their own homes for longer. These initiatives are closely aligned with the societal role that Rabobank and Interpolis aim to fulfil together.

## IT-partners

Achmea works together with IT partner Atos on support activities for the Achmea IT platform. Atos supports Achmea from its location in Poland. The Polish employees there work closely with their Dutch colleagues and fully in line with Achmea’s modus operandi. This provides Achmea with the specialist knowledge required to support the IT platform. It also offers Achmea employees opportunities to learn about new technologies. Achmea also works with partners in digital innovation. For instance, Achmea is a shareholder in the B3i consortium. This consortium of European insurers and







# How we create value for our partners

reinsurers works to develop insurance applications based on the blockchain.

## Partners in innovatie

We innovate inside and outside Achmea and together with our partners. To do so, we actively seek partners to implement new business propositions and business models. This may include new ecosystems relating to healthcare, the home, mobility and financial services. Achmea launched new innovative propositions together with its partners in 2018, such as:

- Zorg veilig thuis (safe in-home healthcare), Zilveren Kruis and Eurocross working together with Erasmus and other hospitals and technology partners such as Philips on new solutions in mobile and virtual healthcare;
- BlueLabel, together with engineering company Royal HaskoningDHV and consultancy Nelen&Schoorlans. BlueLabel is a digital service that gives insight into the risks and impact of flooding caused by rainwater and advice on preventing or restricting damage or loss;
- Cyberproposition, together with Fox-IT, CapGemini and Munich Re. This is a combination of insurance and (prevention) services to quickly get affected companies up and running after a cyber-attack;
- ThuisWacht, from Interpolis and Eneco. Interpolis launched this home service to secure residential properties. A smart solution for preventing damage or loss and inconvenience;
- 'De Klushulp', from Centraal Beheer and Zoofy. A new online service that enables customers and non-customers to easily arrange a professional to do odd jobs in the home.

Achmea continues to seek strategic partners for developing new ecosystems, propositions and business models.

## Brokers

Independent brokers are an important distribution partner



for Achmea when it comes to business customers. Over half of the employers and entrepreneurs in the Netherlands opt for advice and brokerage services when choosing health insurance, pensions, income protection and commercial Property & Casualty insurance. Achmea is the largest Dutch insurer in this market and about 25% of our premiums are arranged via brokers. Our focus here is on the top-100 brokers. We do of course work together with brokers outside the top 100 if they are major players in a specific segment or niche. We sell the Avéro Achmea, Centraal Beheer and Zilveren Kruis brands via this channel.

In the retail customer market, the focus is on direct and banking distribution; only in the mortgage advice market do we work via Centraal Beheer and Woonfonds intensively together with a number of large mortgage consultancy chains, mortgage underwriters and service providers.

Our distribution organisations work closely with the selected brokers to create partnerships that add value for customers. We are developing programmes relating to themes such as long-term employability, digitisation and cyber issues. For commercial Non-Life policies we are improving the professionalism of the co-insurance and underwriting channels through active participation in the Dutch Association of Insurers (Verbond van Verzekeraars). The Netherlands Association of Authorised Underwriting Agents (NVGA) and the Dutch Insurance Exchange Association (VNAB) are excellent discussion partners in this process. In the healthcare domain, we are deliberately opting to work with 70 brokers who, together with ourselves, are investing in vitality and healthy enterprise. With respect to pensions, the Centraal Beheer General Pension Fund (GPF) has chosen to work exclusively with pension specialists.



# How we create value via our processes

Our aim is to create the best-possible customer service via the communication channels that customers themselves select. Increasingly they are choosing the online channel. We structure our processes such that these will contribute to the highest-possible Net Promoter Score (NPS). To this end, wherever possible we work digitally and in accordance with standards. This results in our processes contributing to a digital working method aimed at achieving output for customers and having an impact on the social themes Achmea has selected.

## Digitisation thanks to robust IT platform

The Achmea IT platform is the foundation for generating digital processes and customer service for all services. The IT platform was improved in 2018. The number of incidents declined and the platform was renewed via the introduction of cloud services. We conducted pilot schemes with the blockchain, digital assistants and links to the Internet of Things. Online innovation and the use of cloud services mean that we also need to protect ourselves against cyber risks. We have therefore strengthened our IT security and will continue to do so. IT renewal is also taking place via working in 'agile' teams. This allows us to respond more quickly and better to customer wishes. In 2018, systems and procedures were adjusted within the scope of the General Data Protection Regulation (GDPR).

## Data: convenience versus privacy

We use the data we have on our customers to serve them as well as possible via online self-service. Yet this also gives rise to risks, such as IT security and privacy. On renewal we conduct a privacy impact assessment with a view to guaranteeing the privacy of our customers. Unfortunately, even our best efforts to protect customer details cannot completely prevent data leaks from occurring. For instance, Achmea customer details were illegally hacked in the summer of 2018. We reported this to the Dutch Data

Protection Authority and notified those customers who were affected. We also applied stricter security measures to these customer details and additional checks were set up to monitor any changes to them. Our efforts to improve IT security and information security will continue. This also includes improving knowledge on the use of data. In this respect, a summer course was organised for Achmea directors in 2018.

## Non-Life

Our systems for Non-Life products were revised in 2018. The All-In-One Policy was transferred to the new system for retail customer Property & Casualty insurance on the Rabo banking app. We also started transferring the Centraal Beheer and FBTO portfolios to the new system. The business market systems have also been revised. Examples include the work-related disability proposition for Centraal Beheer customers, the Zeker-van-je-Personeel proposition for Interpolis customers and the process for claims settlement for Income Protection insurance. We use the opportunities data bring to improve our services, such as the pricing of our propositions.

## Retirement services

The portals for the pension funds were improved in 2018, such as the one for the Centraal Beheer General Pension Fund (GPF). Members, employers and pension fund boards now have improved insight into their pension schemes and can arrange a growing number of items themselves. More and more customers are taking advantage of this option. Transfer of the Syntrus sectoral pension fund services to the new pension providers has been completed. Achmea Bank has introduced new mortgage types, including a mortgage for specific target groups, such as the self-employed and the rental mortgage. The registration of customers for Gemaksbeleggen (easy investment) has been improved. The legacy IT systems for mortgages and savings have been replaced in order to cut expenses.

## Health

The integration of De Friesland Zorgverzekeraar and Zilveren Kruis processes and IT was completed in 2018. The Zilveren Kruis employees at the Zwolle location will move to Leeuwarden and Apeldoorn in the first half of 2019. The app for Zilveren Kruis and De Friesland Zorgverzekeraar customers has been improved. In the second half of 2018, over 96% of claims were processed digitally. Zilveren Kruis has introduced a chatbot for employees in the customer contact centre. This enables them to assist customers better and more quickly on questions about reimbursements.

## Pension & Life

In 2018, the focus was on serving our existing and growing number of new customers as well as possible. The online customer services for Pensions have been improved. This is on the agenda for Life as well for 2019. Robotisation is leading to improved business operations. We are using machine learning for medical acceptance for term life insurance policies.

## International

Onlia is Achmea's online insurance proposition for retail customers in Canada. Onlia is a joint venture between Achmea and Canadian company Fairfax Financial and uses Achmea's InShared online IT platform. Achmea Canada uses the cloud services of Achmea Netherlands; a good example of IT cooperation between Achmea internationally and the Dutch operations.



# How we create financial value

## Groupresults

### OVERALL RESULTS

The operational result over 2018 increased to €391 million (2017: €349 million). The strong result was boosted by Pension & Life and Health. Non-Life also made a considerable contribution to the operational result, in spite of the January storms. Retirement Services and our International activities have also displayed an improvement compared to 2017.

At 95.5%, the combined ratio for our Property & Casualty and income protection insurance was the same as last year. The underlying result of Health and Non-Life has improved further. The January storms and their impact of €85 million and 2.6% on the COR have therefore been completely absorbed. The underlying result improved as a result of premium growth, claims management and operational expense measures. The lower operational result compared to 2017 is due to the lower investment income.

Our health activities realised a higher result than in 2017 thanks to an improved result on previous years. However, basic health insurance was still loss-making in 2018. Without the loss provision of €108 million made in 2017, the result would have been negative. We were able to set basic healthcare premiums for 2019 closer to cost price than in previous years, leading to inclusion in the result over 2018 of a limited loss provision of €21 million. The result for supplementary health insurance increased due to lower use of healthcare services by our customers compared to 2017.

### RESULTS

(€ MILLION)

	2018	2017	Δ
Gross earned premiums	19,918	19,350	3%
Net earned premiums	19,685	19,348	2%
Gross operating expenses <sup>1</sup>	2,211	2,136	4%
<b>BREAKDOWN OF RESULTS</b>			
<b>Operational result (excluding Health Netherlands)</b>	<b>263</b>	<b>477</b>	<b>-45%</b>
Health Netherlands	128	-128	n.m.
<b>Operational result<sup>2</sup></b>	<b>391</b>	<b>349</b>	<b>12%</b>
Result before tax	566	321	76%
<b>Net result</b>	<b>315</b>	<b>216</b>	<b>46%</b>
<b>BALANCE SHEET</b>			
Total assets	81,816	90,946	-10%
Total equity	9,705	9,949	-2%
<b>SOLVENCY II</b>			
Solvency ratio (Partial Internal Model) <sup>3</sup> before payment of dividend <sup>4</sup>	203%	191%	12%-pt
Solvency ratio (Partial Internal Model) <sup>3</sup> after payment of dividend <sup>4</sup>	198%	184%	14%-pt
<b>FTEs<sup>5</sup></b>			
FTEs (internal)	13,714	14,582	-6%
FTEs (external)	2,922	2,848	3%

- 1) Gross operating expenses comprise personnel expenses, depreciation costs for land and buildings for company use and plant 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 disinvestments related to disinvestment operations.
- 3) The Partial Internal Model was expanded to include market risk in 2018.
- 4) The solvency ratios given here are not just before and after the deduction of (planned) dividends but also before and after the payment of coupons on hybrid capital and the buy-back of Achmea shares announced in 2017. There was no plan to buy back Achmea shares in 2018.
- 5) The number of FTEs is based on a working week of 36 hours. n.m.: not meaningful



## How we create financial value

Pension & Life earned a strong and stable result over 2018, in which the higher technical result and lower operating expenses largely compensated for the lower investment results. We also continued to optimise our processes and systems in 2018 and further reduced our operational expenses.

The result of Retirement Services improved compared to 2017. The improvement is due to a higher interest margin at Achmea Bank, lower expenses as a result of outsourcing and lower start-up expenses for the Centraal Beheer General Pension Fund (GPF). Achmea Investment Management's result also improved further and its assets under management increased to €129 billion. The phasing out of services to mandatory sectoral pension funds was successfully completed as of 1 July 2018.

Our international activities also show a sharp improvement in the operational result compared to 2017. With the launch of our online services in the Canadian Property & Casualty market and the completion of the sale of Irish life insurance company Friends First, we took further steps in the implementation of our international strategy, which is founded on our core qualities: non-life and healthcare expertise via digital and banking distribution channels.

The Other activities segment earned a lower result over this year compared to 2017. In addition to financing and shareholder expenses, the result was adversely affected by a higher cost of claims at Achmea Reinsurance caused by storm Friederike on 18 January 2018. The reorganisation provision for reductions in the number of employees and office locations has been increased further within the context of our "Delivering Together" business plan. The lower result compared to 2017 can also be partly attributed to one-off windfalls in 2017, a change to cost allocation and higher investment in innovation.

### OPERATIONAL RESULT GENERATED

BY THE SEGMENTS	€ MILLION	
	2018	2017
Non-Life Netherlands	97	166
Pension & Life Netherlands	334	342
Retirement Services Netherlands	15	12
International activities	29	16
Other activities	-212	-59
<b>Operational result (excl. Health)</b>	<b>263</b>	<b>477</b>
Health Netherlands	128	-128
<b>Operational result</b>	<b>391</b>	<b>349</b>

The net result is €315 million (2017: €216 million). This includes the transaction result from the joint venture with Fairfax in Canada (€8 million) and the sale of Independer (€167 million). In 2017, the transaction result related to the sale of Friends First, completion of the transfer of the Staalbankiers private banking activities to Van Lanschot (€8 million) and exceptional expenses deriving from the migration of five sectoral pension funds to Centric.

The tax burden was affected by the announced step-by-step reduction of corporation tax in the Netherlands from 25% to 20.5% in 2021. This translates into a reduction in the deferred tax position and consequently a net charge of €141 million and an allocation of €22 million to total equity. In the long term, this will have a positive effect on the net profit. The announcement at the end of July 2018 also prompted us to make a provision of €35 million. This relates to the tax settlement in the Netherlands for the compensation received on divestment of our interest in Polish insurer PZU in 2009 and 2010. Both these measures result in the effective tax rate being higher than the nominal tax rate in 2018.

### BREAKDOWN OF NET RESULTS

	€ MILLION	
	2018	2017
<b>Operational result</b>	<b>391</b>	<b>349</b>
Transaction result	175	-28
<b>Result before tax</b>	<b>566</b>	<b>321</b>
Tax	251	105
<b>Net result</b>	<b>315</b>	<b>216</b>

### Gross earned premiums

Gross earned premiums increased by 3% to €19,918 million (2017: €19,350 million) in 2018. The increase in earned premiums was mainly driven by our basic health insurance activities in the Netherlands.

Retail and commercial earned premiums at Non-Life increased further due to portfolio growth and premium measures. Internationally, earned premiums also increased for our non-life activities in local currency, but decreased in euros due to exchange-rate effects. Earned premiums from life insurance activities decreased, in line with our expectations, as a result of our earlier decision to stop actively selling pension insurance products in the Netherlands. Premiums were also lower due to the sale of Irish life insurance company Friends First as of 1 June 2018.

### GROSS EARNED PREMIUMS

	€ MILLION	
	2018	2017
Non-Life	3,897	3,868
Health	14,435	13,636
Pension & Life	1,586	1,846
<b>Total gross earned premiums</b>	<b>19,918</b>	<b>19,350</b>



# How we create financial value

## Operating expenses

Gross operating expenses increased to €2,211 million in 2018 (2017: €2,136 million). Adjusted for one-off effects, gross operating expenses decreased by €58 million (-3%). This decrease is mainly due to a decrease in the workforce and lower office expenses as a result of centralising office locations, partly due to merging activities. The reorganisation provision within the context of “Delivering Together” was further increased in 2018 in order to achieve these structural decreases.

The total number of internal and external employees in the Netherlands declined to 13,772 FTEs in 2018 (year-end 2017: 14,484 FTEs). The decrease in the number of internal employees in the Netherlands by nearly 700 FTEs is due to the continued optimisation of processes and systems and strategic decisions. For instance, the sale of Independer caused a decrease of 292 FTEs. We previously stated that the number of employees at Achmea will decrease by 2,000 in the business plan period up to 2020. Since the start of the business plan period, the number of employees in the Netherlands has decreased by over 2,000. This means that implementation of the business plan is well advanced.

The number of internal and external employees outside the Netherlands decreased to 2,864 FTEs (year-end 2017: 2,946 FTEs). This decrease is due to the sale of Irish life insurance company Friends First. When adjusted for this, the number of international employees has increased by 240 to support growth in our international business.

## Investments

Investment income<sup>1</sup> from our own risk investment portfolio was €1,066 million in 2018 (2017: €1,248 million). Higher real estate revaluations due to improved market sentiment had a positive impact. We also profited from a widening swap spread on part of the portfolio, of which the investments are valued at market interest rates and the

liabilities at the swap rate. Counterbalancing these positive trends are lower realised gains on fixed income and equities, as well as lower equity valuations, caused by for example market trends at the end of 2018. Foreign exchange results were also sharply negative in 2018. The increase in the value of our fixed-income securities and interest-rate derivatives in our Dutch pension and life insurance business, caused by fluctuations 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 for own risk are set aside in a Fund for Future Appropriation (FFA). This fund is part of our technical provisions to cover liabilities to our customers with pensions or life insurance policies. As a result of lower interest rates, the FFA increased by €0.2 billion to €7 billion in 2018.

The value of our investment portfolio increased slightly to €45.1 billion (2017: €44.6 billion). This increase can mainly be attributed to the additional purchases that increased the value of the fixed-income portfolio.

## CAPITAL MANAGEMENT

### Total equity

Achmea's equity decreased by €244 million to €9,705 million in 2018 (2017: €9,949 million). The total equity was positively affected by the net result of €315 million. The decrease is mainly the result of the share buy-back amounting to €100 million, lower revaluations, primarily on equities, exchange-rate differences arising from the

*1) Investment income consists of investment income (own risk) in the Consolidated Income Statement, including income from associates and joint ventures and realised and unrealised gains and losses, adjusted for investment income directly related to the insurance liabilities (both fair value and other).*

depreciation of the Turkish lira and dividend payments on ordinary and preference shares and coupon payments on hybrid capital totalling €193 million.

### DEVELOPMENT OF TOTAL EQUITY

(€ MILLION)

<b>Total equity 31/12/2017</b>	<b>9,949</b>
Net result	315
Movements in revaluation reserve	-225
Movements in reserve for exchange-rate differences	-53
Remeasurement of net defined benefit liability	12
Dividends and coupon payments to holders of equity instruments	-193
Repurchase own shares	-100
<b>Total equity 31/12/2018</b>	<b>9,705</b>

### Solvency (Solvency II)

As of year-end 2018, the Solvency II (SII) ratio stood at 203% (year-end 2017: 191%) before planned dividends and coupons on hybrid capital. After deduction of these items, the ratio stands at 198% (2017: 184%). The improved capital position is the result of a combination of an increase in the Eligible Own Funds of €539 million to €8,925 million (2017: €8,386 million) and a decrease in the Solvency Capital Requirement of €58 million to €4,497 million (2017: €4,555 million).

### SOLVENCY RATIO

(€ MILLION)

	2018	2017	Δ
Available Own Funds Solvency II	8,925	8,386	539
Solvency Capital Requirement	4,497	4,555	-58
<b>Surplus</b>	<b>4,428</b>	<b>3,831</b>	<b>597</b>
<b>Ratio (%)</b>	<b>198</b>	<b>184</b>	<b>14%-pts</b>



## How we create financial value

The increase in Available Own Funds under Solvency II is the result of positive technical results in the Non-Life, Health and Life insurance business and an increase in value caused by the financial markets. The widening spreads triggered by events in Italy contributed to the increase in the solvency ratio. The sale of Independer also had a positive impact on total equity, while the sale of Friends First had a negative effect on this. The phased adjustment to the corporation tax rate from 2020, the decrease in the UFR from 4.2% to 4.05% as of 1 January 2018, the depreciation of the Turkish lira and planned dividends combined with the positive year result all lead to a decrease in total equity.

The Solvency Capital Requirement has decreased due to a decline in insurance-related risk for Health and Life. The decrease in insurance-related risk is related to the sale of Friends First and the run-off of the Life portfolio in the Netherlands.

The Solvency II capital calculation takes into account the proposal for the general meeting of shareholders on 11 April 2019 to pay out €118.5 million in dividends on ordinary shares over the 2018 financial year. This proposal is based on a payment of 45% of the net profit excluding the net result of the Health segment, the impact of the adjustment to the corporation tax rate and after deduction of payments on other equity instruments. Through this method we aim to achieve stability in dividend payments.

### Free Capital Generation<sup>1</sup>

Free Capital Generation (FCG) over 2018 was €676 million, almost the same as last year (2017: €679 million). However, last year FCG was largely driven by measures to optimise capital in the Pension & Life business, while in 2018, like the solvency level, FCG was mainly driven by the result, spread developments and dividends from banking and asset management activities. The operational result from our health activities is not part of the FCG.

### Financing

In 2018, Standard & Poor's affirmed its rating (FSR<sup>2</sup>) for the Dutch insurance entities at A, while the credit rating (ICR<sup>3</sup>) for Achmea B.V. was affirmed at BBB+. The rating (FSR) for Achmea Reinsurance Company N.V. and rating (ICR) for Achmea Bank N.V. remained unchanged at A-. The outlook for all the ratings is negative.

In March 2018, Fitch also awarded a rating to Achmea B.V. and its insurance entities: A (IDR<sup>4</sup>) and A+ (IFS<sup>5</sup>) respectively with a stable outlook. Fitch's rating (IDR) for Achmea Bank N.V. was affirmed at A with a stable outlook.

The debt-leverage ratio<sup>6</sup> increased slightly to 26.5% (2017: 25.9%) as a result of the decrease in total equity. As a result of the higher operational result, the fixed-charge coverage ratio improved to 4.4x (2017: 3.4x).

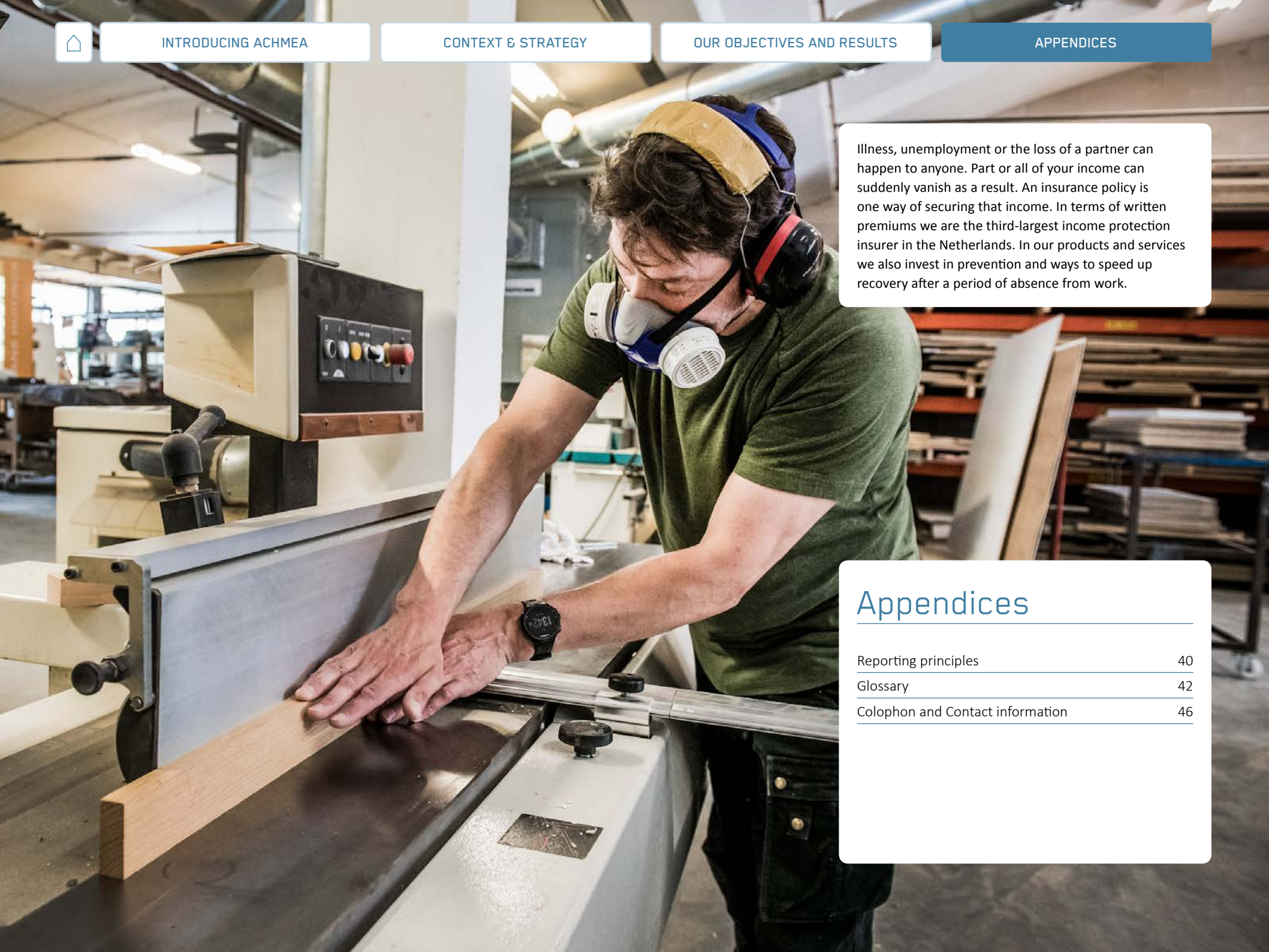
### Uncertainty about the legislative proposal on healthcare

A group of members of the Lower House of the Dutch Parliament has been working on a legislative proposal for some time (legislative proposal 'banning profit distribution by health insurers'). The proposal would mean that profit distribution will no longer be possible, as it would lock up a large portion of the capital held by health insurers. As our health insurance operations work on a non-profit basis and we have no intention of paying out the result deriving from basic health insurance, we believe this proposal to be unnecessary. Nor do we believe that it is in the interests of our policyholders and healthcare providers, partly because of the potential uncertainty surrounding the funding of innovation.

The Council of State, the Dutch Central Bank (DNB), the Dutch Healthcare Authority (NZa) and the Authority for Consumers & Markets (ACM) were highly critical of the initial draft of the legislative proposal - over two years ago now -

and also pointed out that it will not benefit the functioning of the health insurance framework. The members have clarified a number of the uncertainties via a proposal to amend the bill, but many things remain unclear. We expect greater clarity on any political decisions regarding this legislative proposal in 2019.

- 1) *This relates to the amount of disposable capital that is generated. This is the increase in capital above the Solvency Capital Requirement.*
- 2) *ICR: Issuer Credit Rating*
- 3) *FSR: Financial Strength Rating*
- 4) *IDR: Issuer Default Rating*
- 5) *IFS: Insurer Financial Strength*
- 6) *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)*



Illness, unemployment or the loss of a partner can happen to anyone. Part or all of your income can suddenly vanish as a result. An insurance policy is one way of securing that income. In terms of written premiums we are the third-largest income protection insurer in the Netherlands. In our products and services we also invest in prevention and ways to speed up recovery after a period of absence from work.

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# Reporting principles

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

Our reporting comprises three parts:

- Part 1 is the 'Annual Review'. This is aimed at a broader target audience, such as customers, employees, students and interest groups. It contains the Executive Board report and describes our strategy, the progress made in 2018 and our vision of the future.
- Part 2 is the 'Year Report' and among other things contains the financial statements, including the financial results over 2018 and how these compare to 2017, and gives insight into our equity position. This part also contains the Supervisory Board report, a report on Governance and risk management.
- Part 3 contains information on corporate social responsibility, based on the Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) and the Principles for Sustainable Insurance (PSI) to which Achmea has signed up.

Our external reporting can be downloaded from our website ([www.achmea.nl](http://www.achmea.nl)) from 11 April 2019. A Dutch 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

No modifications have been made to the reporting principles over 2018.

## ABOUT THIS REPORT

The Executive Board of Achmea B.V. is responsible for preparing the three parts that together form our external reporting. The financial statements in part 2 are drafted under the supervision of the Finance department. Responsibility for the content and data 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 of Achmea and also includes the directors of Reporting, Financial Management, Communications, Strategy, CSR, Administrative Office, Information Technology and Risk Management. The Achmea Executive Board is responsible for compiling the annual reporting. 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 reporting is compiled in line with Dutch legal requirements. The three parts of our external reporting have been compiled in line with the GRI Standards (Core option) of the Global Reporting Initiative (GRI). The annual review's (part 1) structure complies in part with the principles of the 'International Integrated Reporting Framework' laid down by the IIRC.

## DEFINITION AND SCOPE OF REPORTING

The financial information and a portion of the employee information contained in this report have been consolidated for Achmea B.V. and all its group companies. Achmea operates primarily in the Netherlands (which accounts for

approximately 94% of its total revenue, while 81% of its total workforce are employed there), as well as in five other countries. Due to this strong Dutch focus, most sections of this report only cover Achmea's Dutch operations. Where relevant, information is also included on Achmea's international operations. Achmea also reports on part of the value chain with respect to responsible investment. Where

## MEASURING, ESTIMATING AND CALCULATING

The quantitative data contained in the paragraphs on finance and our workforce have been collected in our data management system. Our responsibly invested assets are collected through off-the-book 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 has audited the 2018 (consolidated) financial statements. These are included on pages 44 to 179 of the Year Report (part 2 of our external reporting). PwC issued an unqualified audit report with the (consolidated) financial statements on 12 March 2019. The auditor's report can be found on pages 185 to 199 of part 2 (under other information).
- In addition to the audit of the financial statements, PwC reviewed the sustainability information contained in the Annual Review (part 1 of the external reporting). PwC is responsible for providing an assurance report in which a 'limited level of assurance' is provided about the reliability





# Reporting principles

and acceptability of the sustainability information contained in the Annual Review. 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. The level of assurance obtained in the review engagements is therefore considerably lower than the level of assurance obtained in audit engagements. 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 content of the websites referred to in this report 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 200 to 203 of the Year Report (part 2).

## **WE VALUE YOUR FEEDBACK**

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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 contact details on the last page of this Annual Report.



# Glossary

## Annual Premium Equivalents (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 cover 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 expenses, 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 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.

## Customer Centricity score

Each year, the Netherlands Authority for the Financial Markets (AFM) measures the extent to which banks and insurers place customers' interests first via its Customer Centricity Dashboard. The AFM awards the results of its survey a score on a scale of 1 to 5. The AFM's regular survey of specific topics enables it to establish how a company is evolving.

## 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.



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## 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. Their 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

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.

## 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.

## Exclusion (relating to responsible investment)

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.

## FSC-certified

FSC, 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.

## Gross written premiums (GWP)

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

## 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.

## GPF: General Pension Fund

GPFs are new players in the second pillar of the pension market and are not restricted to a specific area. This allows GPFs to combine and administer the 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.

## 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.

## Insurers' Code

This code of conduct is based on three core values of the insurance sector: 'providing security', 'making it possible' and 'social responsibility'. The code serves as a basis for the activities of the Dutch Association of Insurers (Verbond van Verzekeraars) and its individual members. It combines existing and new self-regulation of the sector with general provisions.

## Intangible asset

An identifiable, non-monetary asset without physical substance.

## International Financial Reporting Standards (IFRS)

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



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## **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 and/or commitments will fluctuate because of changes in market interest rates.

## **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.

## **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 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.

## **Own Risk investments**

Own Risk investments relate to the premiums paid by our customers. These are invested in order to be able to meet future commitments.

## **Parent company**

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

## **Pillars of the Dutch pension system**

In the Netherlands, a pension can be accrued in four different ways. These are known as the four pillars of the Dutch pension system. The first pillar is the state pension (AOW) that senior citizens receive from the Dutch government, the second is

the pension that is accrued via the employer, the third is the individual pension accrued on a voluntary basis and the fourth is the accrual of (pension) capital via a person's own home.

## **Principles for Responsible Investment (PRI)**

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

## **Principles for Sustainable Insurance (PSI)**

The United Nations Principles for Sustainable Investment (PSI), launched in 2012, 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 United Nations Principles for Sustainable Investment (PSI), launched in 2012, 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. [unepfi.org](http://unepfi.org)

## **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. The principles for a controlled remuneration policy, as set by regulators the Dutch Central Bank (DNB) and the



# Glossary

Netherlands Authority for the Financial Markets (AFM), serve as the basis for evaluating the remuneration policies of financial companies. The principles and supervision of this policy are aimed at fighting the incentives which could potentially result in undesired and irresponsible risks being taken, which, in turn, could cause customer interests to be neglected.

## Quality seal for customer-oriented insurance (Keurmerk-KlantgerichtVerzekeren)

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

## Responsible investment

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

## Supplementary health insurance

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

## Subordinated debt

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

## 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 five stakeholder groups: our customers, our employees, our (business) partners, our shareholders and society.

## 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:

- De Friesland Zorgverzekeraar (as of 01/01/2019 included in the central Achmea administration)
- Eurocross Assistance International
- InShared Holding B.V., InShared Nederland B.V., InShared Services B.V.

- Klant Contact Services B.V.
- OZF (Achmea Zorgverzekeringen N.V.)
- Pim Mulier B.V.
- Actify (Achmea Vitaliteit BV)

## 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.

## Underwriting risk

The risk the insurer has taken over from the policyholder. Achmea is exposed to life risk, non-life risk, income risk and health risk as a result of its broad insurance product range.

## 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.

## VCS certificates

VCS stands for Voluntary Carbon Standard. These standards are used to determine whether carbon emissions are being reduced in sustainable projects. VCS are only used for assessments to obtain VERs (Verified Emission Reduction credits). The VERs issued by VCS are also known as VCU's (Voluntary Carbon Units).



## Colophon and Contact information

This is the English-language version of the Achmea Annual Review for 2018. A Dutch-language version of this report is also available. In the event of a conflict between the two versions, the Dutch-language version takes precedence. The Achmea annual reporting can be downloaded from the Achmea website, [www.achmea.nl](http://www.achmea.nl).

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