

# Achmea B.V.

## and Core Operating Subsidiaries

### Update

### Key Rating Drivers

**Very Strong Company Profile:** Fitch Ratings ranks Achmea B.V.'s business profile as 'favourable' compared to other Dutch insurance companies, driven by its favourable competitive positioning and business risk profile and its moderate diversification. Achmea is a health and non-life insurance market leader in the Netherlands with Fitch-estimated market shares of 29% and 25%, respectively. However, it has fewer international activities than some Dutch competitors.

**Somewhat Limited Geographical Diversification:** International markets generated 7% of the group's total gross written premiums (GWP) in 2022 (2021: 6%), but did not contribute to Achmea's total operating earnings that year, driven by Turkey's hyperinflation and higher claims in Greece and Slovakia.

**Very Strong Capitalisation:** We regard Achmea's capitalisation as 'Very Strong' and expect its Solvency II ratio post-dividend to be at least 200% at end-2022 (end-2021: 214%). The Fitch Prism Factor-Based Capital Model (Prism FBM) score was 'Very Strong' at end-2021. While the Prism FBM score could fall to 'Strong' at end-2022 because of higher interest rates decreasing the value of equity, we would then expect it to recover to 'Very Strong' until end-2024 at the latest.

**Stable Financial Leverage:** Fitch expects the financial leverage ratio (FLR) to weaken to around 25% at end-2022, due to the issuance of senior debt and a lower equity position (2021: 20%). Achmea has said it will redeem subordinated debt at the first call date in April 2023, which we expect to improve the FLR to around 23%.

**Good Financial Performance:** We forecast Achmea's net income return on equity (ROE) to recover to more than 3% in 2023. ROE was about 1% in 2022, down from 5% in 2021. The decline was driven by a lower investment income, which suffered from rising interest rates. We expect Achmea to improve its profitability due to higher investment income and the execution of cost-efficiency programmes, albeit remaining under pressure from inherently low margins in Dutch mandatory health insurance.

**Strong Non-Life Underwriting Profitability:** Achmea reported an improved non-life net combined ratio of 93% for its Dutch business for 2022 (2021: 94%), despite general claims inflation and natural catastrophe activity resulting in additional net claims of EUR100 million.

**Low Investment Risk:** Fitch assesses Achmea's investment and asset risk as low. We expect the company's risky-assets/equity ratio to remain broadly stable at end-2022 (end-2021: 37%). Investments mainly consist of investment-grade debt securities and a conservative Dutch residential mortgage portfolio.

### Rating Sensitivities

**Improved Financial Performance:** A net income ROE of at least 7% on a sustained basis, while maintaining the Prism FBM score and FLR at levels that are consistent with a 'Very Strong' assessment, could lead to an upgrade.

**Weaker Capital, Higher Leverage:** The ratings could be downgraded if the Prism FBM score falls below 'Very Strong' for a sustained period.

**Weaker Financial Performance:** A sustained net income ROE below 3% could result in a downgrade.

### Ratings

#### Achmea B.V.

Long-Term Issuer Default Rating A

Achmea Pensioen- en  
Levensverzekeringen N.V.  
Achmea Schadeverzekeringen N.V.  
Achmea Zorgverzekeringen N.V.

Insurer Financial Strength Rating A+

#### Long-Term Debt Ratings - Achmea B.V.

Senior A-  
Subordinated BBB  
Junior Subordinated BBB-

### Outlooks

IDRs and IFS ratings Stable

### Financial Data

Achmea B.V. (EURm)	31 Dec 22 <sup>a</sup>	31 Dec 21
Total assets	80,240	89,556
Total gross written premiums	21,088	20,026
Net income	105	468
Net income ROE (%)	1	5
Solvency II ratio (% ex-dividend)	209	214

<sup>a</sup> Based on preliminary data published by Achmea. Note: Reported on an IFRS basis. Source: Fitch Ratings; Achmea

### Applicable Criteria

[Insurance Rating Criteria \(July 2022\)](#)

### Related Research

[Belgian and Dutch Insurers' Prism Factor-Based Capital Model Results \(April 2022\)](#)

[Sound Capitalisation Continues to Underpin Belgian and Dutch Insurer Ratings \(April 2022\)](#)

[Fitch Affirms Achmea Bank's Long-Term IDR at 'A'; Outlook Stable \(April 2022\)](#)

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## Latest Developments

- Achmea issued EUR500 million senior green bonds in November 2022.
- On 28 February 2023, Achmea said it would redeem its EUR500 million subordinated fixed-to-floating rate notes due 2043 on 4 April 2023, its first call date.
- Achmea's Turkish operations were hit by the severe earthquake in 2023. Fitch expects net claims to be manageable for Achmea.

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