



Michiel Delfos
Divisional Chairman
Achmea Non-Life

Capital Markets Day
June 1, 2017

**DELIVERING TOGETHER: BUILDING
ON IMPROVED FUNDAMENTALS**

achmea 

KEY MESSAGES

- Market leading position in property & casualty and a top-3 position in income protection
- Market conditions and our strong actions our part support profitability improvement
- Achmea Non-life has four competitive advantages:
 - Growing direct and banc assurance channels offering omni channel customer access
 - Critical mass
 - Portfolio composition
 - Volume of data
- Our profitability will grow as a result of:
 - Setting profitable premiums as market leader
 - A range of initiatives to lower claims
 - Measures to keep our position of low cost leader in the market

NON-LIFE: PROFIT PILLAR AND ONLINE DISTRIBUTION CHAMPION

- Result 2016 negative impacted by two exceptional events
- Our ambition is an operational result of €200m

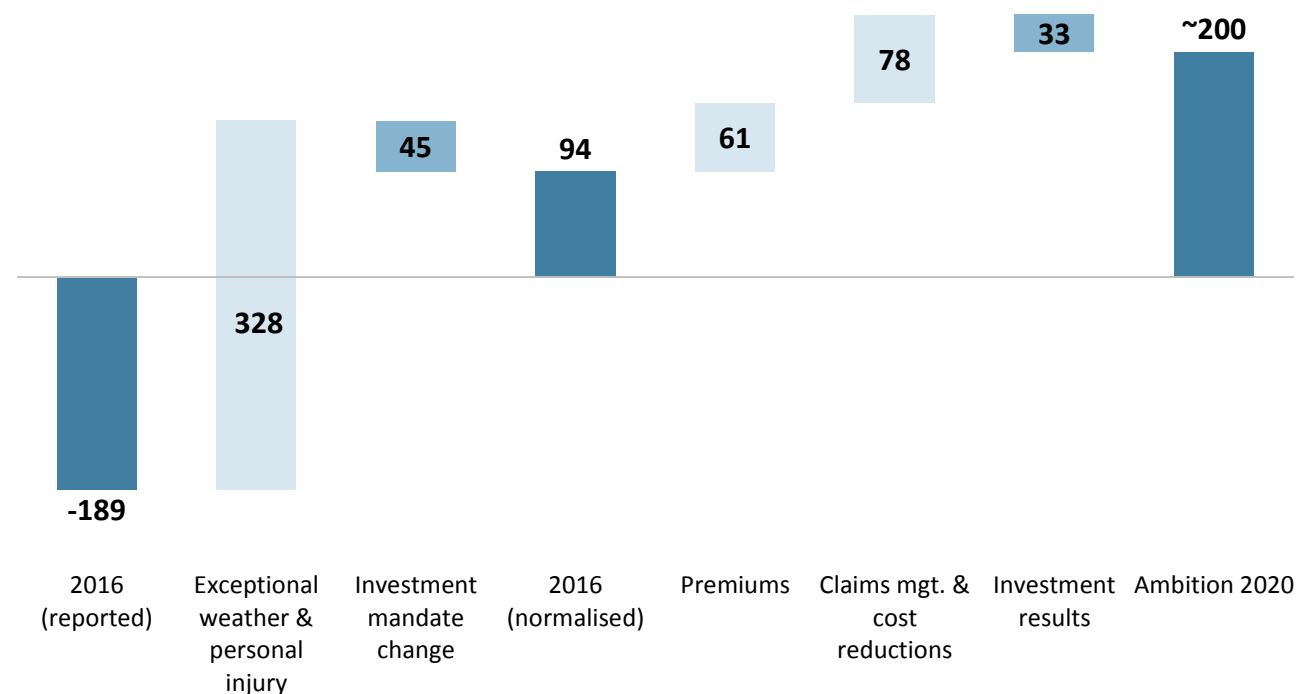
Our strategy is:

- Adjusting and refining premium levels to profitable levels
- Focus on claims control and reintegration
- Our current underlying result already shows a Combined Ratio (COR) below 96%

While keeping up:

- High client satisfaction
- Market share leadership
- Cost leadership

Ambition operational result
2016-2020, in € million



PROGRAMME



Part I:
Market developments



Part II:
Distribution developments



Part III:
Achmea's profile &
competitive advantages



Part IV:
Recent results
& initiatives

Recent results & initiatives

Retail

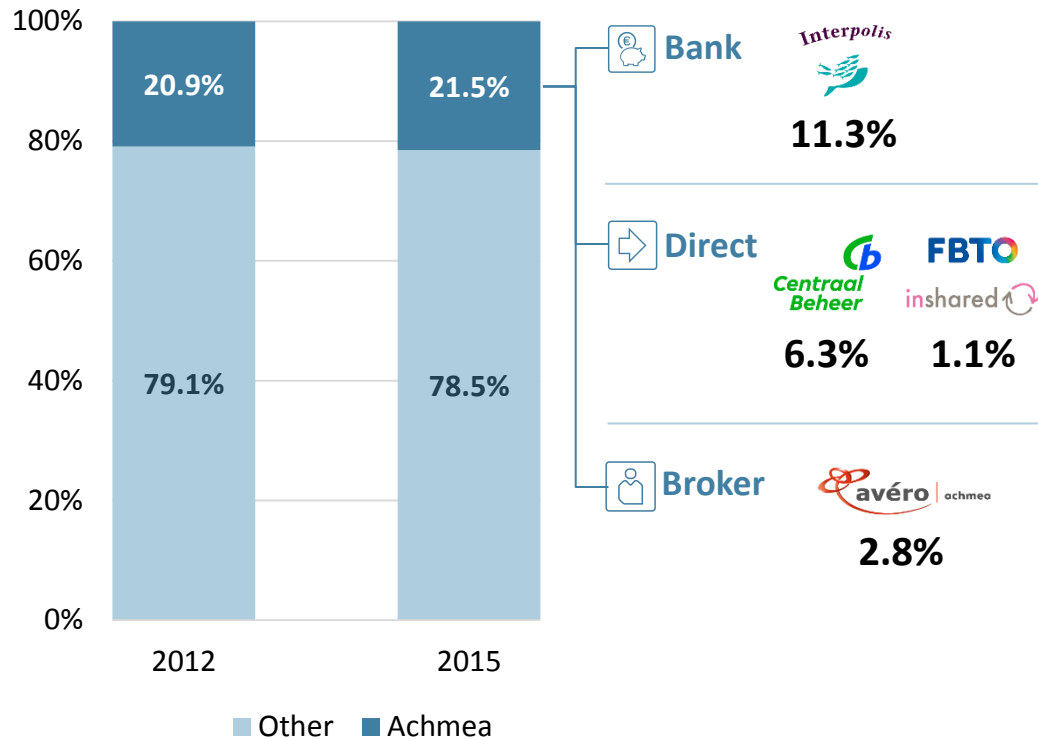
Commercial

Income Protection

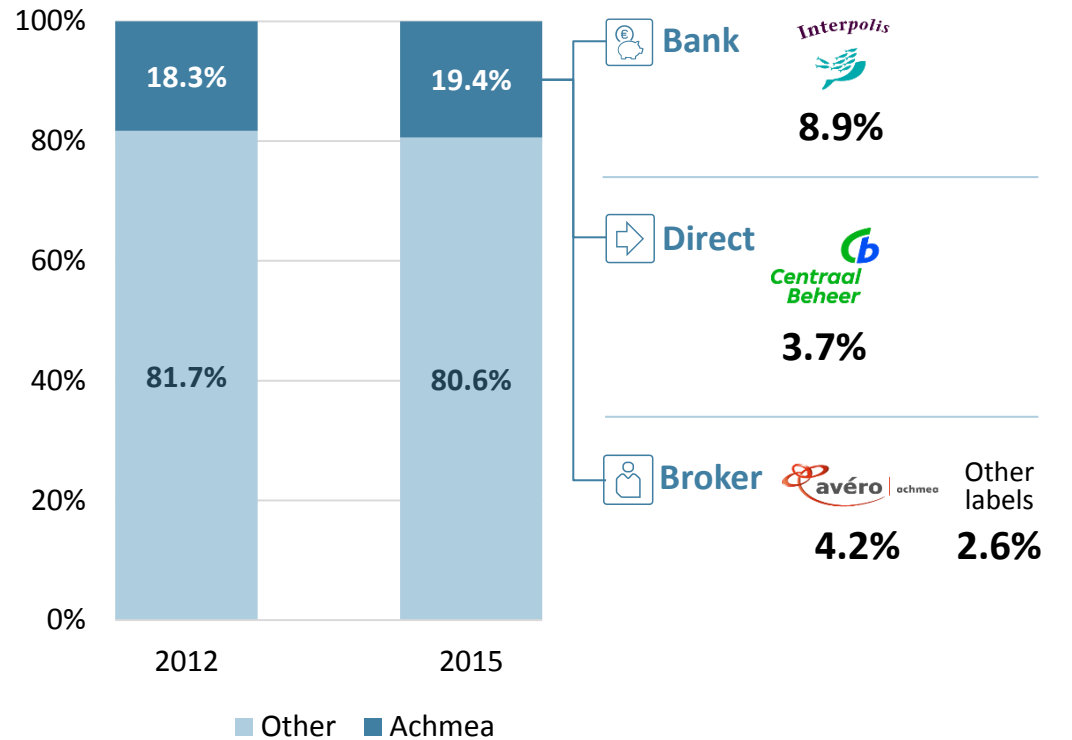
LARGE AND GROWING MARKET SHARES IN P&C AND INCOME PROTECTION

UNIQUE MULTI-LABEL AND MULTI-CHANNEL DISTRIBUTION MIX

P&C: Market share¹



IP: Market share²



CUSTOMER PREFERENCES AND NEW TECHNOLOGY LEADS TO CHANGING MARKET



Distribution



Property & Casualty



Income Protection



Omnichannel, mobile first and social media are common practice in 2020. Extreme customer oriented companies will be the benchmark no matter what sector they are in.



Online and social media are 'the name of the game'



Real-time data is key to successful customer dialogue



Advice changes from face-to-face to automated (robo) advice



Customer preference is determined by **reference of peers and communities**



New business and earning models
Technological developments and transparency lead to new way of working

PROPERTY & CASUALTY: MARKET CIRCUMSTANCES ARE IMPROVING FROM ECONOMIC DOWNTURN



Distribution



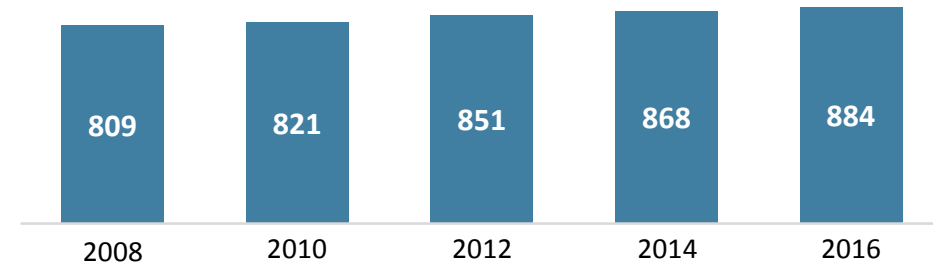
Property & Casualty



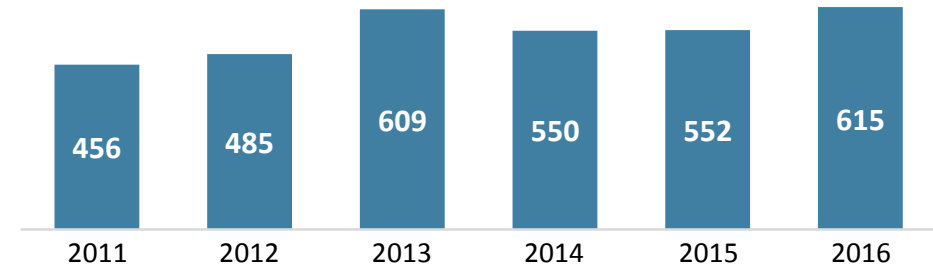
Income Protection

- **Market circumstances are improving**
 - Average premium per household increases
 - Number of policies in commercial insurance increases
- **Technology driven opportunities** (e.g. prevention, fraud detection and risk assessment using big data solutions)
- **New risk types and sharing economy**
- **Changing risks in usage, liability, cyber and climate**
- **Traditional way of sharing risks is changing**

Property & Casualty retail: average premium per household ¹



Property & Casualty commercial: number of policies (x1000) ²



CUSTOMER PREFERENCES AND NEW TECHNOLOGY



Distribution



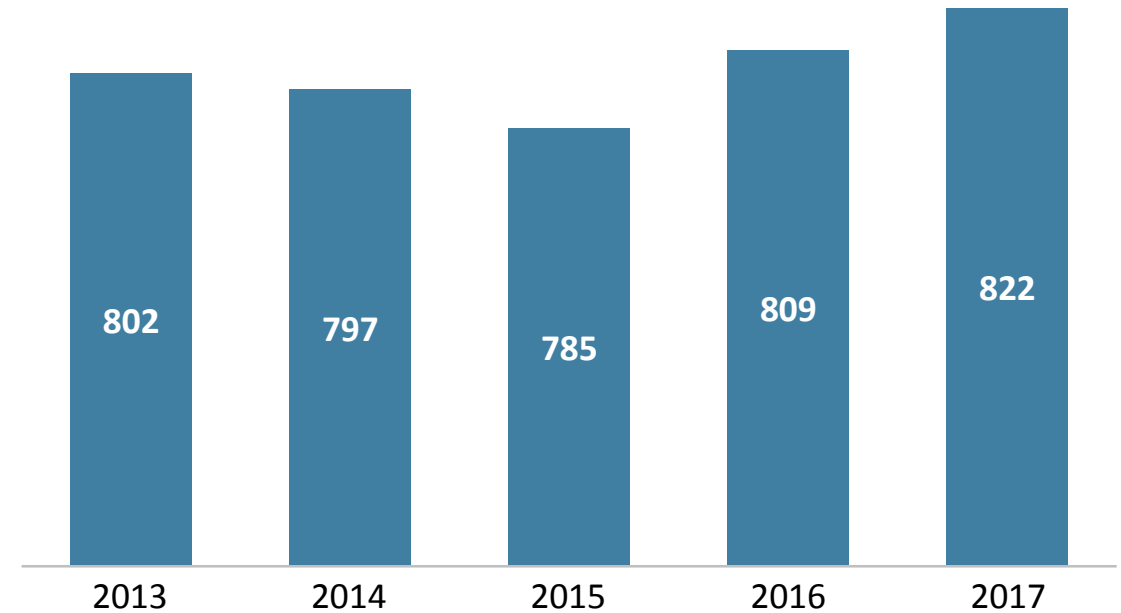
Property & Casualty



Income Protection

- **Employability and vitality are growing themes** in society
- **Gradual retreat of government**
- The **increasing number of self employed (ZZP'ers)** leads to a further increase of direct product offerings and online advisory
- **New technologies** are an opportunity in risk insight, pricing and claim reduction

Number of ZZP entrepreneurs (x1000)¹

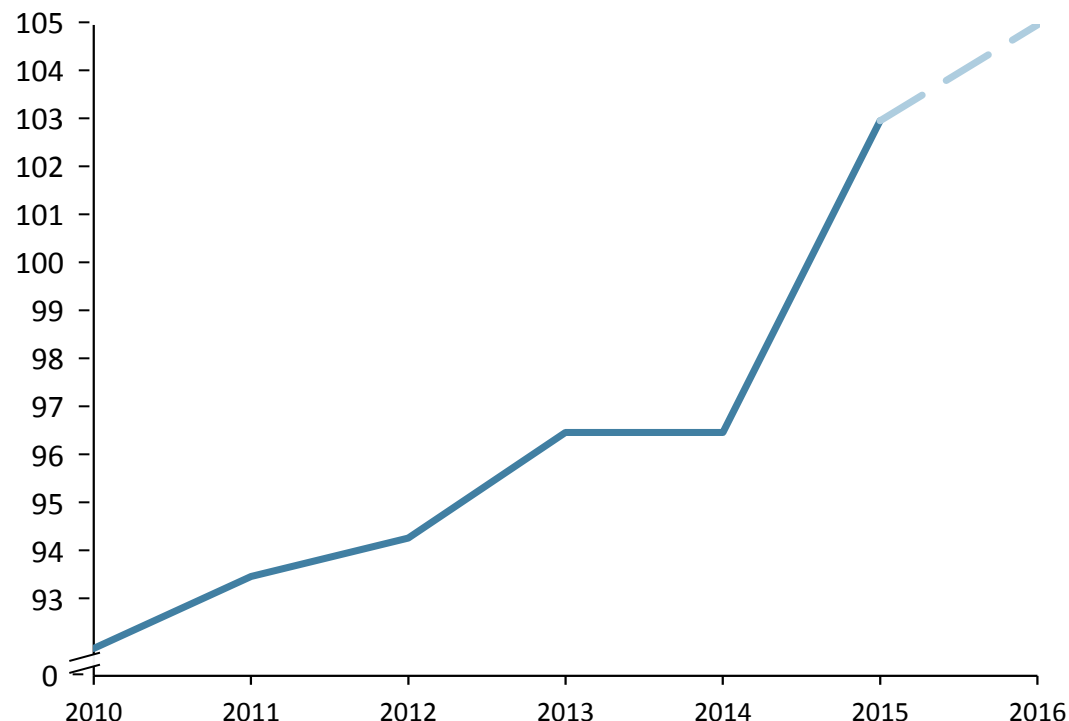


COMBINED RATIO OF PROPERTY & CASUALTY MARKET INCREASED SHARPLY IN SIX YEARS

COR > 100% DUE TO RECENT HIGH WEATHER RELATED CLAIMS, INCREASING INJURY CLAIMS AND LOW PROFITABILITY P&C.

- Combined Ratio well over 100% and is expected to raise further in 2016
- DNB states situation is not sustainable: *“The Net Combined Ratio is negative over the last years in the main submarkets [...] Especially, Motor TPL shows a worrying picture [...] Technological innovations will provide opportunities to reduce costs and claims.”* Dutch Central Bank (DNB), December 2016
- The Dutch Association of Insurers identifies a trend in increasing personal injury claims: *“increasing cost that car insurers reimburse in injury claims”* Source: Assurantie Magazine, April 2017
- Achmea Non Life took actions as of 2015 by increasing premium levels, explicit focus on claims management and continued focus on cost reduction²
- What do we see in the market over Q1 2017
 - Peers: slight improvement but COR >100%

Profitability in Dutch P&C market under pressure with COR >100%¹



Source: ¹ Verbond van verzekeraars, september 2016

JUNE 2016: THE NETHERLANDS WAS HIT BY THE LARGEST HAIL CALAMITY IN HISTORY

EUR million

Year	Type	Event	Gross claims
2016	Hail	Hail calamity (Supercell)	€317
2015	Hail	Hail calamity	€53
2015	Winter storm	Niklas	€18
2013	Winter storm	Christian	€62
2009	Winter storm	Hildegard	€18
2009	Convective storm	Felix	€28
2008	Hail	Naruporn	€38
2007	Winter storm	Kyrill	€120

In June the south eastern part of the Netherlands was hit by a 'Supercell'; the most severe type of hail calamity

Conditions were extreme, which led to hail stones with a diameter between 7 and 10cm; the largest ever seen in the Netherlands



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WE TOOK ACTION TO OFFSET THE IMPACT OF CLIMATE CHANGE

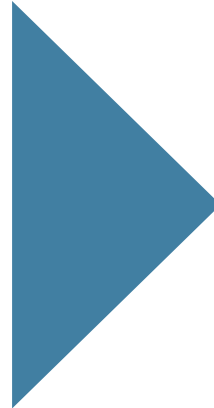
CLIMATE CHANGE WILL CHANGE THE CLAIMS EXPERIENCE IN THE LONG RUN



We performed extensive climate change research and concluded:

1. More summer storms
2. More rainfall
3. Less winter storms and fog

We acted immediately as first in the market



Impact on Achmea

- Control of risks, urged on by premium measures, are needed to keep premium and claims experience on acceptable levels
- Services are basis for new earning models (e.g. information to customers, join forces with government and other public constitutions)

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BANK: UNLOCKING THE POTENTIAL OF THE BANC ASSURANCE CHANNEL FURTHER



The potential

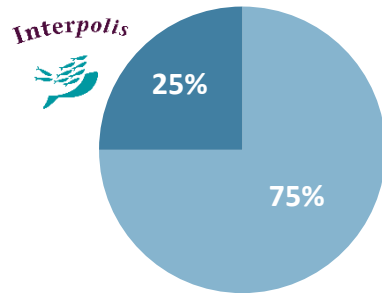


Our approach



The outcomes

% Rabobank Customers



- Only 1 out of every 4 customers of Rabobank is insured through Interpolis; both Achmea and Rabobank aim to increase this
- Rabobank reconfirmed their commitment to insurance
- Rabobank is one of our main shareholders

Rabobank features the All finance proposition

Retail:
Online self service

Small enterprises:
Online self service advisory on request

Wholesale:
personal customer service offering business continuity advisory

- Higher market effectiveness already resulting in an increase in sales
- Lower cost of distribution as a result of organisation redesign:
 - Clear cut roles of Interpolis and Rabobank resulting in less FTE
 - Dual branding of strong brands Interpolis and Rabobank
 - Data driven marketing in joint Interpolis and Rabobank marketing team
- Measures will result in higher profitability



DIRECT: ONLY SIZABLE DIRECT WRITER IN THE NETHERLANDS: LEVERAGE ON FIRST MOVER ADVANTAGE IN DIRECT CHANNEL WITH DIGITAL COMMUNICATION



The potential

Property & Casualty Retail

- Since 2011 the direct channel is successful with growing online sales

Property & Casualty Commercial lines

- Self employed (ZZP) and smaller SME clients resemble retail customers choosing digital services. Online will grow in this segment

Income protection

- Increase of number of self employed (ZZP) leads to:
 - Increase of direct product offerings
 - Online advisory
 - Competitive execution-only propositions



Our approach

Omni channel

Mobile first

Automated chat

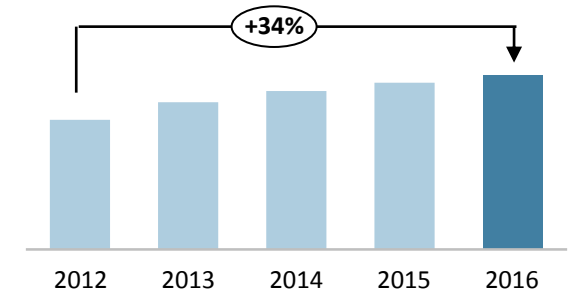
Commercial lines:
Presence in focus area's and through partnerships



The outcomes

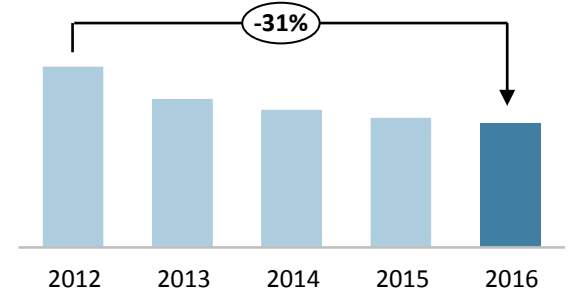
Strong increase in sales with stable cost

Sales Centraal Beheer



...lead to lower cost per inflow product...

Cost per inflow product Centraal Beheer



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STRONG BASE CASE DUE TO COMPETITIVE ADVANTAGE WHICH CANNOT BE EASILY COPIED



Our approach

Critical mass as largest property & casualty insurer in the Netherlands and no. 3 position in the income protection market

Stable portfolio in size and composition

Enormous volume of data

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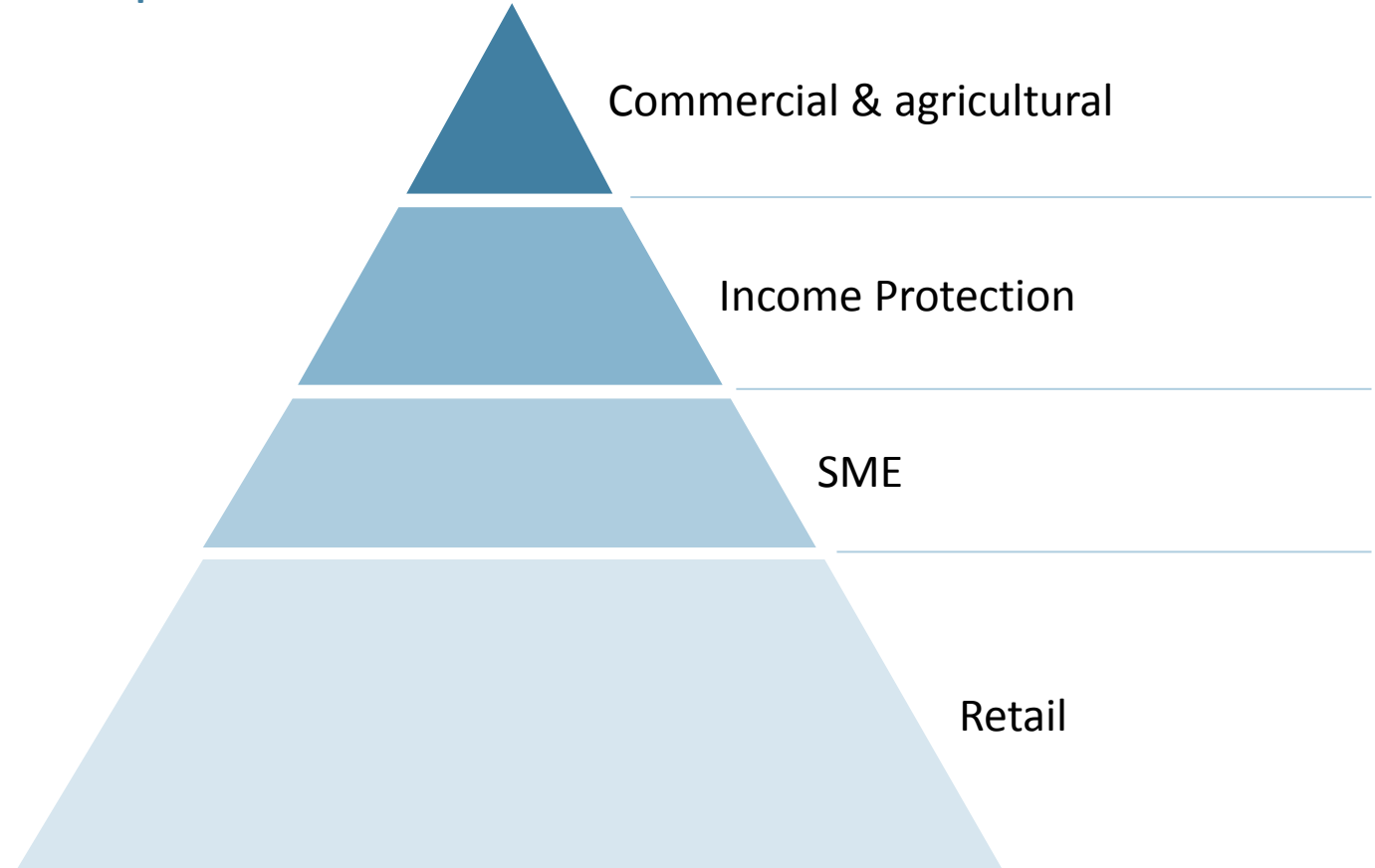
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Stable portfolio



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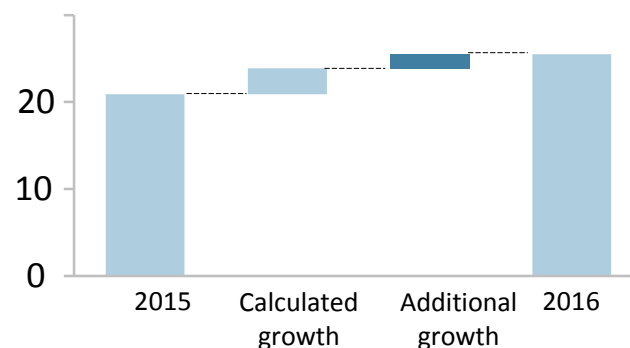
Capitalizing on data;

- Solvency II modelling
- (GEO/GIS data)
- Pricing desk

Pricing Desk [example]: 7% premium increase Motor Centraal Beheer due to refined pricing techniques combined with improved risk profile

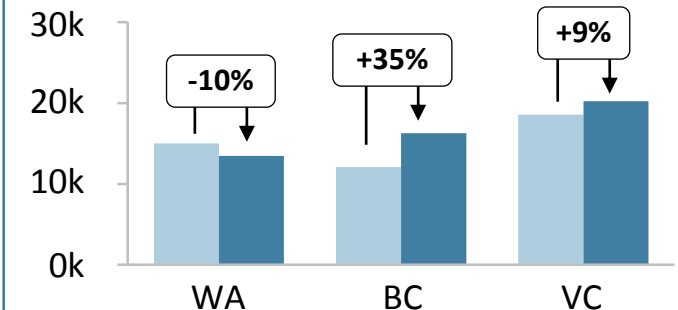
Pricing Desk

Premium inflow in € mln in wk 36-46



Combined with an improved risk profile; more MTPL Limited own damage

Premium inflow in € mln in wk 36-46



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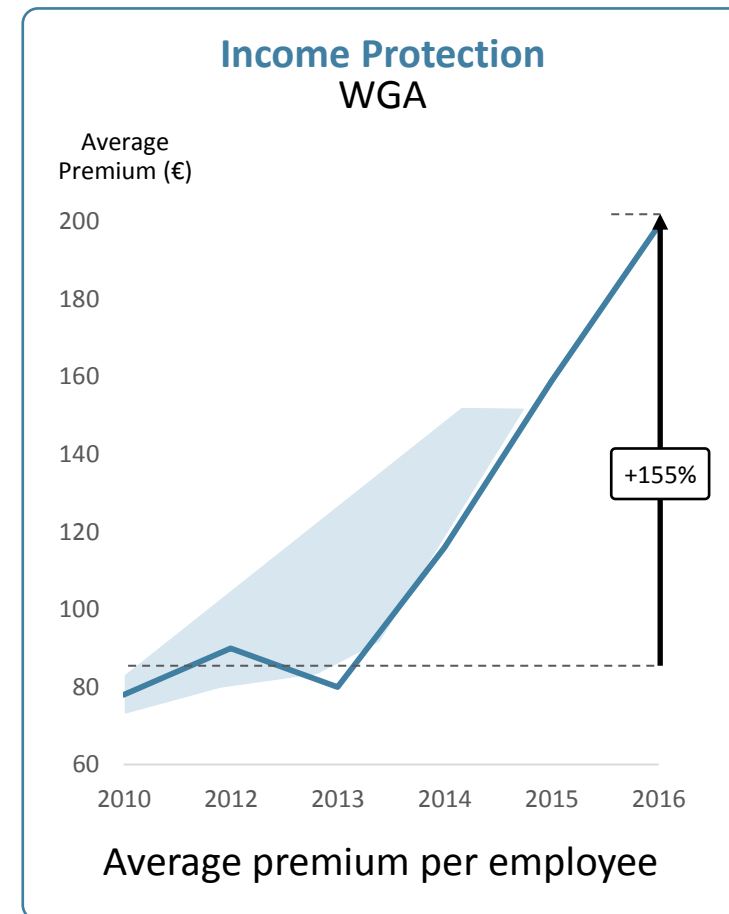
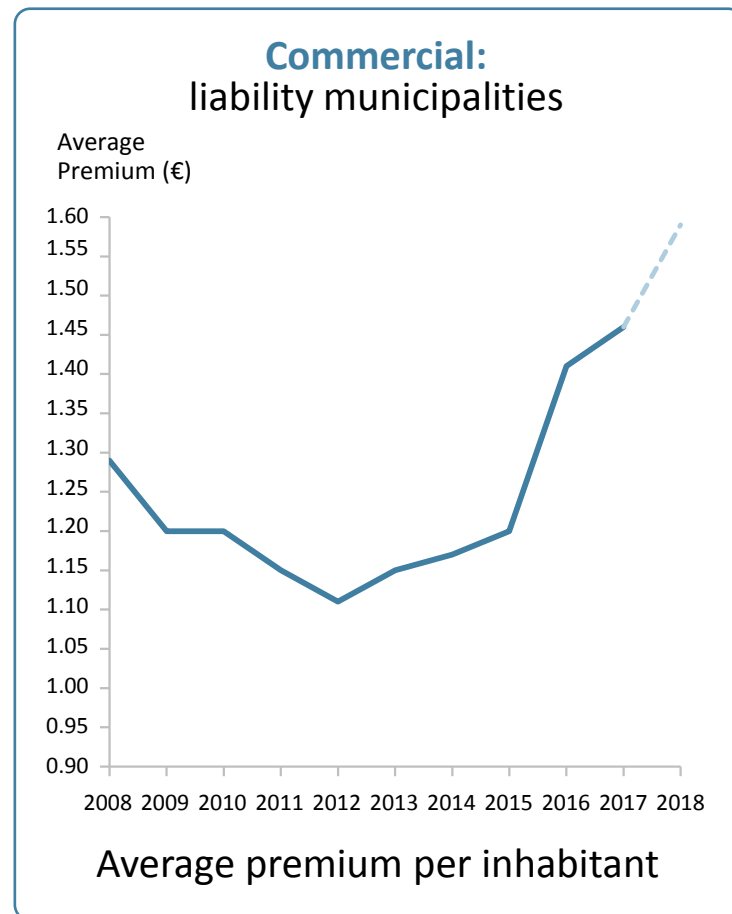
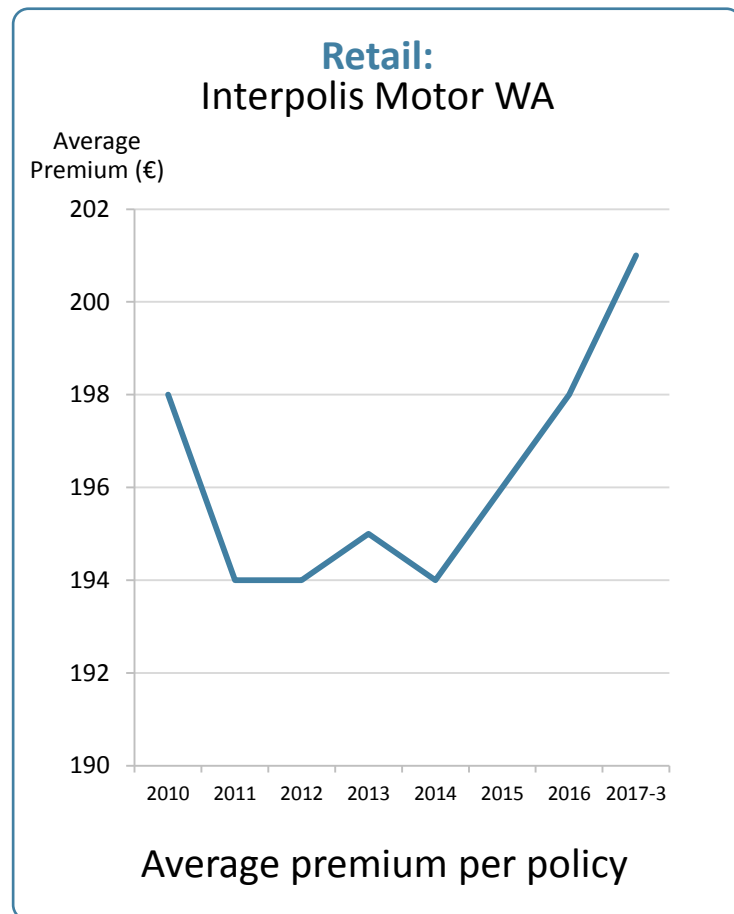
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OUR PROFITABILITY GROWTH STORY- PREMIUM INCREASES UNDO PREMIUM EROSION FROM THE PAST



OUR PROFITABILITY GROWTH STORY – WE EXECUTE MEASURES THAT LOWER OUR CLAIMS EXPERIENCE THAT DIRECTLY CONTRIBUTE TO OUR RESULT



Our approach

Recent examples

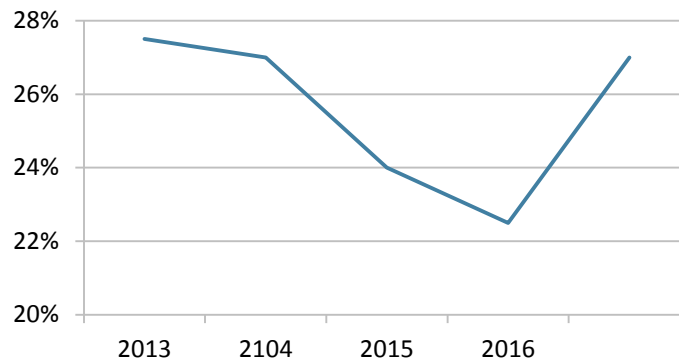
Intensify recourse actions in MTPL and limited own damage car insurance

Intensify recourse actions in commercial lines

Tackle repeating claimers

Enhance prevention measure in agricultural insurances

Initiatives to reduce in-process time in MTPL Limited own damage

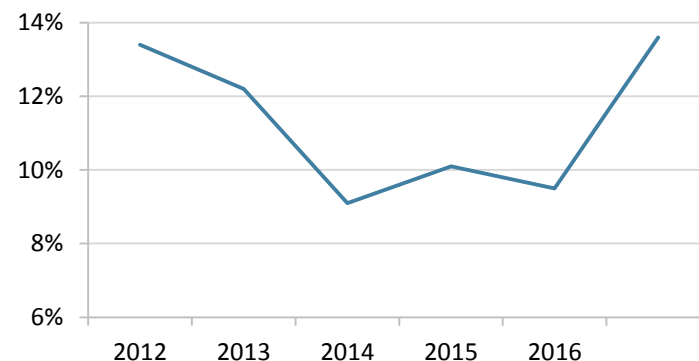


Recourse Motor MPTL own damage Retail:

We shorten process time that increases successful recourse actions

Reference: recourse amount in 2016 is around ~€67million.

Recourse improvement initiatives in commercial lines



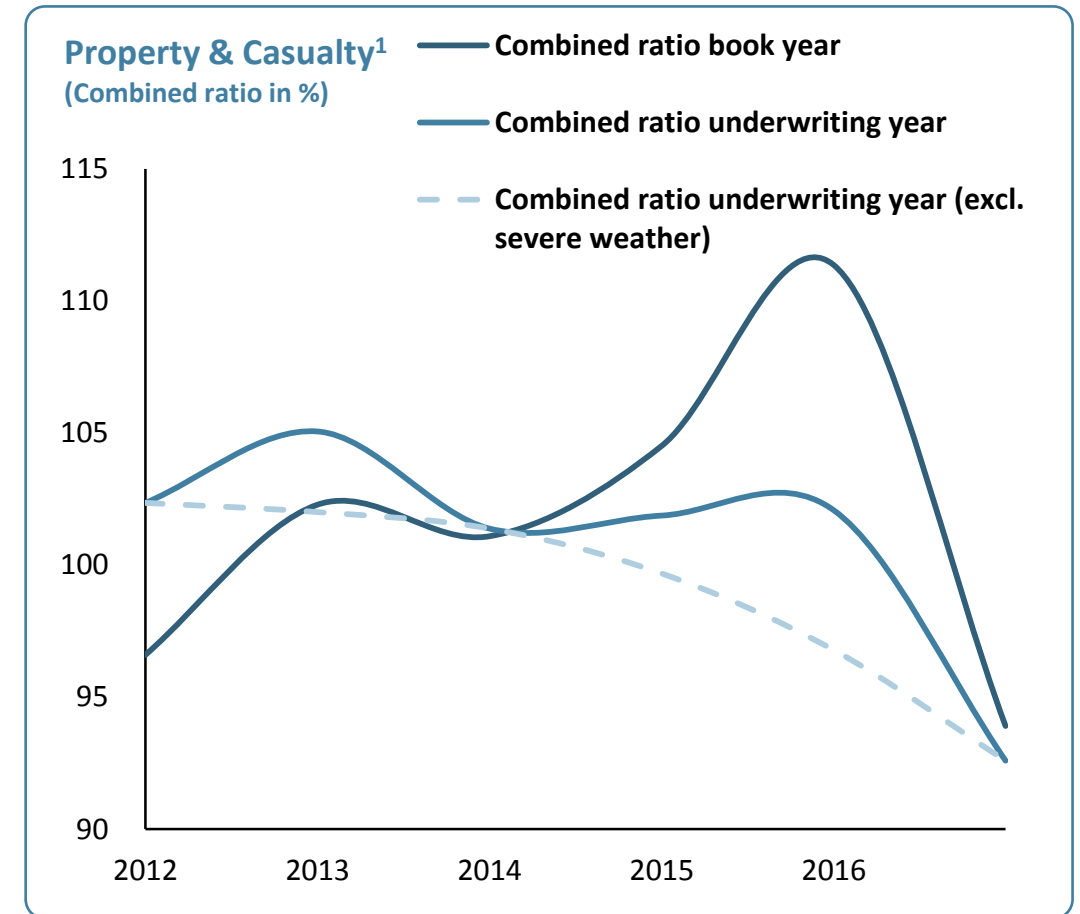
Recourse commercial lines:

Recourse % increased with 4.1% as result of process improvements

Reference: recourse amount in 2016 is around ~€35 million

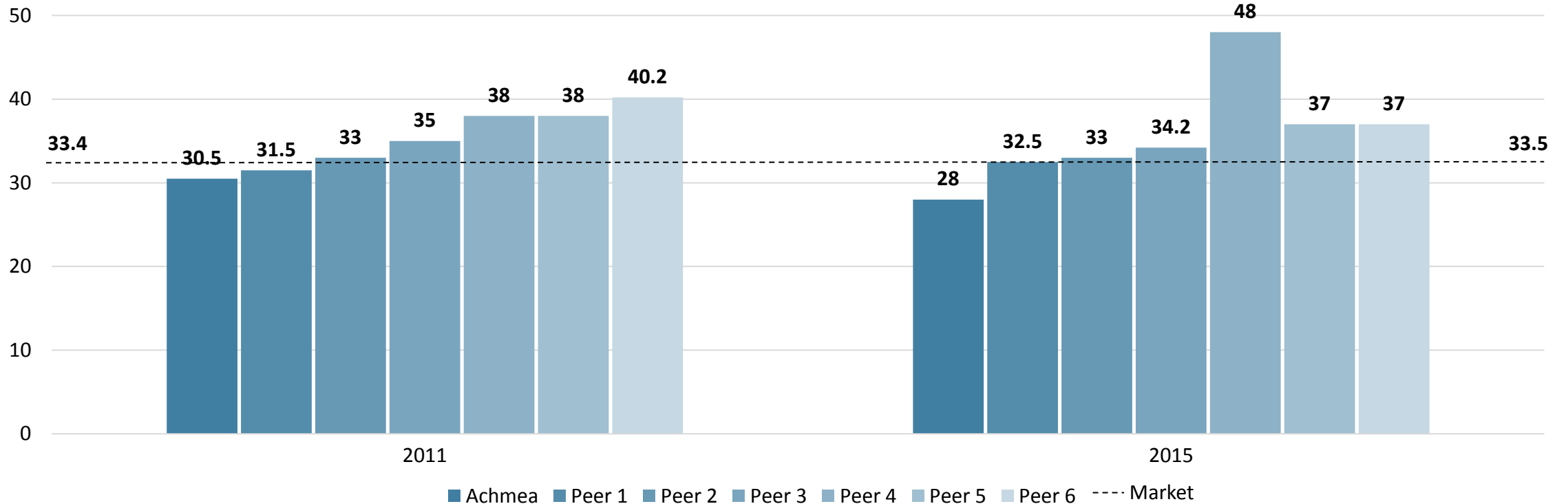
OUR PROFITABILITY GROWTH STORY - STRUCTURAL PROFITABILITY INCREASES FURTHER

- The profitability improvement trend on underwriting year is now followed by improved profitability in fiscal year
- This is a result of premium measures in the period 2015 – 2017 in combination with claim experience measures
- Steady state target combined ratio of below 96%



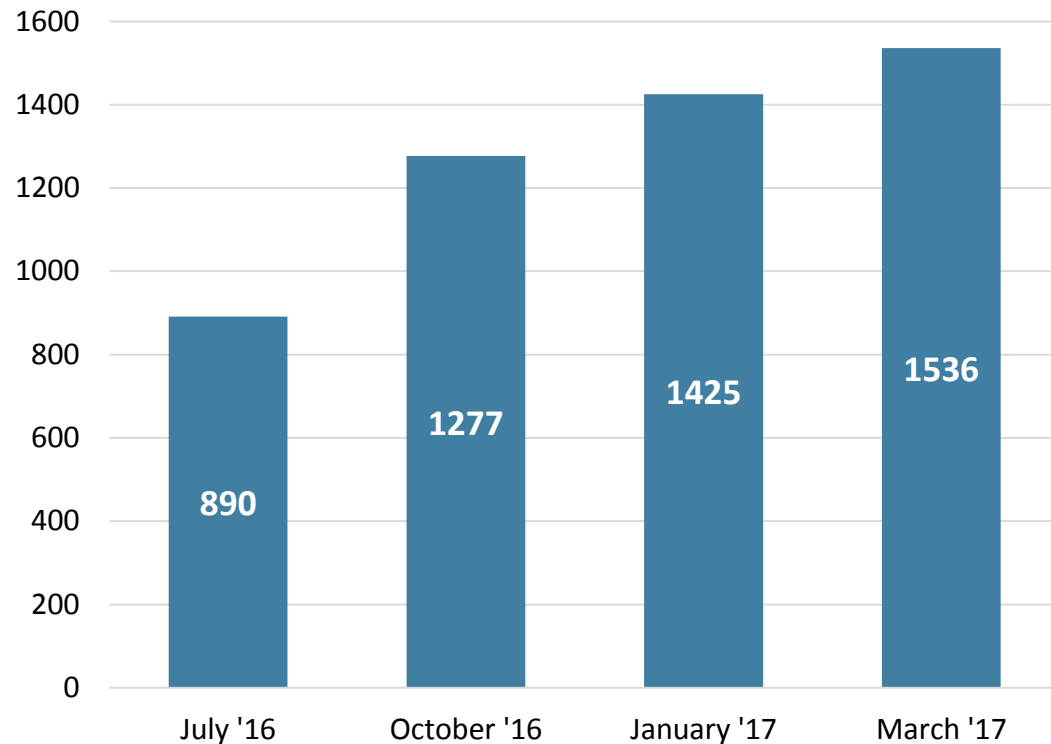
OUR PROFITABILITY GROWTH STORY – ACHMEA NON-LIFE CONTINUOUSLY OUTPERFORMS THE MARKET ON COST RATIO

Cost ratio Non-Life¹

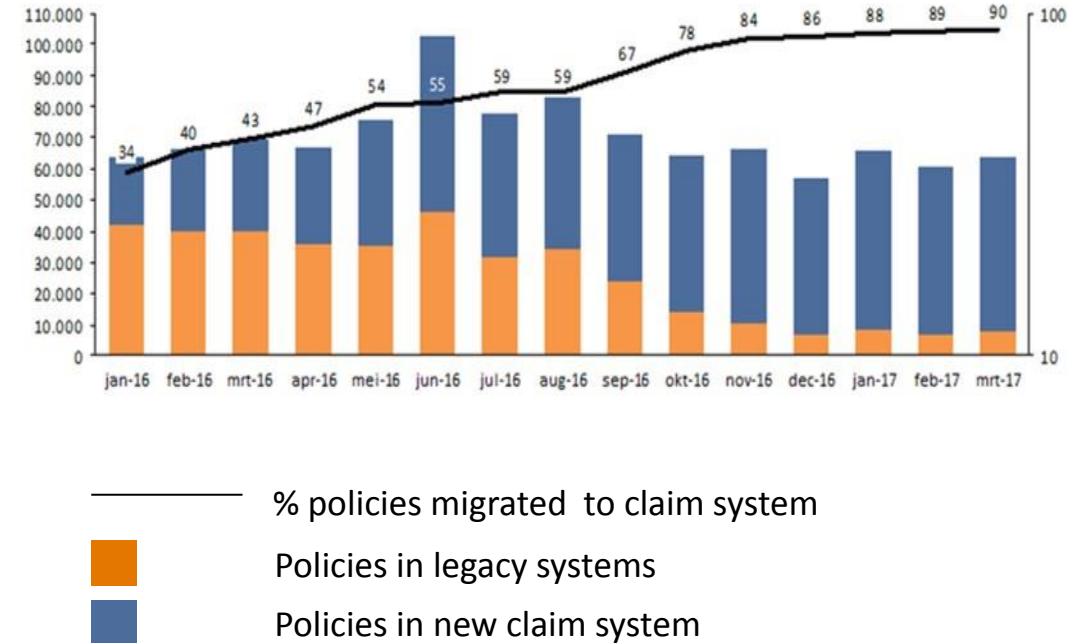


OUR PROFITABILITY GROWTH STORY GAINING COST EFFICIENCY THROUGH DIGITISATION OF CUSTOMER CONTACT AND STANDARDISATION OF PROCESSES AND IT-SYSTEMS

Number of claims reported by App

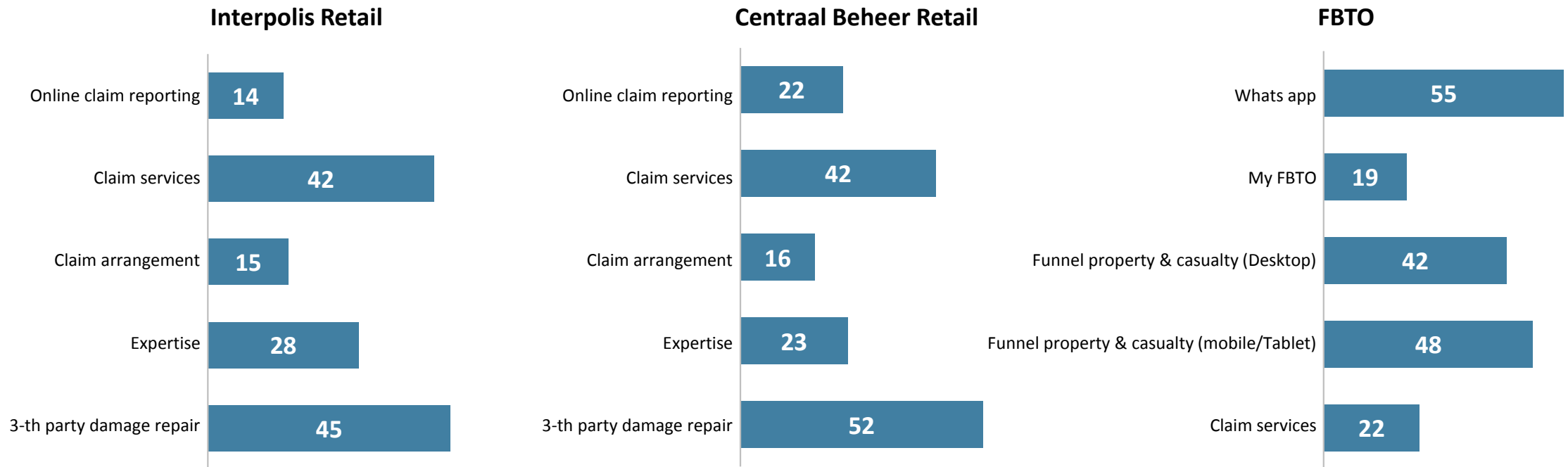


Number of migrated policies to new system



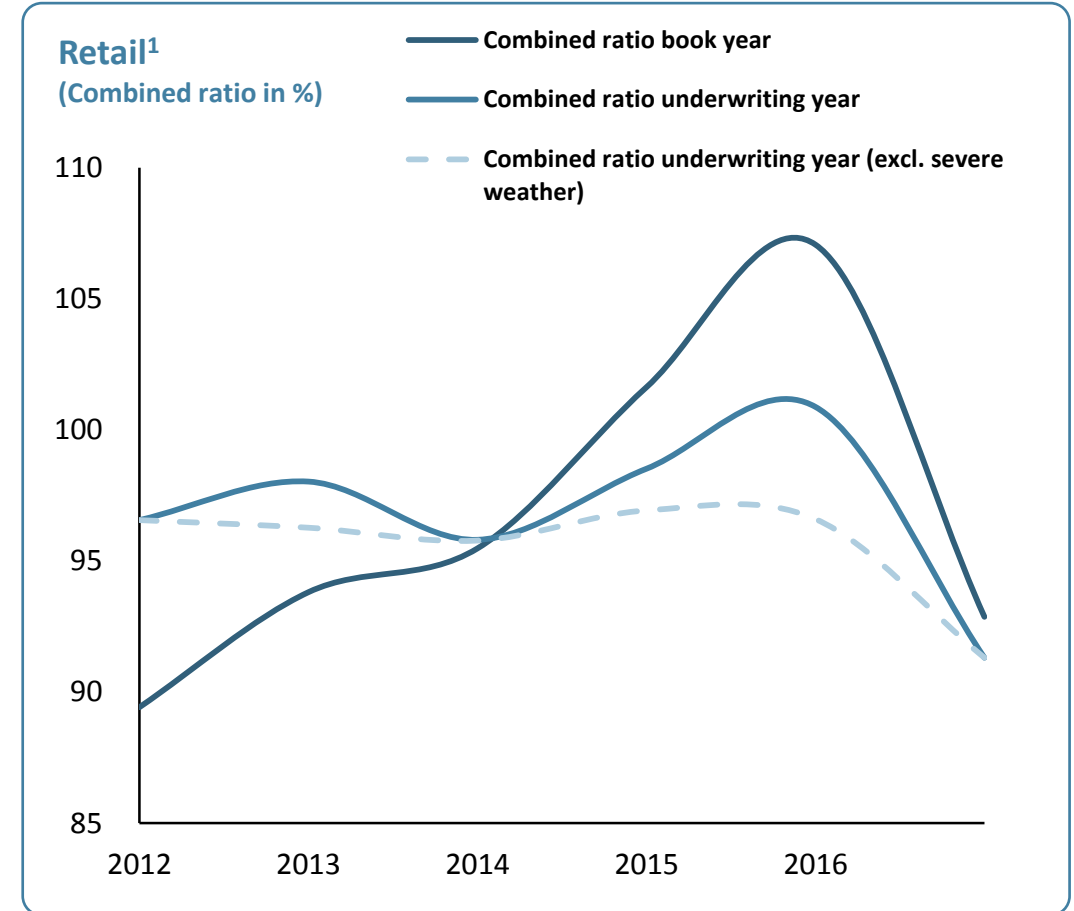
OUR PROFITABILITY GROWTH STORY – WE COMBINE LOW COST WITH HIGH CUSTOMER SATISFACTION

NPS score customer contact channels and processes



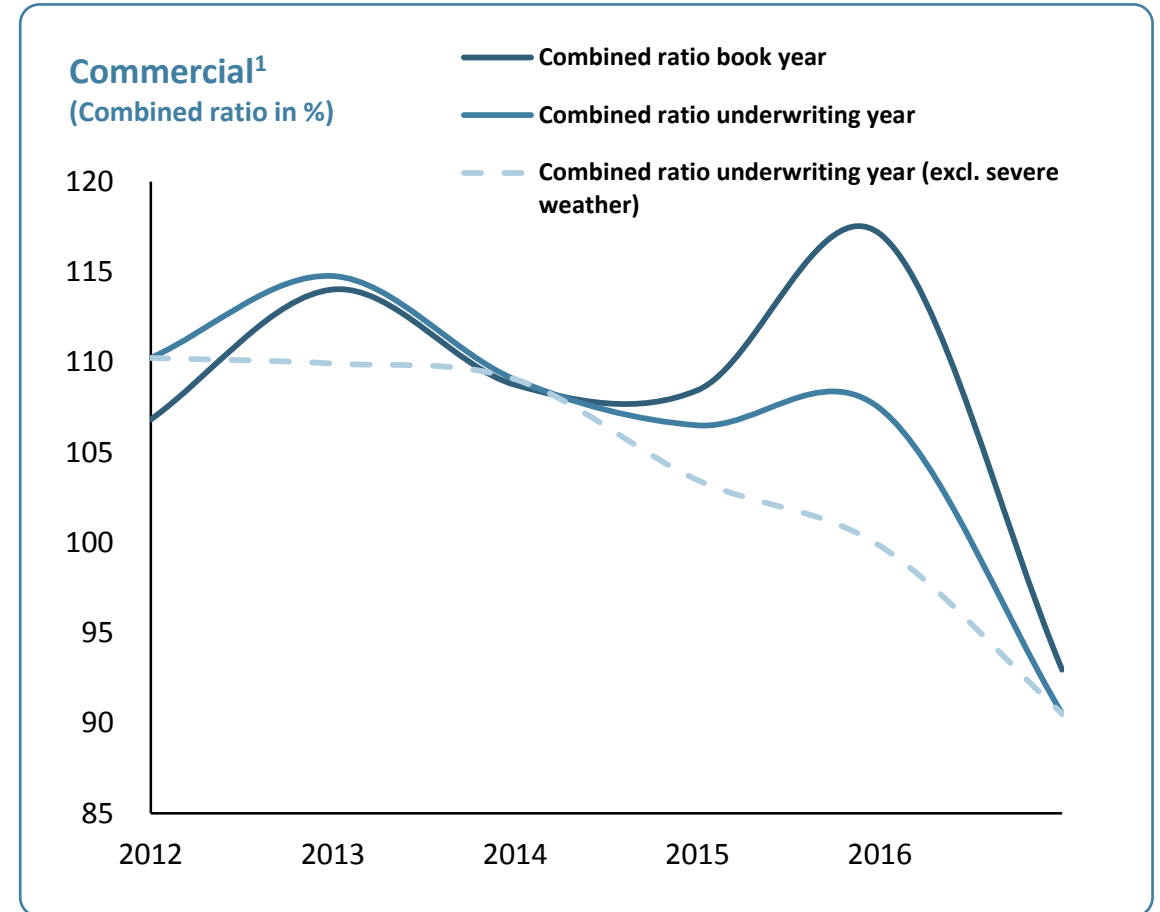
RETAIL: PREMIUM INCREASE ON WEATHER RELATED PRODUCTS AND PRODUCTS WITH LOW PROFITABILITY COMBINED WITH FOCUS ON CLAIM REDUCTION

- Significant premium increase as of 2016 implemented
- Focus on claim reduction:
 - Claims assessment
 - Fraud
 - Recourse
 - Risk acceptance and conditions



COMMERCIAL; SIGNIFICANT PRICING MEASURES AND EXPLICIT FOCUS ON CLAIMS REDUCTION ARE PAYING OFF

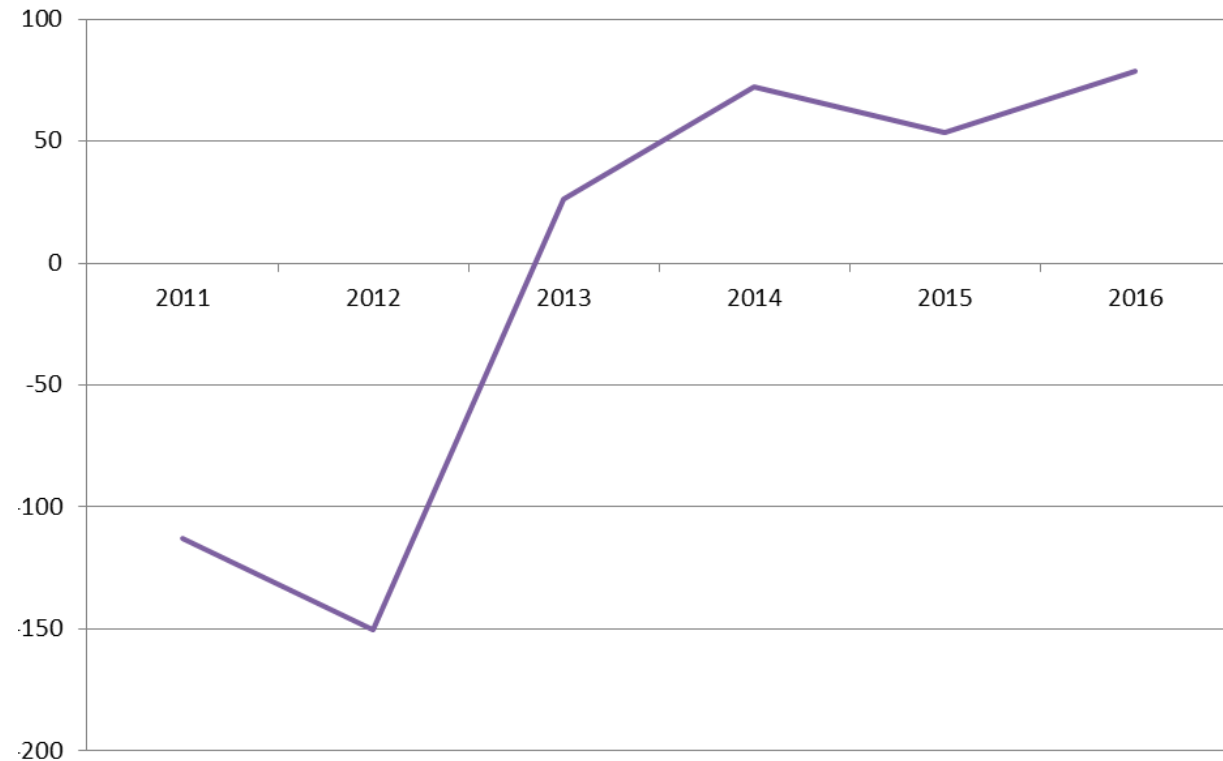
- Significant premium increase as of 2014 implemented:
 - General premium increases
 - Specific increases on underperforming parts of portfolio
 - Weather related products
- Focus on claim reduction:
 - Claims assessment
 - Recourse
 - Risk acceptance and conditions



INCOME PROTECTION: CONTINUING IMPROVEMENT OF PROFITABILITY

- Achmea has taken significant measures on WGA:
 - Pricing (average +78% during the period 2012-2015)
 - Policy conditions
 - Termination of premium guarantees
- Currently the WGA portfolio renders stable positive earnings

Income protection: Result development (million)¹



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