



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:

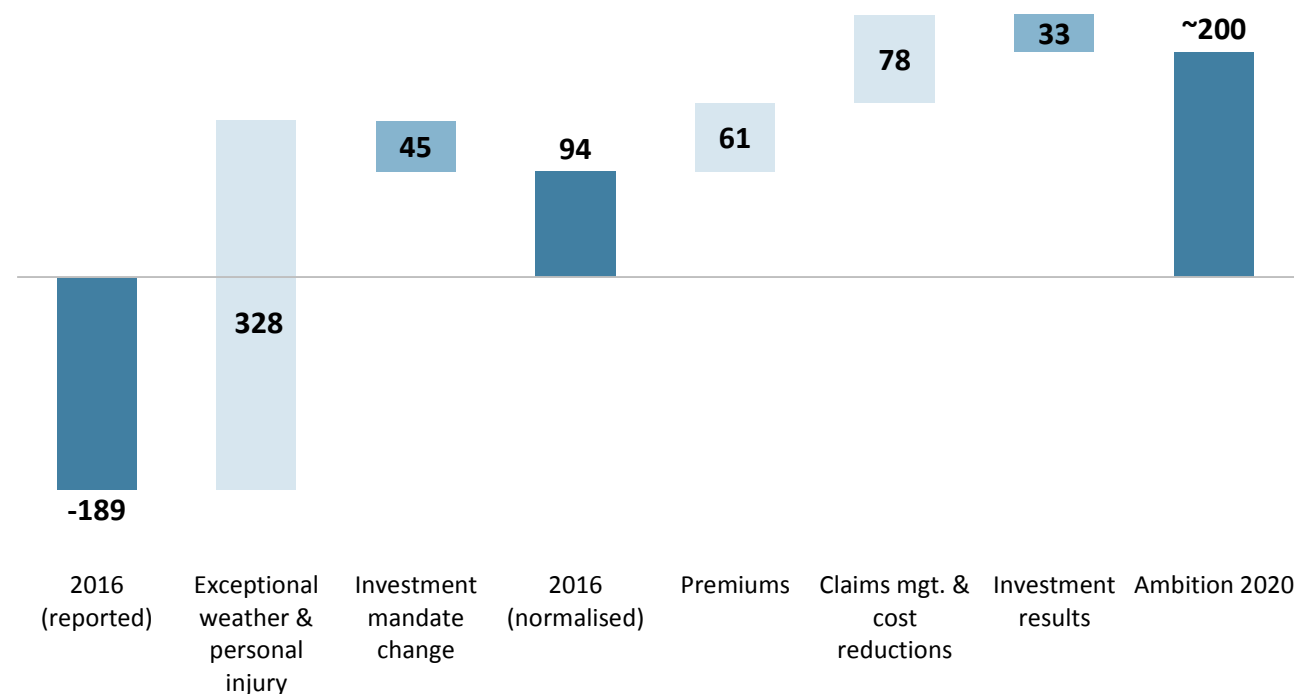
- Adjusting and refining premium levels to profitable levels
- Focus on claims control and reintegration
- Our current underlying result already shows a Combined Ratio (COR) below 96%

## 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

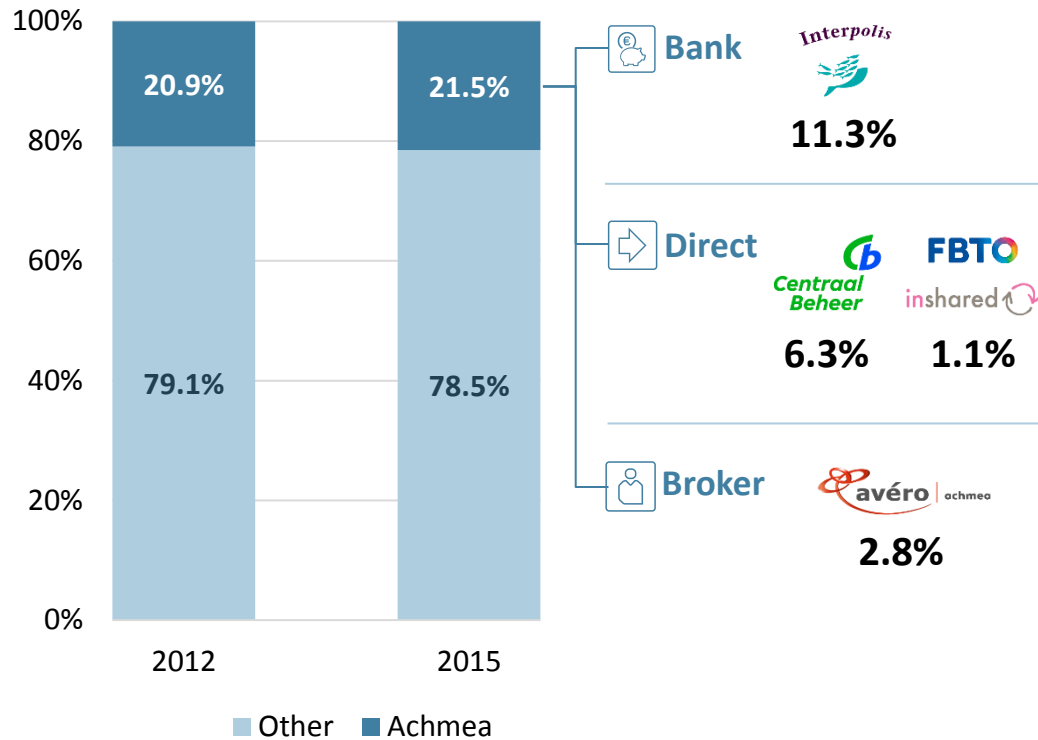
Commercial

Income Protection

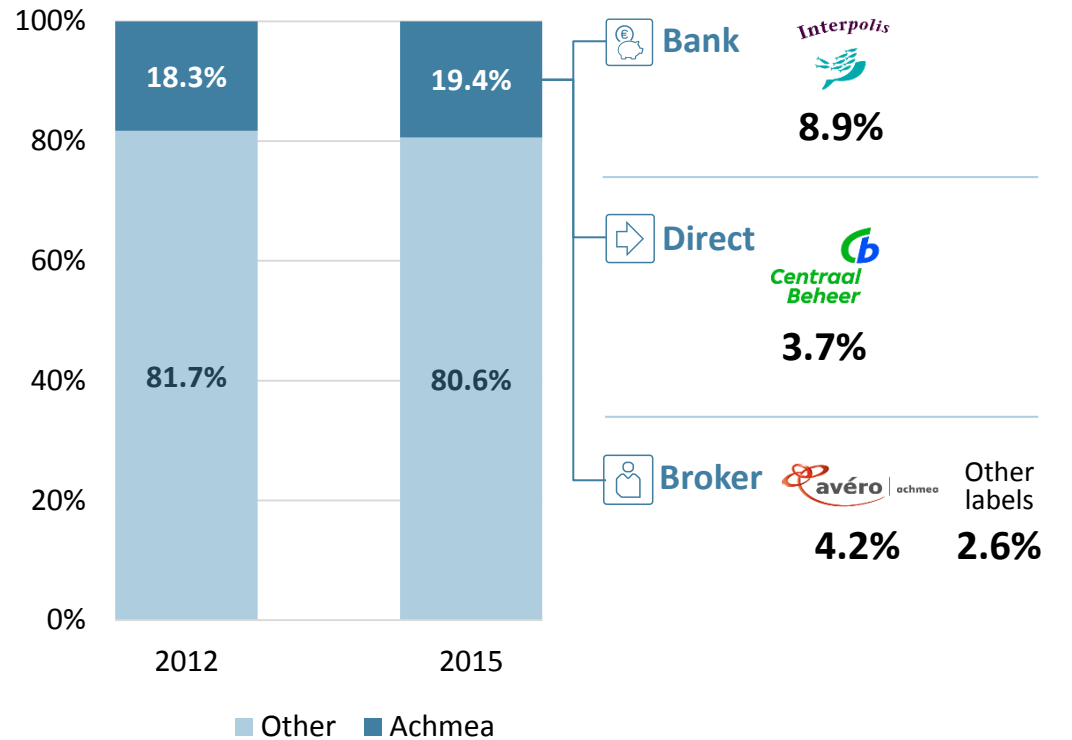
# LARGE AND GROWING MARKET SHARES IN P&C AND INCOME PROTECTION

## UNIQUE MULTI-LABEL AND MULTI-CHANNEL DISTRIBUTION MIX

P&C: Market share<sup>1</sup>



IP: Market share<sup>2</sup>



# 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



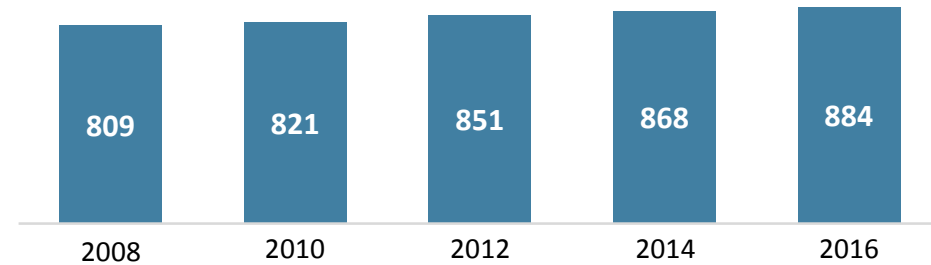
Property & Casualty



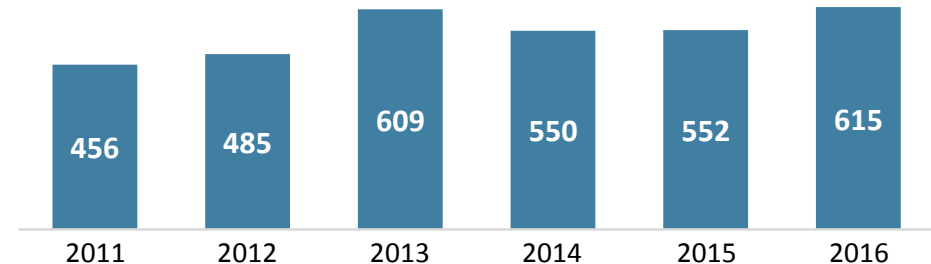
Income Protection

- **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 <sup>1</sup>



Property & Casualty commercial: number of policies (x1000) <sup>2</sup>



# CUSTOMER PREFERENCES AND NEW TECHNOLOGY



Distribution



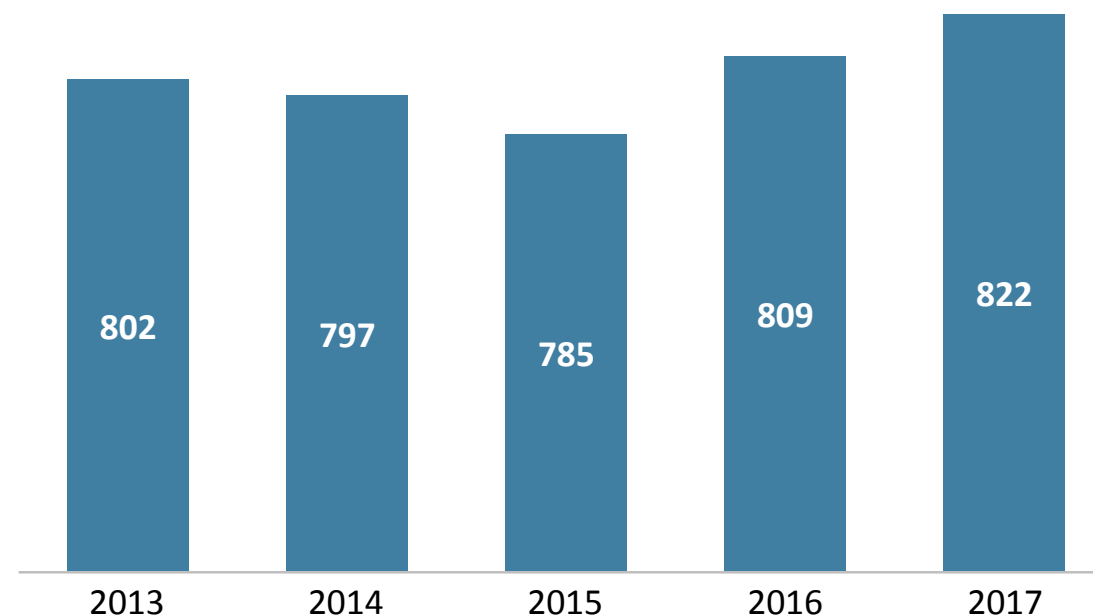
Property & Casualty



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)<sup>1</sup>



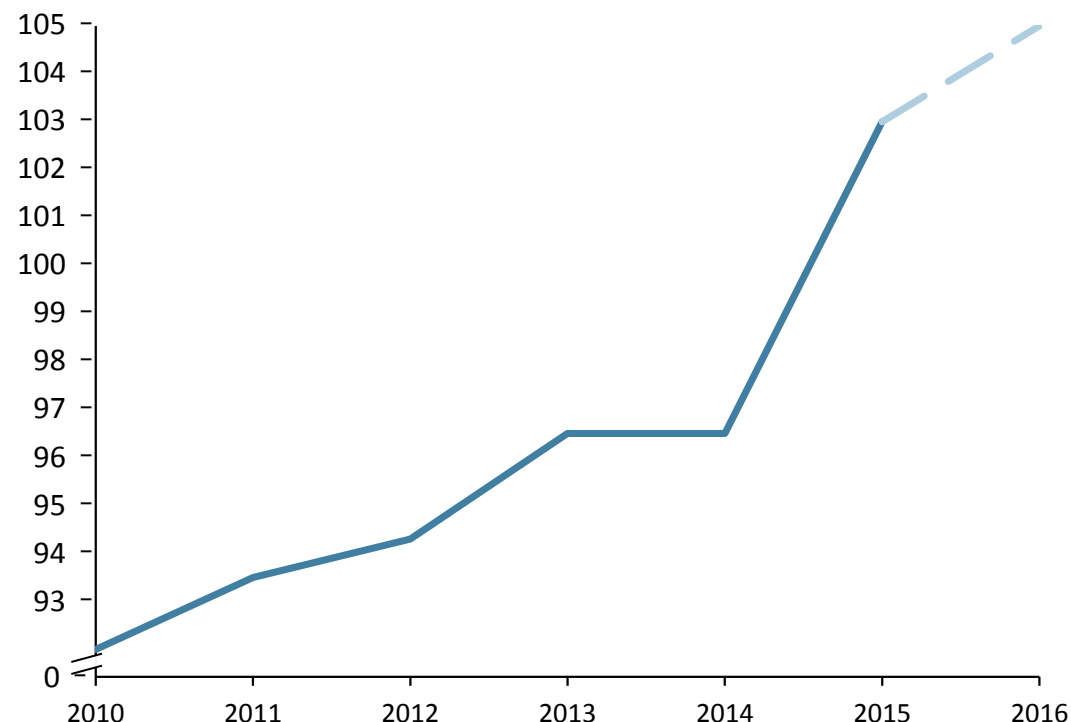


# COMBINED RATIO OF PROPERTY & CASUALTY MARKET INCREASED SHARPLY IN SIX YEARS

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 reduction<sup>2</sup>
- 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%<sup>1</sup>



Source: <sup>1</sup> 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



achmea 

# WE TOOK ACTION TO OFFSET THE IMPACT OF CLIMATE CHANGE

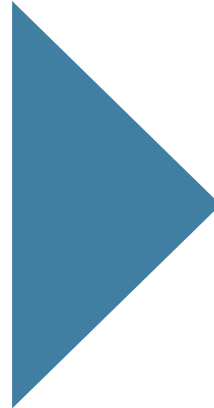
CLIMATE CHANGE WILL CHANGE THE CLAIMS EXPERIENCE IN THE LONG RUN



**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)

# 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



# BANK: UNLOCKING THE POTENTIAL OF THE BANC ASSURANCE CHANNEL FURTHER



The potential

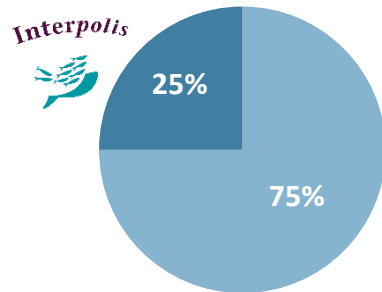


Our approach



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

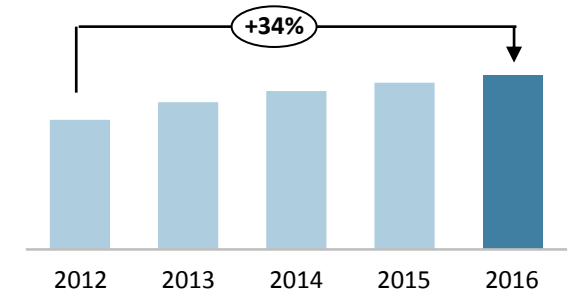
Commercial lines:  
Presence in focus area's and through partnerships



The outcomes

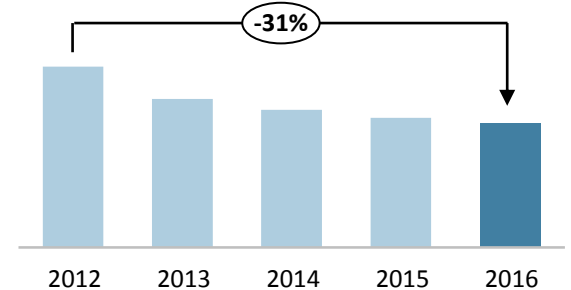
Strong increase in sales with stable cost

Sales Centraal Beheer



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

Cost per inflow product Centraal Beheer



# 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

# 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



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



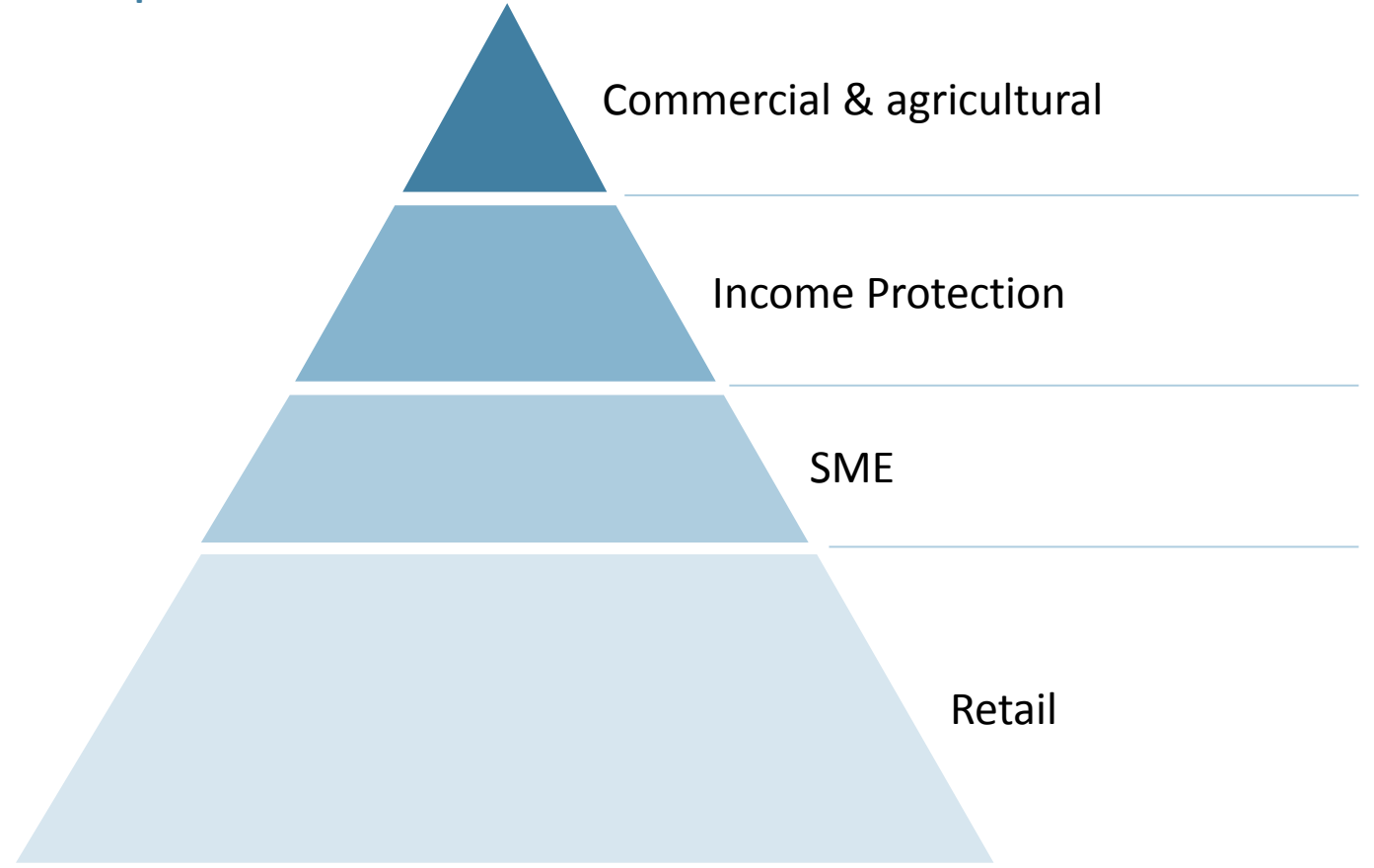
Our approach

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

Stable portfolio



# 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

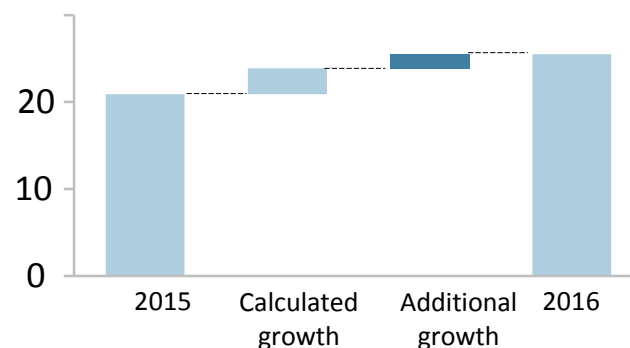
## Capitalizing on data;

- 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**

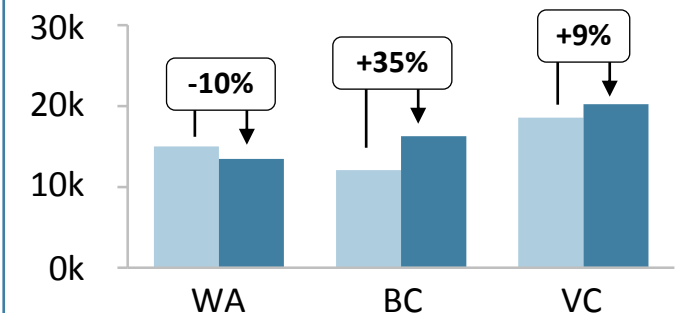
### Pricing Desk

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



# PROGRAMME



Part I:  
Market developments



Part II:  
Distribution developments



Part III:  
Achmea's profile &  
competitive advantages



Part IV:  
Recent results  
& initiatives

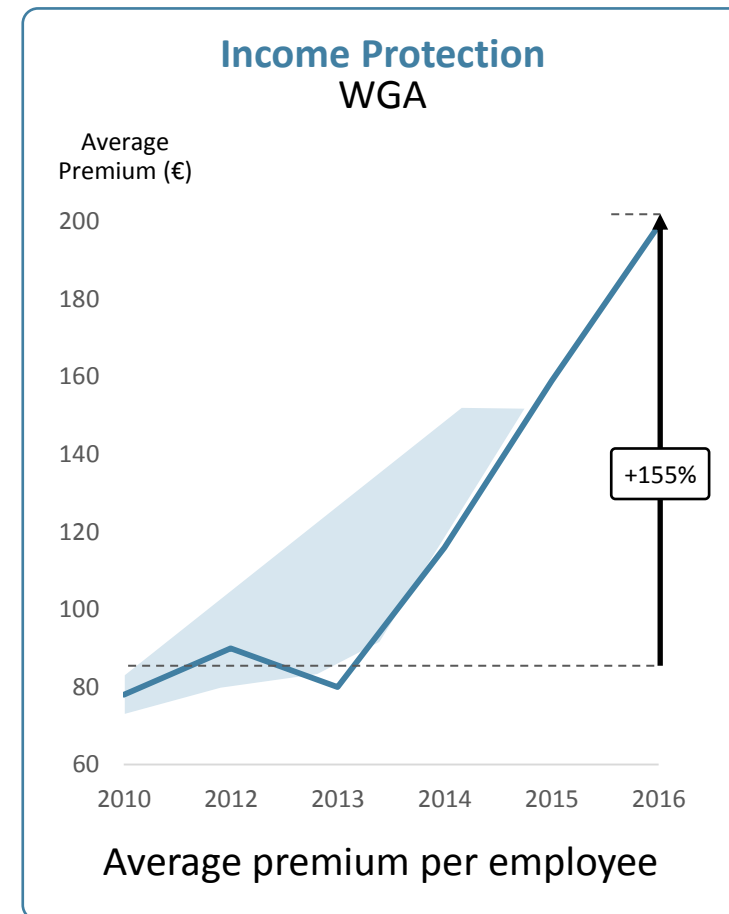
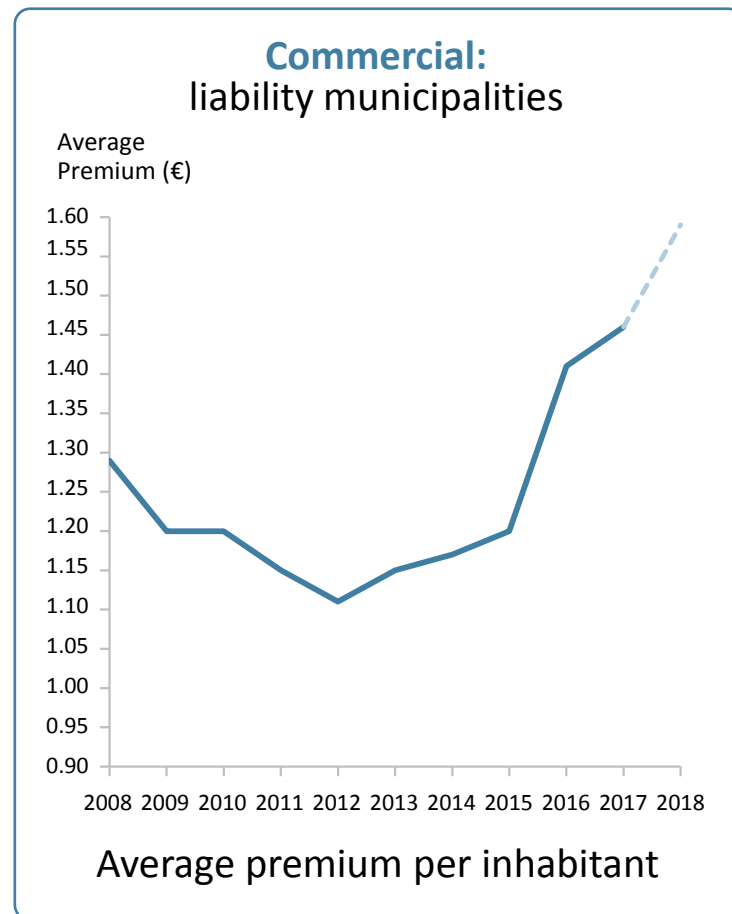
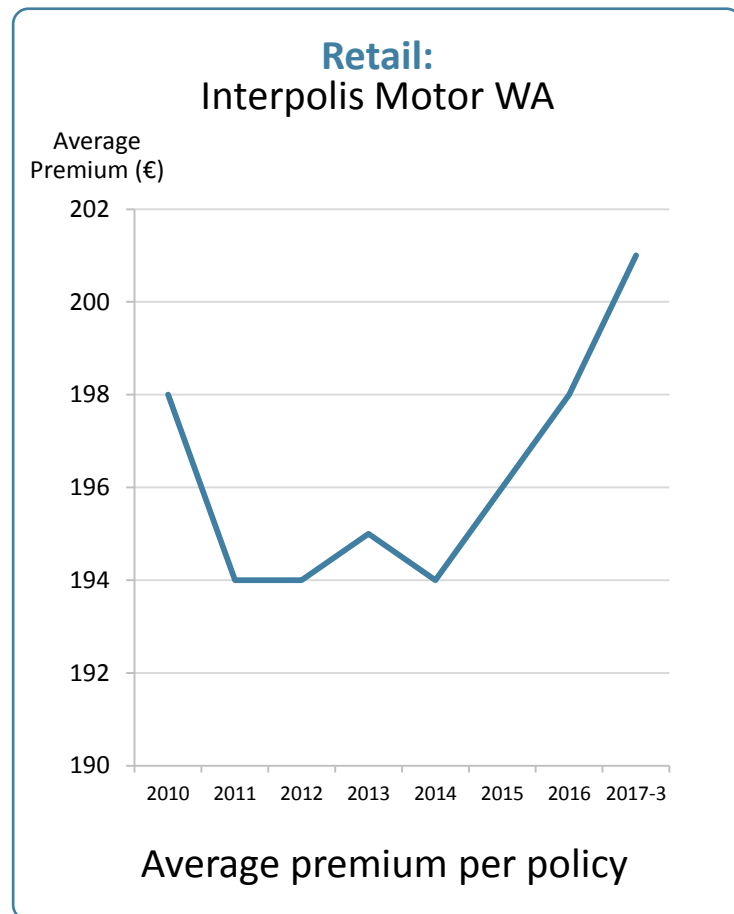
Recent results & initiatives

Retail

Commercial

Income Protection

# 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

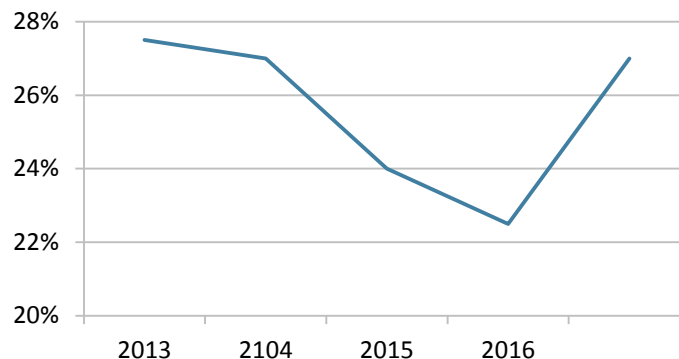
Intensify recourse actions in MTPL and limited own damage car insurance

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

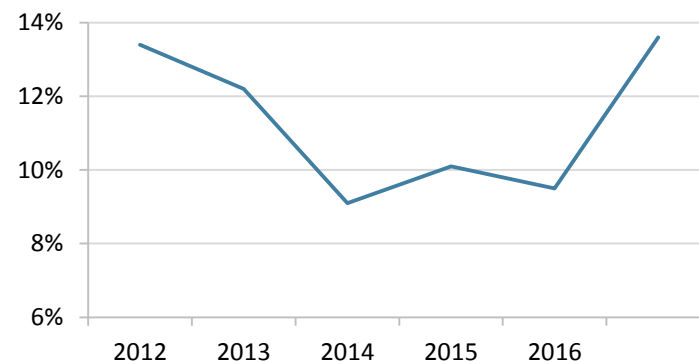


## Recourse Motor MPTL own damage Retail:

We shorten process time that increases successful recourse actions

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

## Recourse improvement initiatives in commercial lines



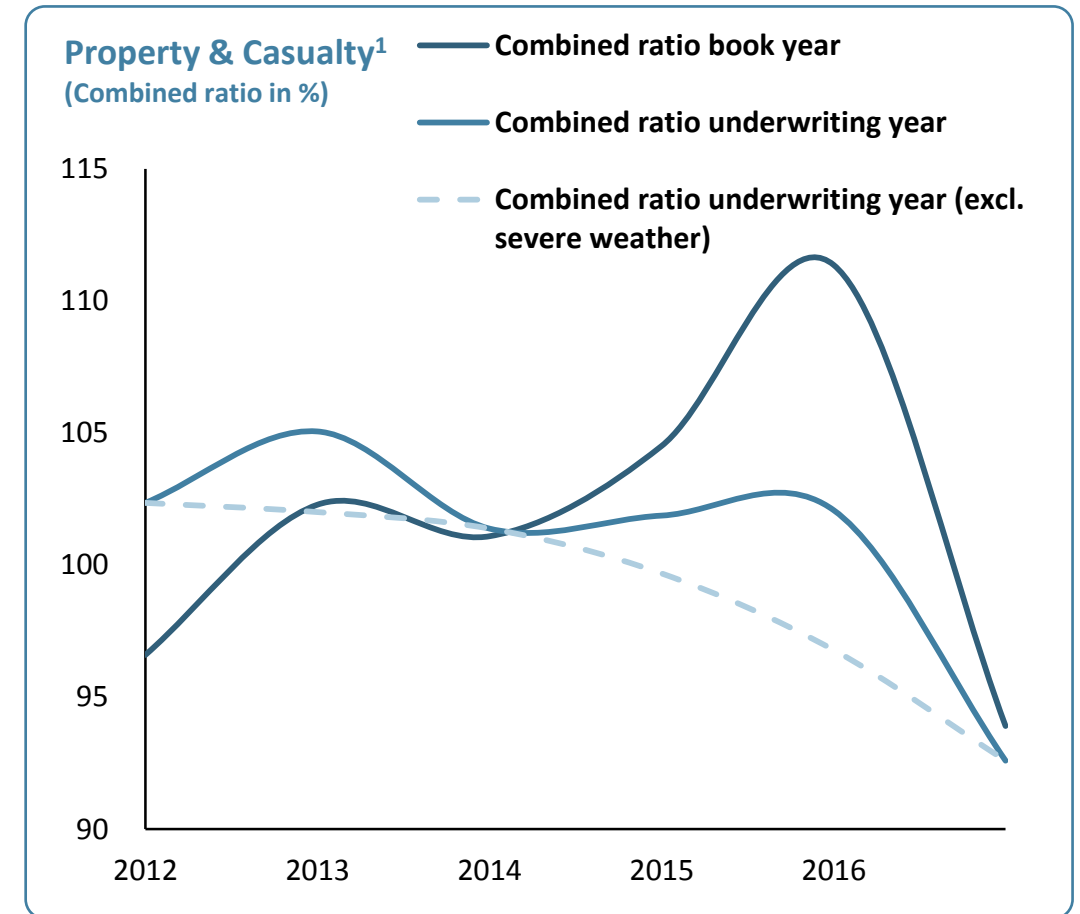
## Recourse commercial lines:

Recourse % increased with 4.1% as result of process improvements

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

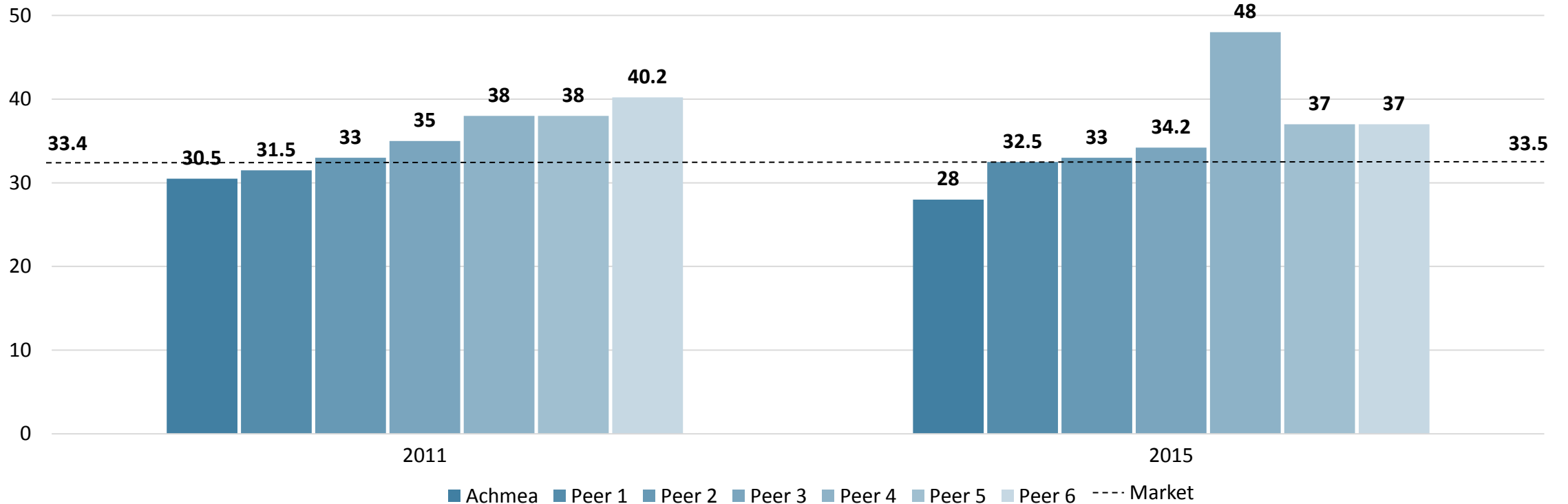
# OUR PROFITABILITY GROWTH STORY - STRUCTURAL PROFITABILITY INCREASES FURTHER

- 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%



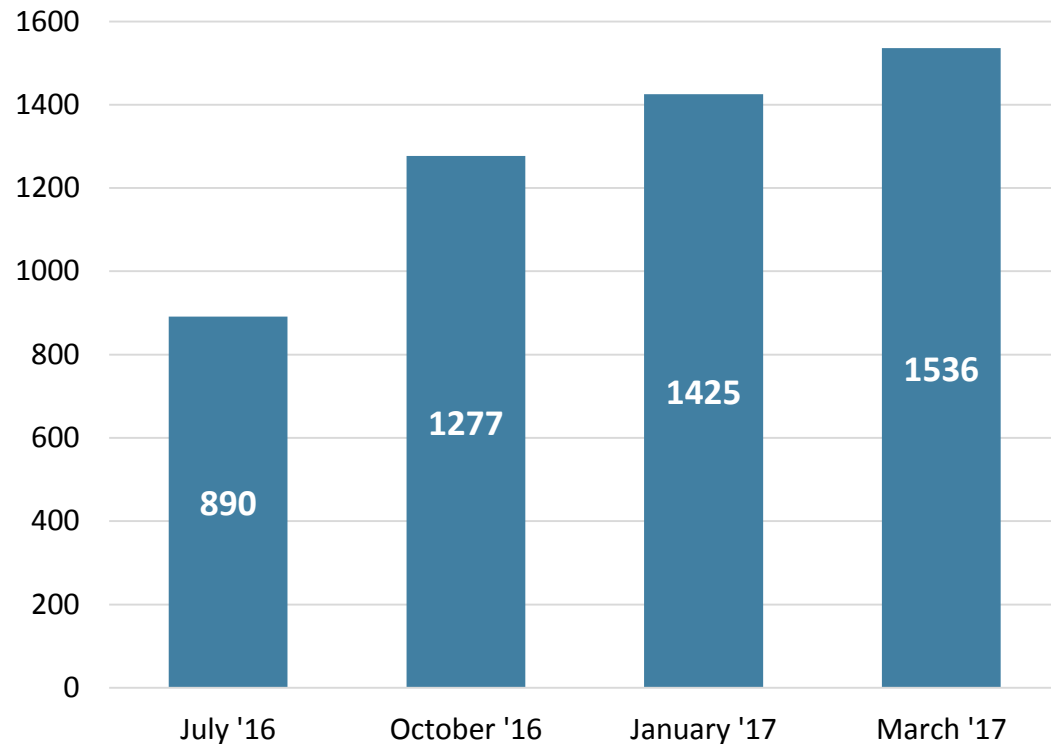
# OUR PROFITABILITY GROWTH STORY – ACHMEA NON-LIFE CONTINUOUSLY OUTPERFORMS THE MARKET ON COST RATIO

Cost ratio Non-Life<sup>1</sup>

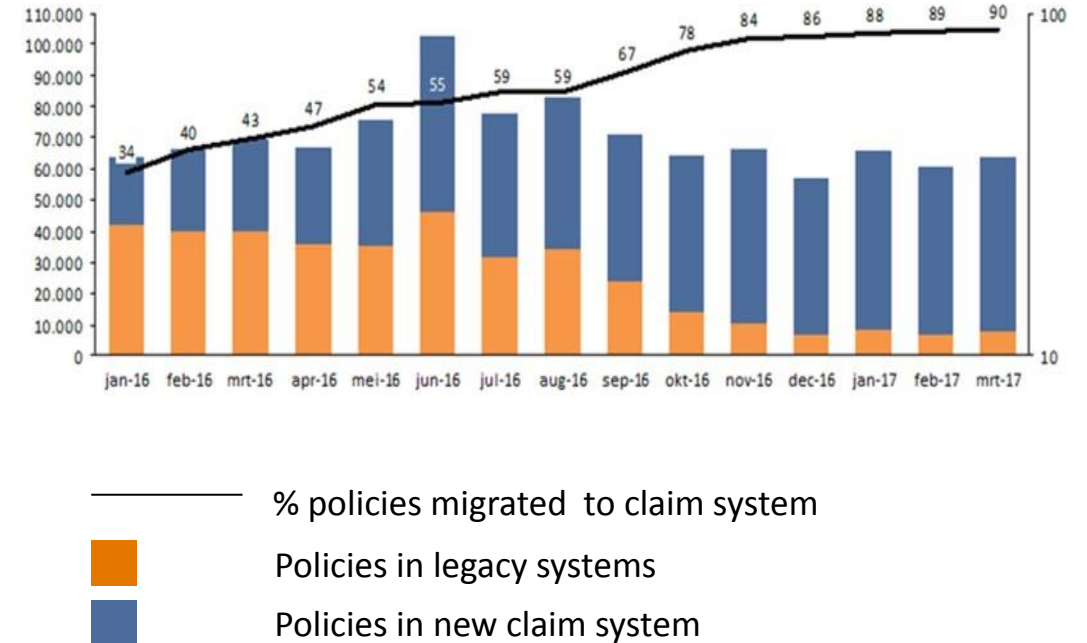


# OUR PROFITABILITY GROWTH STORY GAINING COST EFFICIENCY THROUGH DIGITISATION OF CUSTOMER CONTACT AND STANDARDISATION OF PROCESSES AND IT-SYSTEMS

Number of claims reported by App



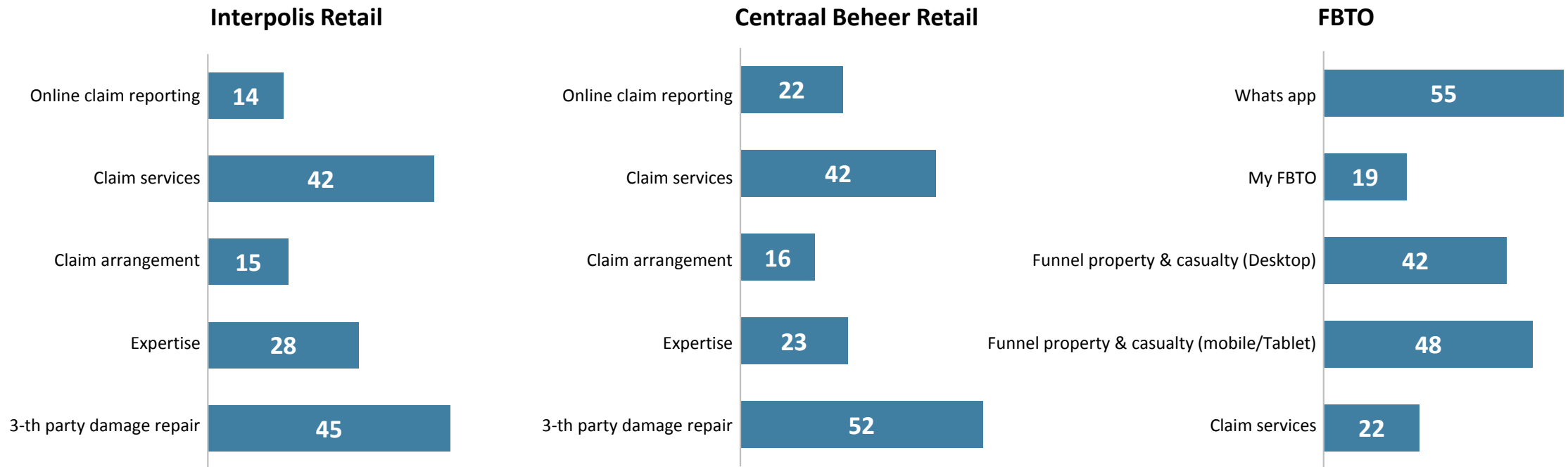
Number of migrated policies to new system





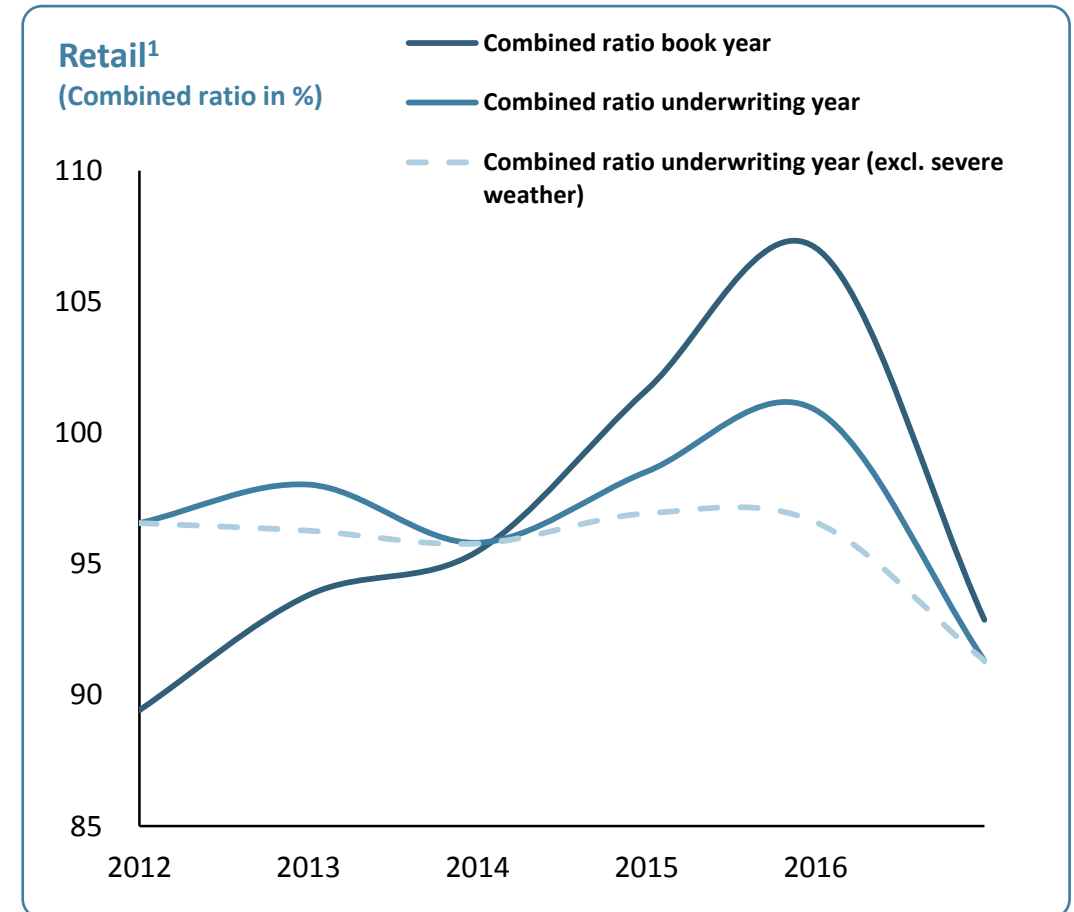
# OUR PROFITABILITY GROWTH STORY – WE COMBINE LOW COST WITH HIGH CUSTOMER SATISFACTION

## NPS score customer contact channels and processes



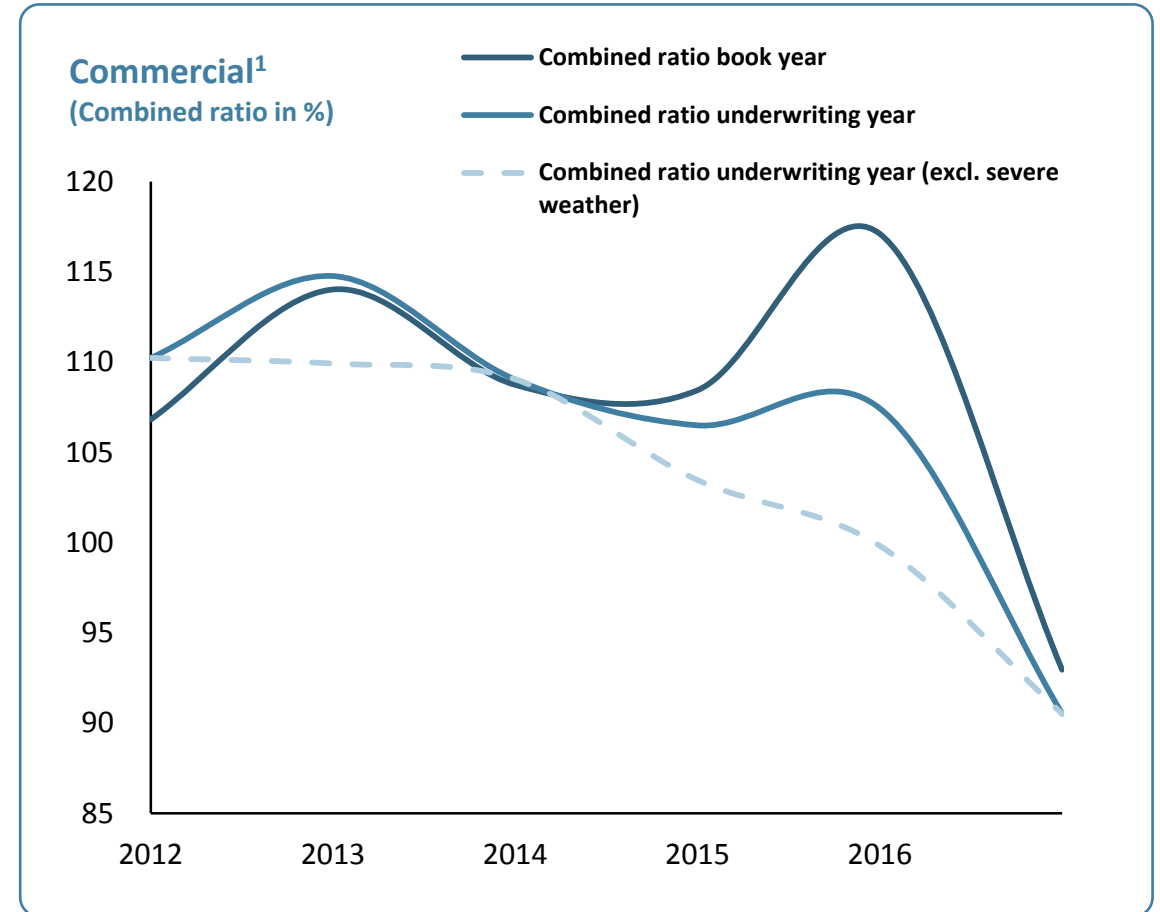
# RETAIL: PREMIUM INCREASE ON WEATHER RELATED PRODUCTS AND PRODUCTS WITH LOW PROFITABILITY COMBINED WITH FOCUS ON CLAIM REDUCTION

- 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

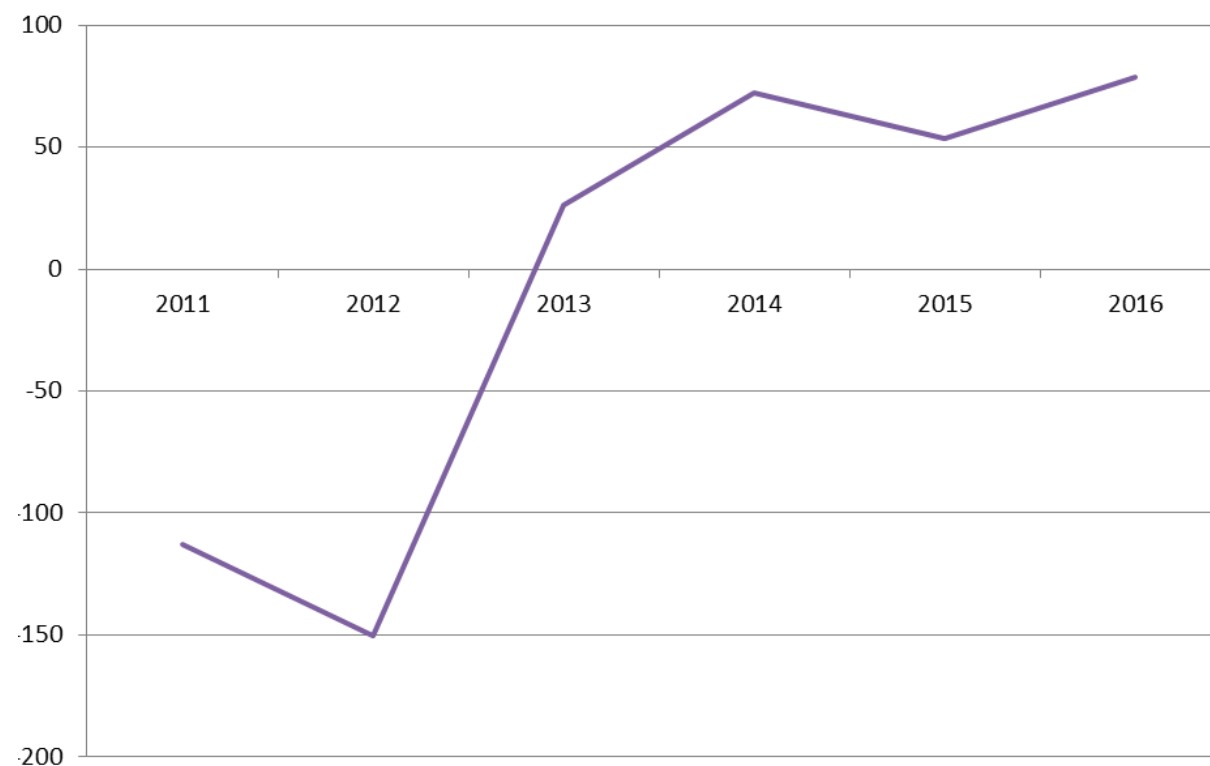
- Significant premium increase as of 2014 implemented:
  - General premium increases
  - Specific increases on underperforming parts of portfolio
  - Weather related products
- Focus on claim reduction:
  - Claims assessment
  - Recourse
  - Risk acceptance and conditions



# 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)<sup>1</sup>



## 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

# DISCLAIMER

This presentation (the “Presentation”) is provided on a strictly private and confidential basis for information purposes only. By attending or reading this Presentation, you will be deemed to have agreed to the obligations and restrictions set out below. Without the express prior written consent of Achmea B.V.. (the “Company”), the Presentation and any information contained within it may not be (i) reproduced (in whole or in part), (ii) copied at any time, (iii) used for any purpose other than your evaluation of the Company or (iv) provided to any other person, except your employees and advisors with a need to know who are advised of the confidentiality of the information. This Presentation does not constitute or form part of, and should not be construed as, an offer, invitation or inducement to purchase or subscribe for securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Presentation does not constitute either advice or a recommendation regarding any securities. The communication of this Presentation is restricted by law; it is not intended for distribution to or use by any person in, any jurisdiction where such distribution or use would be contrary to local law or regulation. To the fullest extent permitted by law in no circumstances will the Company, or any of its respective subsidiaries, shareholders, affiliates, representatives, partners, directors, officers, employees, advisers or agents be responsible or liable for any direct, indirect or consequential loss or loss of profit arising from the use of this Presentation, its contents (including the internal economic models), its omissions, reliance on the information contained within it, or on opinions communicated in relation thereto or otherwise arising in connection therewith. The information contained in this Presentation has not been independently verified. Recipients of this Presentation are not to construe its contents, or any prior or subsequent communications from or with the Company or its representatives as investment, legal or tax advice. In addition, this Presentation does not purport to be all-inclusive or to contain all of the information that may be required to make a full analysis of the Company. Recipients of this Presentation should each make their own evaluation of the Company and of the relevance and adequacy of the information and should make such other investigations as they deem necessary. This Presentation might contain illustrative returns, projections, estimates and beliefs and similar information (“Forward Looking Information”). Forward Looking Information is subject to inherent uncertainties and qualifications and is based on numerous assumptions, in each case whether or not identified in the Presentation. Forward Looking Information is provided for illustrative purposes only and is not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Nothing in this Presentation should be construed as a profit forecast. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of the Company. Some important factors that could cause actual results to differ materially from those in any Forward Looking Information could include changes in domestic and foreign business, market, financial, political and legal conditions. There can be no assurance that any particular Forward Looking Information will be realised, and the performance of the Company may be materially and adversely different from the Forward Looking Information. The Forward Looking Information speaks only as of the date of this Presentation. The Company expressly disclaims any obligation or undertaking to release any updates or revisions to any Forward Looking Information to reflect any change in the Company’s expectations with regard thereto or any changes in events, conditions or circumstances on which any Forward Looking Information is based. Accordingly, undue reliance should not be placed upon the Forward Looking Information