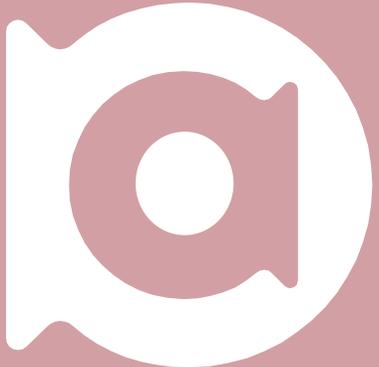


Achmea pension & life insurance

19 May 2015 | Bianca Tetteroo | Leiden

achmea 

Key messages

Pension

- Two major developments in the Dutch market:
 - Customers need broad insight in their old-age situation; with **growing importance of 4th pillar**: individual savings/investments
 - ‘General Pension Fund’ (**APF**) **will lead to a market shift**; offering solutions for pension funds and employers/employees currently in insured schemes
- **Opportunity especially for Achmea** to augment volume/scale; insurance and pension fund experience, cooperative roots and brand strength of Centraal Beheer
- As we move to offering DB and DC via the new APF, we **reduce capital requirements** for DB- and DC-guarantees in insurance products
- We focus on **innovative propositions** (multichannel, combining 2nd/3rd/4th pillar) to ensure volume; in asset management, administration and distribution
- Our current programs to simplify processes/organization lead to significant FTE- and cost reductions in our current book; while we also build **‘consolidation capabilities’**

Individual life

- We focus on **growth in one product-line: term life**; innovative, low-cost , channel mix and marketing
- We separated our traditional life (**annuities**) **closed book** and focus on achieving the lowest possible costs; we are well positioned for consolidation

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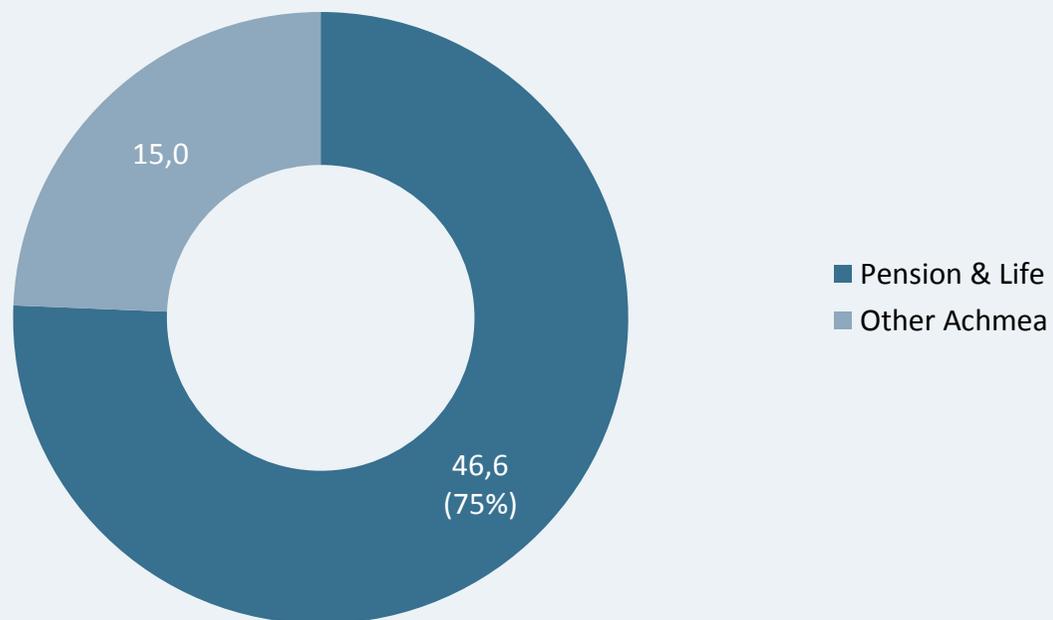
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- Achmea positioning in individual Life insurance
- Wrap up



Our Dutch Pension & Life business is a sizeable part of the Achmea Group

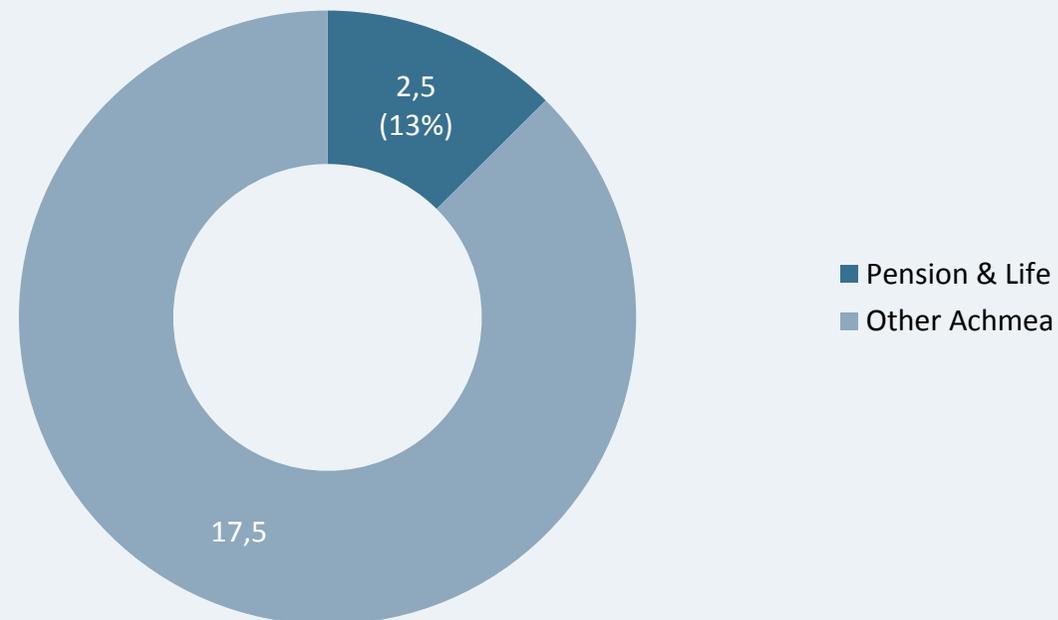
Total insurance liabilities*

(Achmea: € 61,6 billion)



Gross written premiums

(Achmea: € 20,0 billion)



* Figures relate to full year 2014

Our power brands offer both individual- and group life (pension) contracts

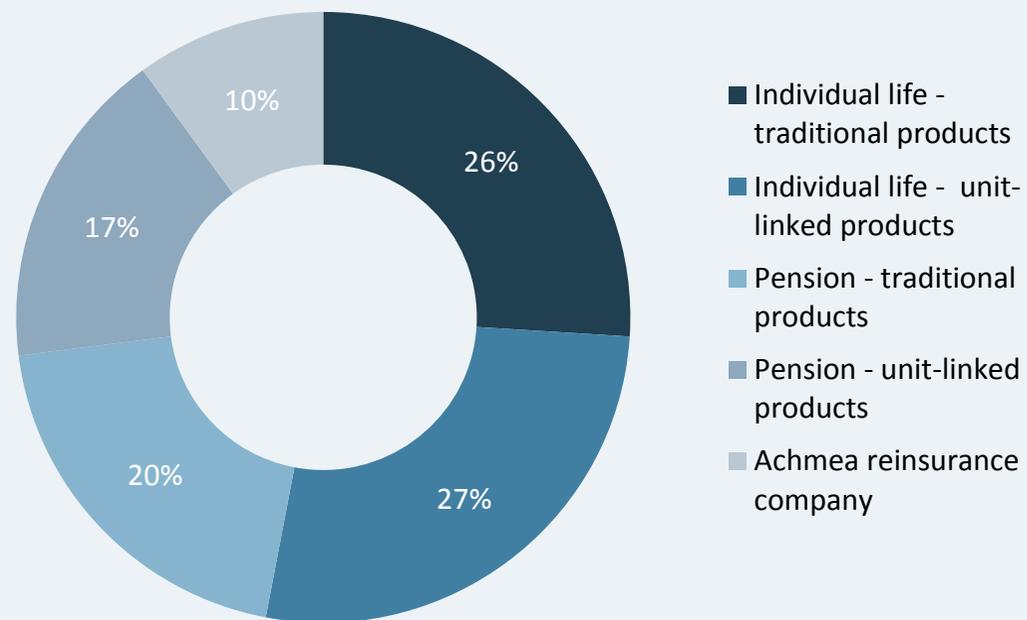
Main product labels



Interpolis



Gross written premiums composition* (€2.6 billion)



* Figures relate to full year 2014

Achmea is widely present in Dutch pensions

As Pension & Life insurer and also with Syntrus Achmea and Achmea Bank



Pillar 1	Pillar 2			Pillar 3	Pillar 4
Insurance pension schemes	Corporate pensionfunds	Sector- (industry and professions) pensionfunds		Individual pension	Individual asset accumulation (incl. for retirement)
Social security Base Pension (low compared to other countries)	DB CBA /P&L	DB Syntrus Achmea	DB Syntrus Achmea	Annuities CBA/P&L	Retail savings (taxed) CBA/Bank
	DC	DC	DC	Tax friendly Bank-savings CBA/Bank	Retail Investments CBA/Asset Mgmt
	CBA /P&L	Syntrus Achmea	Syntrus Achmea	Term life CBA/P&L	Real estate value (Individual home ownership value -/- mortgage) CBA/Bank

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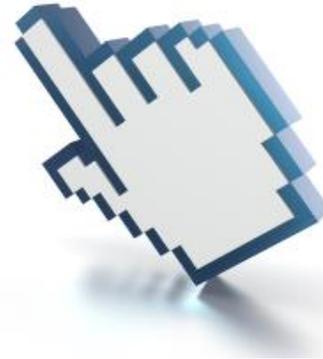
Current developments in the Dutch pension & life market

New generations connect differently



Customers are higher educated, better informed and more choice-conscious than previous generations; in addition, the bond between employee and employer is weaker

Individualisation and new collectives



Individualization. People want authentic products and services that are personally relevant to them; simplicity, convenience, transparency and sustainability have become a license to operate

Financing welfare state under pressure

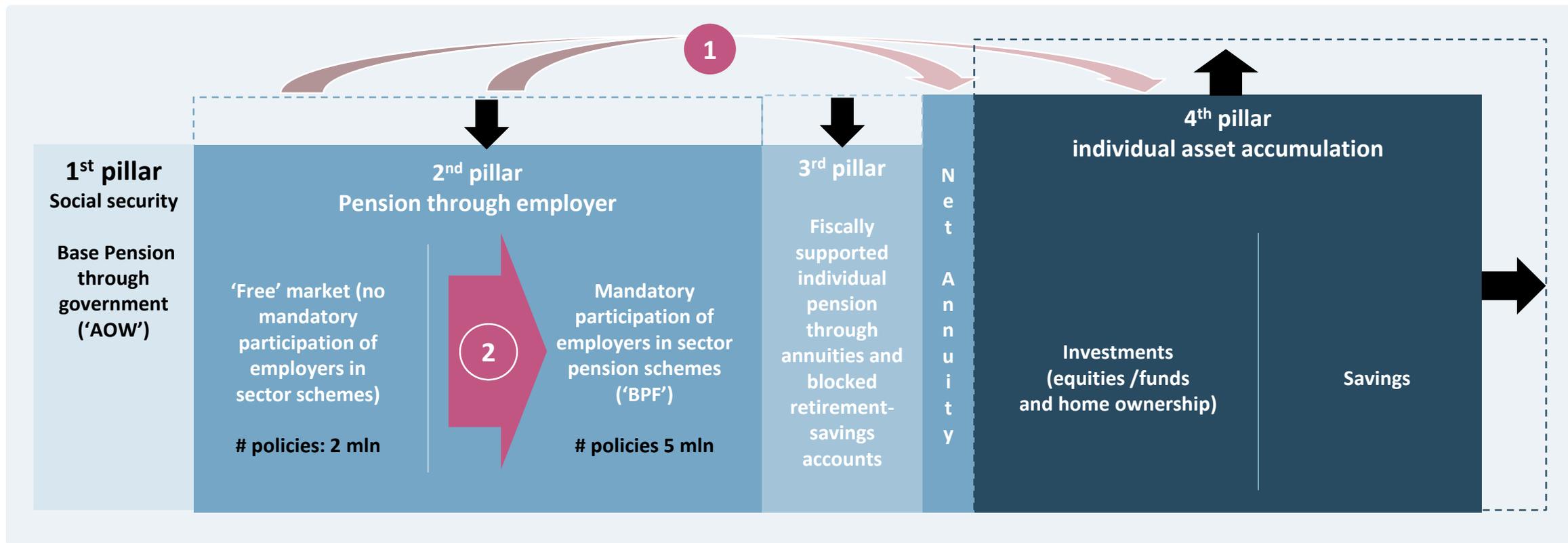


Challenges such as a shrinking labor force, a growing number of retirees and an increased life expectancy are making the current system unsustainable. Also more freelance, less 'lifetime employment'.

In addition: Low interest rates, Shift DB to DC (risks to employees) and cost-pressure due to competition and transparency

New business opportunities emerge with growing importance of “4th pillar” pension

The individual 4th pillar pension requires savings- and investment propositions tailored to old-age



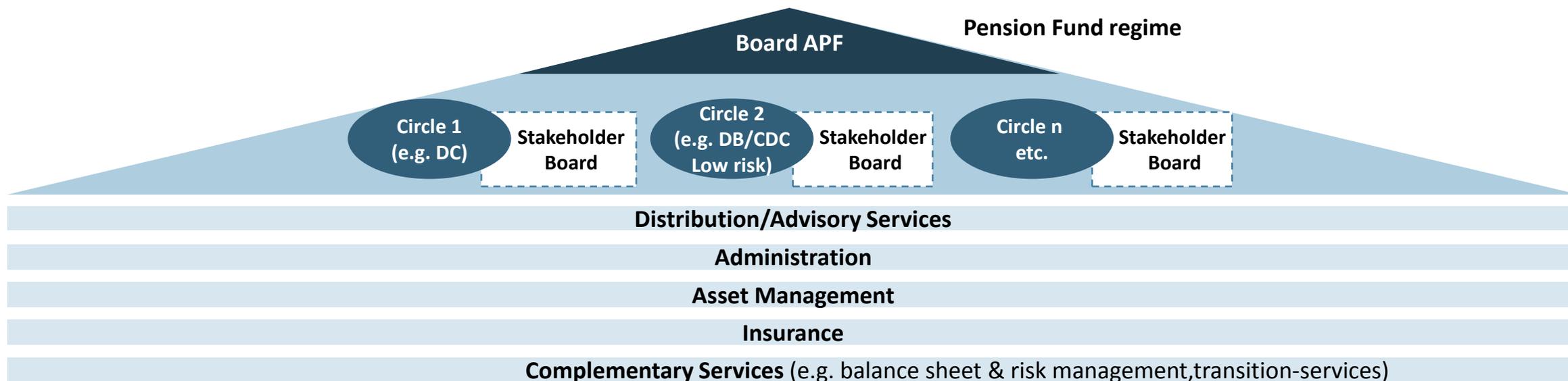
Two key developments:

- 1 Fiscal capping in 2nd and 3rd pillar likely to cause these pillars to decrease, while offering opportunities for growth in 4th pillar
- 2 Potential lifting of the mandatory participation in sector pension schemes ; creating a level playing field for insurers and pension funds in a huge 'free' market. A 'General Pension Fund' (APF) is now being introduced as first step.

A General Pension fond ('APF') provides consolidation solution

for winding-up corporate pension funds and is the solution for transition away from 'hard' DB guarantees

General Pension Fund ('APF')



1. Solidarity of 'own circle'

Multiple collective circles with own solidarity and risk and profit sharing per circle.
Retain own identity

2. Efficient governance

One professional Board governing multiple collective circles; this solves issue of high governance costs.

3. Innovative DC

DC accrual and pay-out (which PPI's cannot do); potentially also more life-cycle opportunities ('doorbeleggen')

4. 'Soft' DB entitlements

Indexation of pensions is dependent upon investment returns ; (more opportunity to invest in higher risk/return asset mix)

5. Economies-of-scale

Combined administration and asset mngt. provides efficiency and economies-of-scale for the benefit of all circles.

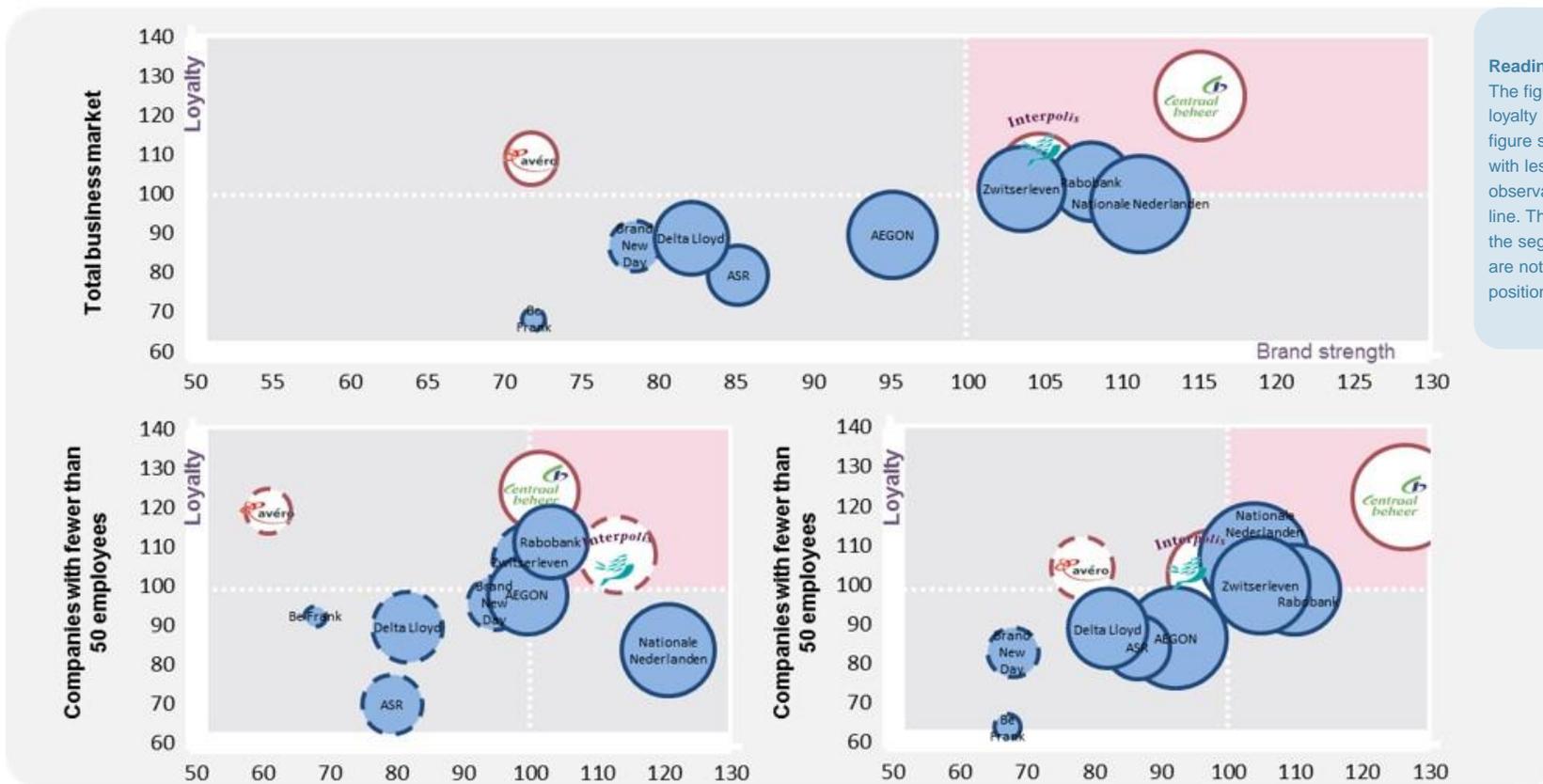
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The 'Centraal Beheer' brand offers a lot of potential in the Corporate Pensions market

Survey Corporate Pensions: Loyalty and Brand strength



Reading guide

The figures show the scores for each brand on consideration, brand score and loyalty in various segments of the business market. The upper, middle and lower figure show the results for the overall business market respectively, companies with less than 50 and more than 50 employees. For some brands are too few observations to make representative statements. These are shown with a dotted line. The brand scores and loyalty scores are indexed relative to the averages in the segments. Therefore the scores for companies with fewer than 50 employees are not comparable with the scores in the overall business market. However, the positions in the various segments are comparable.

Source: Achmea brand-strength survey B2B – november 2014

Building on our strong Centraal Beheer brand

we will offer integrated propositions and we will cross-sell from 2nd to 3rd/4th pillar



2nd pillar

3rd/4th pillar

Home-ownership & Health Care

Centraal Beheer Pension schemes
(offer by the General Pension Fund)

DC and DB

Focused on employees,
In a group pension via employers
(Employee Benefit schemes)

(Additional) individual savings/deposits,
investments, term life insurance

Freelancers
proposition

To be determined

To be determined

In summary we made 9 strategic choices in Old-age asset accumulation

- 1** We position ourselves as a cooperative and most trusted player in the market of retirement products
- 2** Achmea has a distinctive **employer approach** and we do business with the top 500 organizations in the Netherlands.
- 3** We offer pension schemes through **innovative life cycles** and transparent simple propositions for additional individual old-age asset accumulation (**savings, retail asset management and term-life**)
- 4** We **reduce the size and cost** of our organization substantially, to offer low cost
- 5** Our **focus is on volume** and we serve the entire market; free market, (still) mandated sector funds market and pensioners
- 6** We claim opinion leadership by focusing our efforts and marketing budget; we build **one pension power-brand: Centraal Beheer**
- 7** We offer **modular DC products**, accommodating diversity of people and considerate of individualization in the market; We also continue to **offer DB products, from our APF**, with focus on the best 'real pension' rather than (expensive) nominal guarantees
- 8** We offer **insight and overview** to help customers make their optimal choice in retirement products; cooperative and personal
- 9** Through all customer contact points; we are customer oriented at the **important contact moments and life events.**

We are currently successfully preparing this strategic direction

In line with Achmea's Acceleration & Innovation program

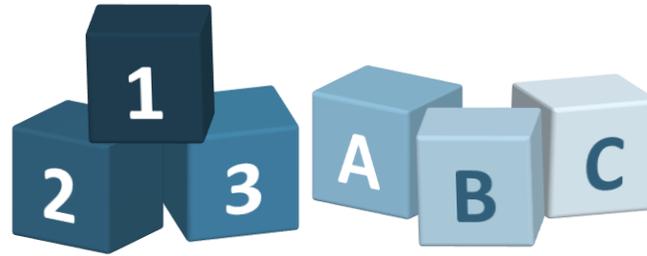
Reduction of costs and complexity



Focus on migrations, digitalization to achieve a low cost, flexible organization

Also building up consolidation capabilities

New generation dc and db products



Core product is modular, simple, transparent and offers investment and risk optimization through 'life cycle' asset allocation

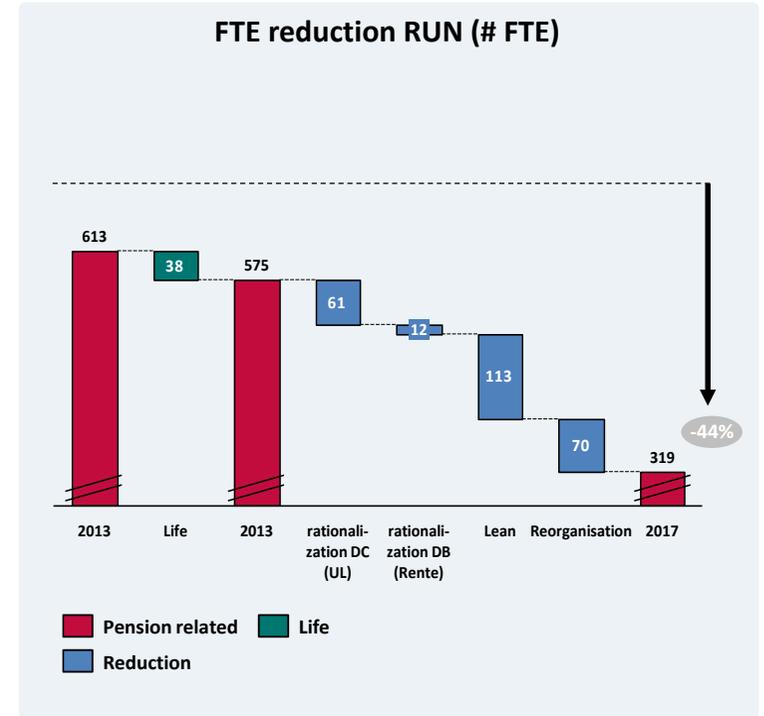
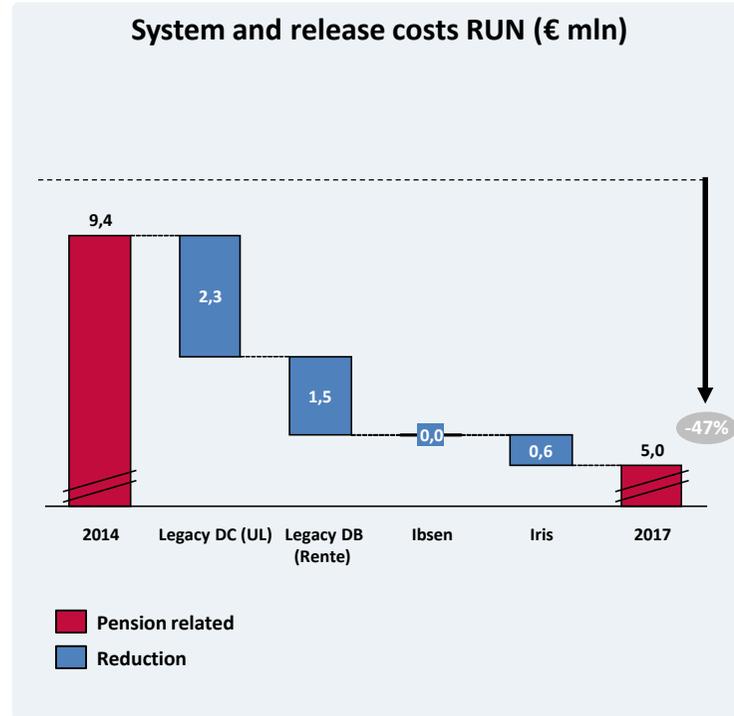
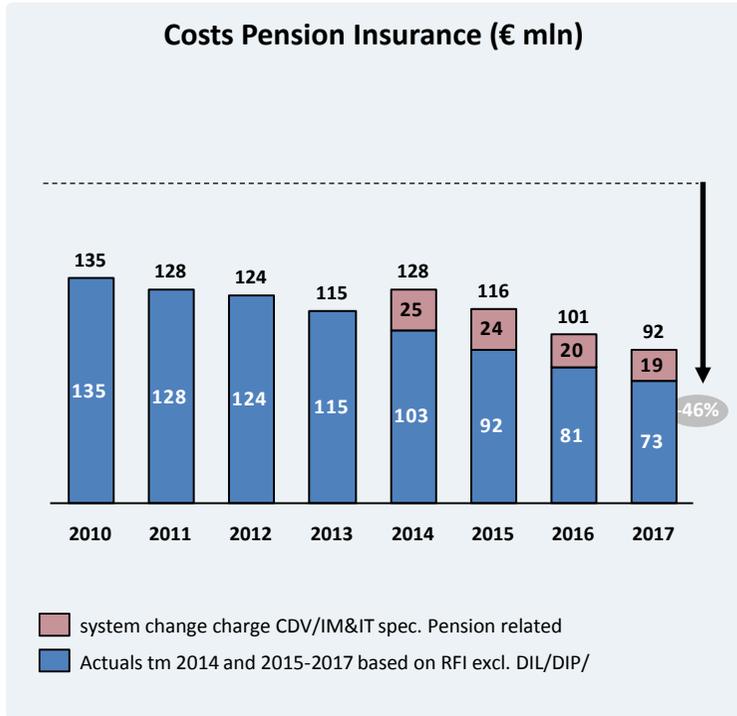
Offered via our newly established APF

Innovative communication



We offer insight and overview by accelerating on innovative customer communication

Our efforts lead to significant cost and FTE reductions



- Cost levels are currently too high to establish a competitive price per policy.
- Extensive cost cutting has been realized in Pension Insurance and will be continued in coming years.
- Since 2014 the internal charging method for shared services (CDV) and IM&IT costs changed. To make numbers comparable, the charged costs are shown separately.
- On top of our cost reductions in Operations, the Achmea change program will generate additional reduction in coming years, especially in distribution and holding costs.

We also accelerate implementation of innovative propositions and digital communication

Clear ambition to ensure volume for our future position

Achieved

Products and propositions

- Innovative life cycles, 9 asset categories, a better way to reach a real pension (with purchasing power).
- Comprehensive employee information and help desk.

Innovative communication

- We launched a digital interactive 'Uniform Pensioenoverzicht' (UPO) for better customer insight.
- We developed an app for customers (employees) : overview and insight
- We use customer panels to improve our communication continuously; with special attention to 'vulnerable groups' (e.g. divorcees).
- Achmea has a leading score in quality of pension communications in a recent review by the Dutch regulator AFM.



Scheduled in 2015

Products and propositions

- Further refined DC product and proposition via APF
- DB proposition via APF, as a landing spot for OPF and corporates who wish to continue their DB scheme.
- Anticipate shift from 2nd to 4th pillar by investing in combined propositions with Achmea Bank and Asset Management
 - Proposition for Freelancers
 - Retail asset management for 3rd/4th pillar ('Beleggersgiro')
 - Net annuity ('100K proposition')

Innovative communication

- Development of state of the art portals for DB and DC; with insight and simple clear choices for customers
- Perspective for customers to act on 3rd and 4th pillar asset accumulation



Zo sta ik ervoor

Mijn pensioenopbouw wordt volledig verzorgd door Mijn PPI.

Pessimistisch inkomen	€ 1.880
Verwacht inkomen	€ 2.960
Benodigd inkomen	€ 2.615



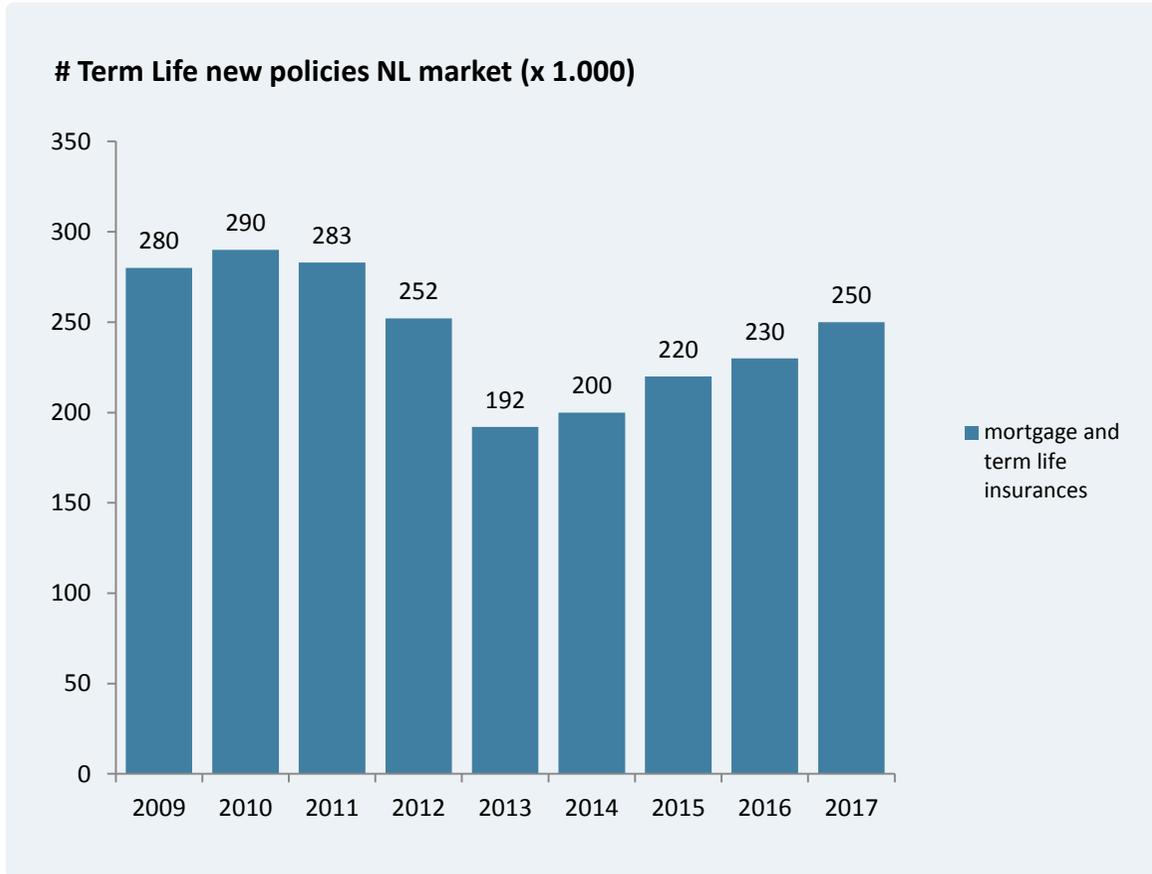
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We focus on opportunities in the Term Life segment <

Linked to mortgages (exclusivity Rabobank), integrated in individual old-age propositions and as stand-alone product



Bounce back mainly linked to new mortgages (housing market), but also stand-alone (government retreating in mortality protection) and as part of individual old-age propositions.

Achmea's focus and ambition:

- Market leader in 2020
- Innovative, low-cost, simple product; one (online) process for multiple labels

Distribution

- Multiple labels/partners: Rabobank/Interpolis, Centraal Beheer, Woonfonds
- Add other Achmea channels/labels: FBTO, Tellius, Quion
- Sell via Retail Online, as a standalone product, linked to 3rd party mortgage and/or as a rider (Health).
- Partner with comparison-sites, such as Independer

Proposition

- We increase our expertise in customer segmentation based on big data (propositions for specific target groups).
- We use Term Life in our 3rd and 4th pillar propositions

In our separated closed book for annuities

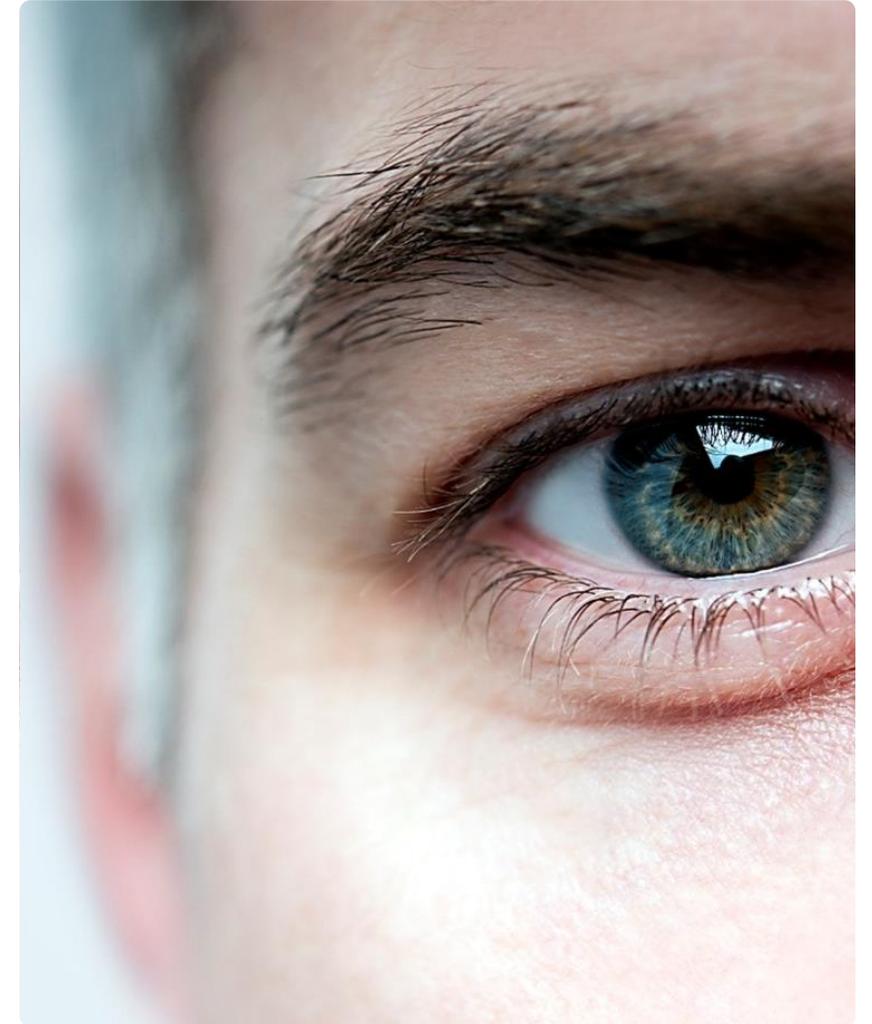
We focus on cost and complexity reduction

We have separated the business and explore the options to be the consolidator in the Dutch life market

We offer good customer service at the lowest possible cost

Our focus is:

- To create further efficiency to reduce costs and retain product knowledge.
- To create 'consolidation capabilities': financial, operational, IT and legal skills.
- To separate closed book from Achmea if possible, while also seeking solutions for 'profiteering policies' issue



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Individual life

- We focus on **growth in one product-line: term life**; innovative, low-cost , channel mix and marketing
- We separated our traditional life **(annuities) closed book** and focus on achieving the lowest possible costs; we are well positioned for consolidation