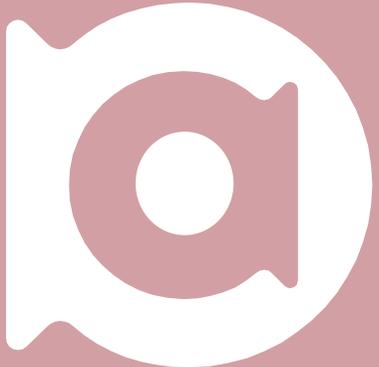


# Execution in a digital world

19 may 2015 | Willem van Duin | Leiden, The Netherlands

achmea 

# Contents

- **Introduction Achmea**
- Trends shaping the sector
- Why go digital? Our motives
- Our approach



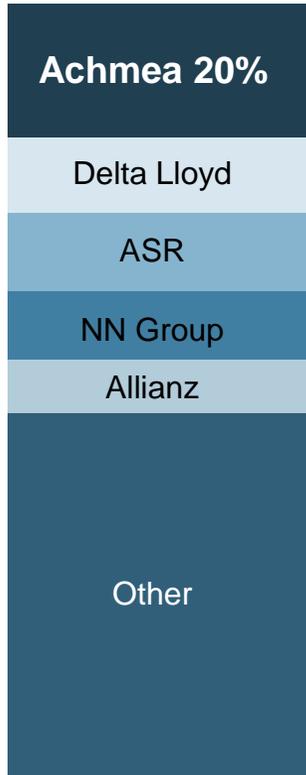
## Acceleration & Innovation on track; digitalization at the heart of our company

### *Annual results 2014:*

- Acceleration & Innovation program on track
- Operational profit €388 million over 2014
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- Many initiatives launched to improve customer service
- Digitalization leads to better customer service and lower costs with > € 100 million

# Leading positions in our core markets

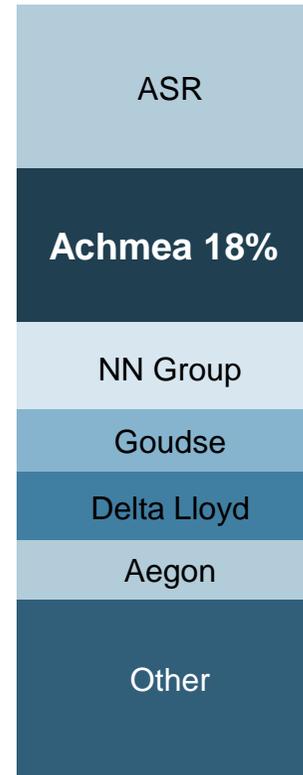
Property & Casualty<sup>1</sup> #1



Health<sup>2</sup> #1



Income Protection<sup>1</sup> #2



Individual Life<sup>1</sup> #2



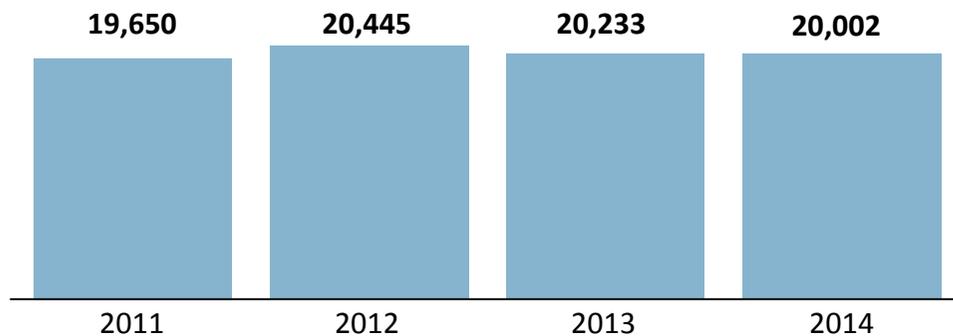
Pension Insurance<sup>1,3</sup> #5



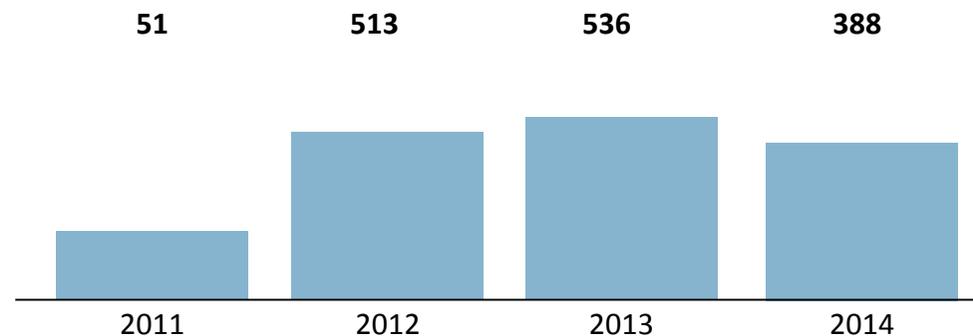
<sup>1</sup> Publication of DNB August 2014, 2013 figures, <sup>2</sup> Based on own analyses, figures January 2014, <sup>3</sup> Excluding single premiums

# Financially sound business; A+ credit rating for insurance entities

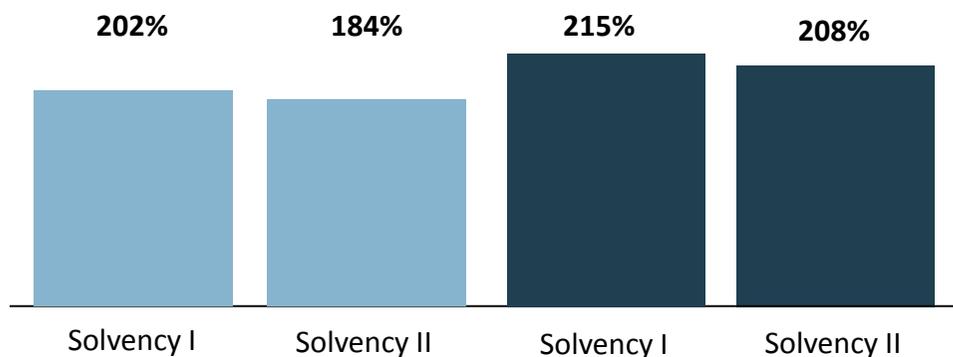
Premium revenue stable (€ million)



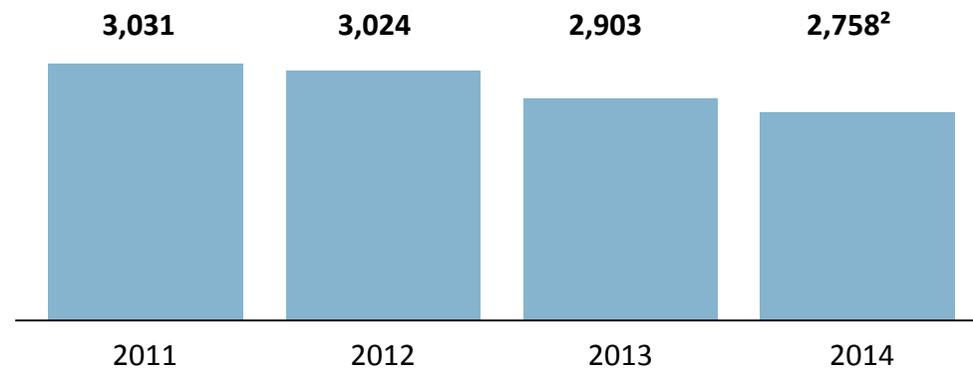
Operational result (€ million)



Capital position steady under SI and SII<sup>1</sup>



Cost reduction on track (€ million)

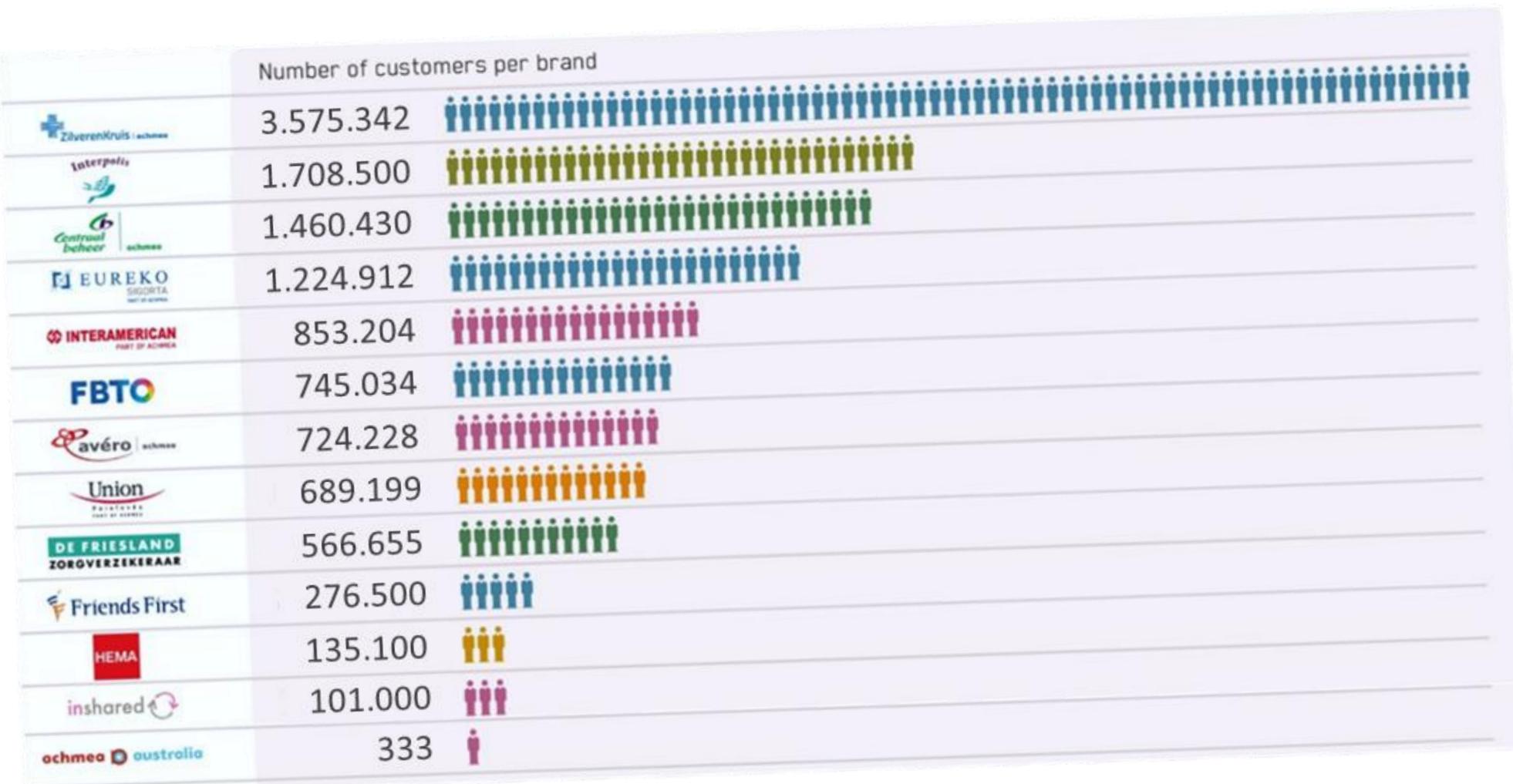


**2013**

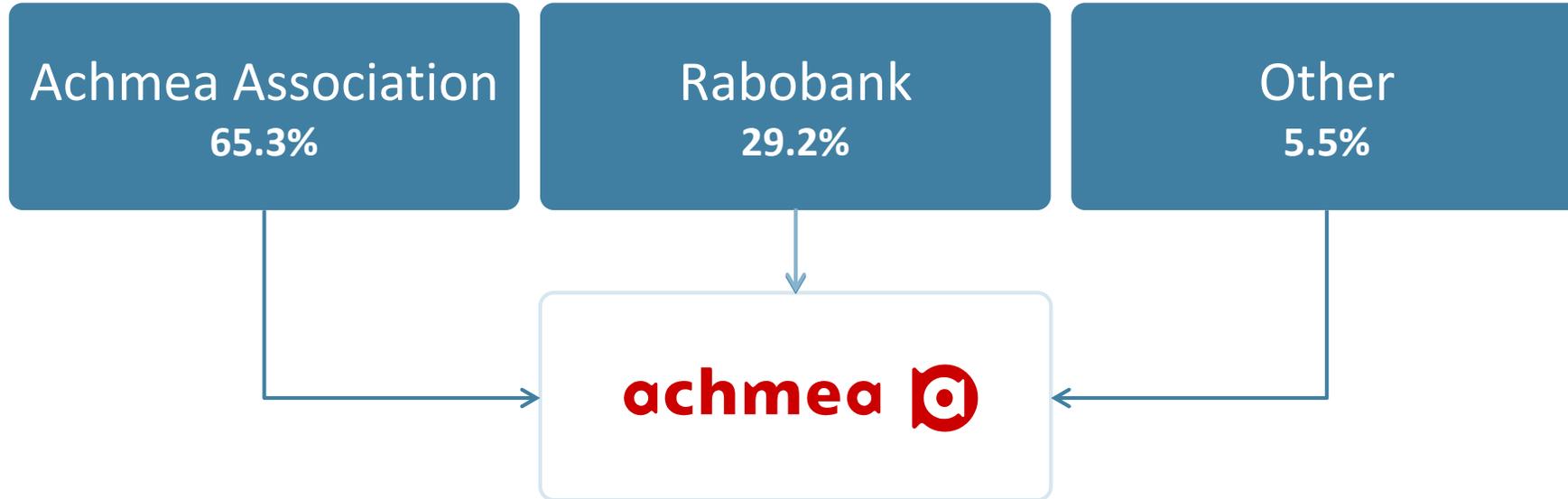
**2014**

<sup>1</sup>SII figures are based on partial internal model. <sup>2</sup>Operating expenses restated for nonrecurring expenses including Acceleration & Innovation programme reorganisation expenses

# Achmea: a multi-brand company active serving over 11 million customers



## Stable ownership structure through two major cooperative shareholders

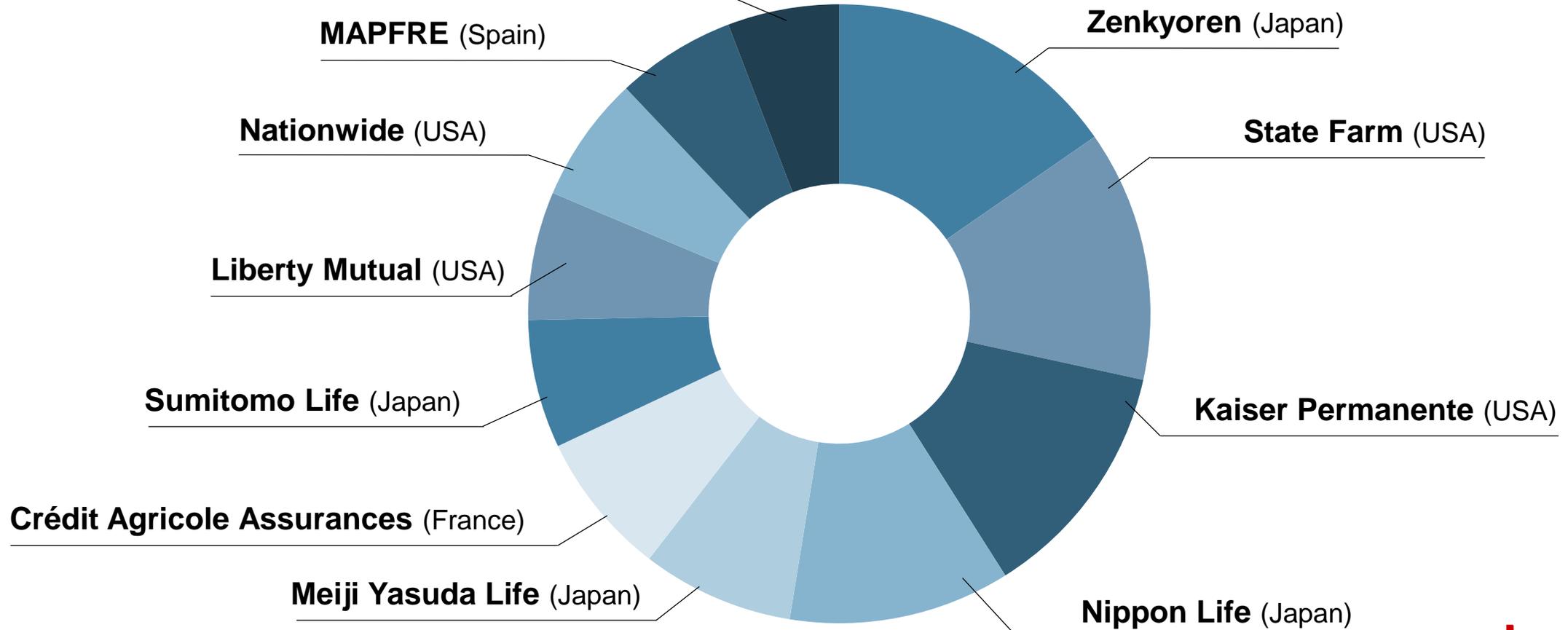


*Achmea Association's mission: "to support the continuity of Achmea and to look after the collective interests of customers"*

# One of the world's largest mutual insurers...

Ranking among the top 20 insurance companies in Europe in terms of gross written premiums

## Achmea (NL)



# Clear long-term strategic choices for direct and bank distribution

Channel	Banking distribution	Direct distribution	Broker distribution
Brand			
Product Group	<p><b>Core proposition: strengthen</b></p> <p><b>Core proposition: strengthen</b></p>		<p>Increase scale to core proposition</p>
Property & Casualty			
Health			
Income Protection			
Pension - standardised			
Life - standardised	Complementary to insurance products		
Banking products	Separate and manage internally or externally		
Pension – not standardised			
Life – not standardised			

*Our international strategy is also based on these strategic choices*

# International strategy based on same strategic rationale of scale and competencies

Ireland



Australia



Slovakia



Romania



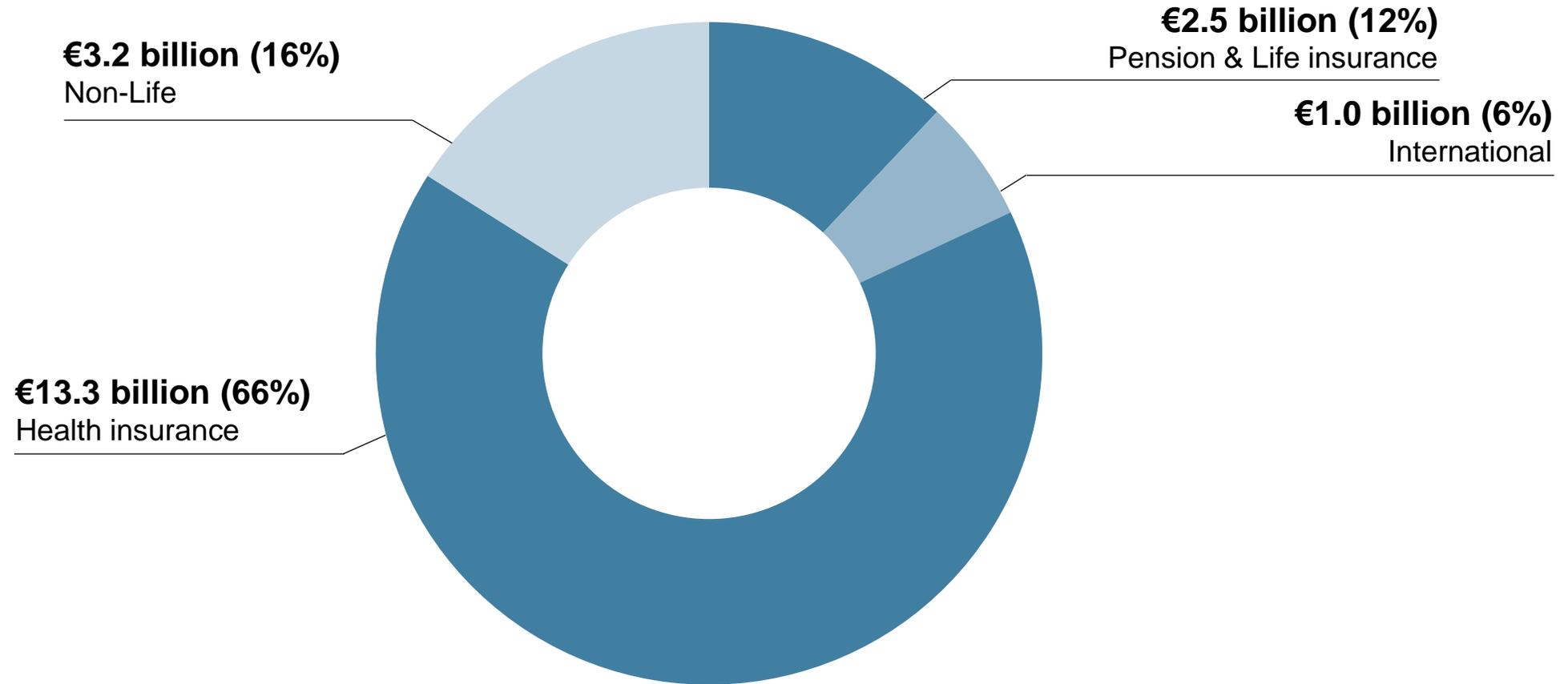
Greece



Turkey

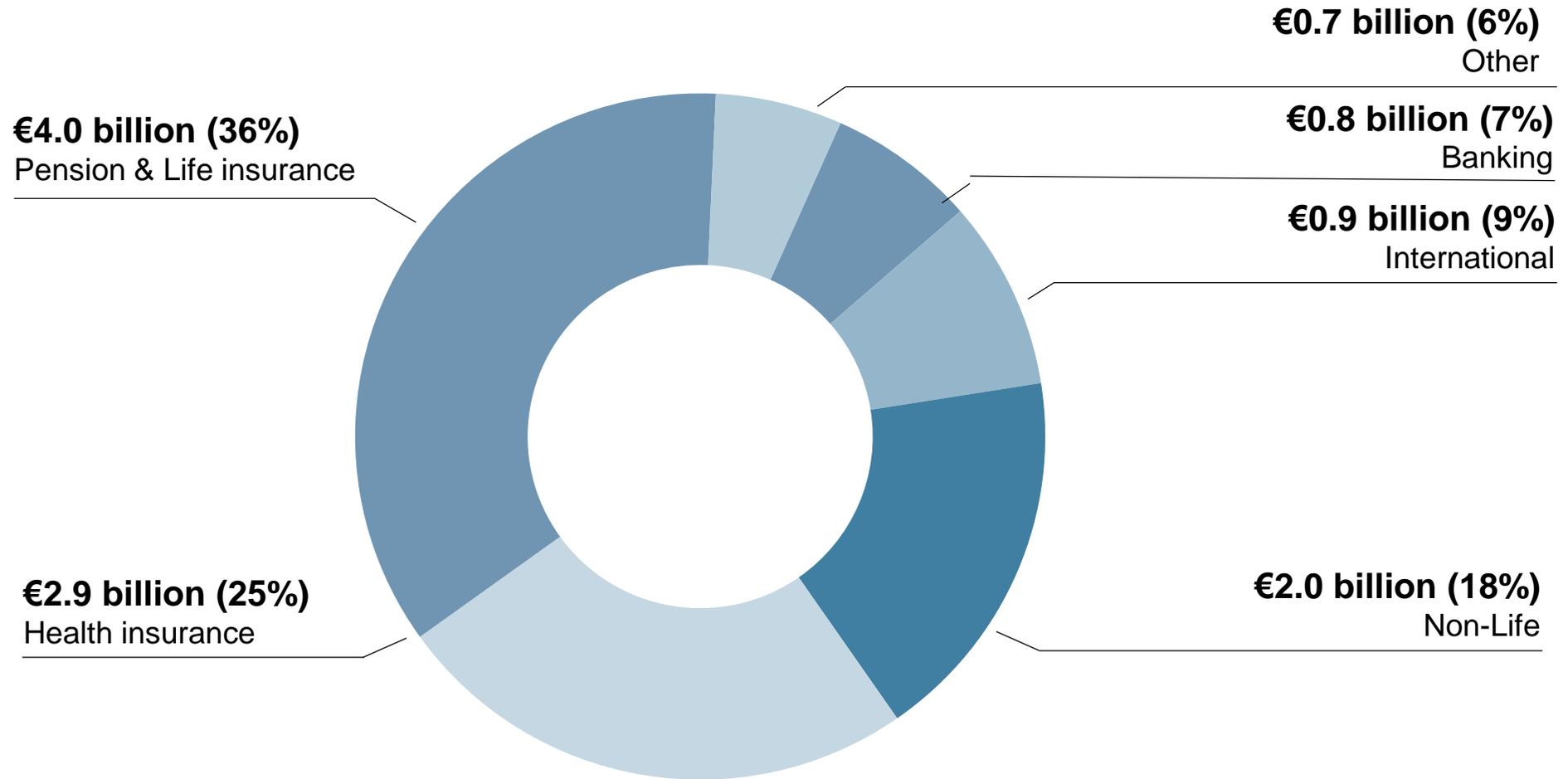


## Diversification of business portfolio from a written premiums perspective



31 December 2014: € 20.0 billion

## Diversification of business portfolio from a IFRS capital allocation perspective



31 December 2014: € 11.3 billion

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# Trends: what we see Sector wide and in Non-life Insurance

## Sector wide

- Online access changes the game
- Customers ask for simple products and clear conditions. Products become more transparent.
- Most customers choose direct writers also via comparison websites
- Limited trust in insurance sector remains
- Highly competitive and mature Dutch market puts pressure on margins
- New players entering the market start consolidation?
- Increasing regulatory demand while government retracting on other areas

## Non-life

- Online aggregators grow market share
- Technological developments lead to risk and cost reduction.
- Income protection under pressure by hybrid market structure
- Large SMEs and corporates demand integrated advice on and management of variety of risks.

# Trends: what we see in Health and Pension & Life Insurance

## Health

- Risk is shifted from the government to health insurers and consumers
- The reform of long-term care involves shifting responsibilities from the Exceptional Medical Expenses Act (AWBZ) to municipalities and the general health insurance system.
- Political and public pressure on health profits
- Despite price competition, consumers still value good service
- Besides service to customers around cure and care service is also offered on prevention

## Pension & Life

- Continued low interest rates put result under pressure
- Drain on traditional life book by bank savings
- Growing regulatory scrutiny on sustainable business models
- Shift to Defined Contribution, including a 'grey area' with solutions such as Collective Defined Contribution (CDC)
- The 2nd pension pillar is under pressure. Introduction of the proposed "general pension fund" (APF) offers new opportunities.

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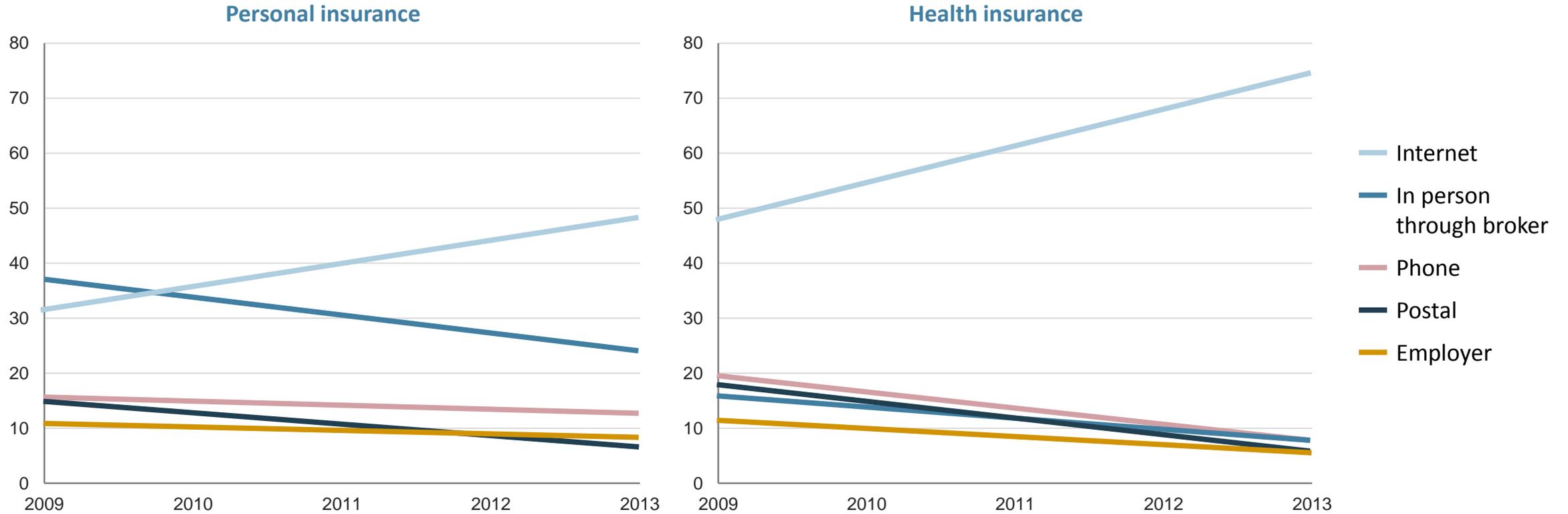
## Digital innovation: our motives

- Improve commercial strength and service
- Enhance customer satisfaction and loyalty
- Grow cross-sell
- Differential pricing through micro segmentation
- Lower operational costs



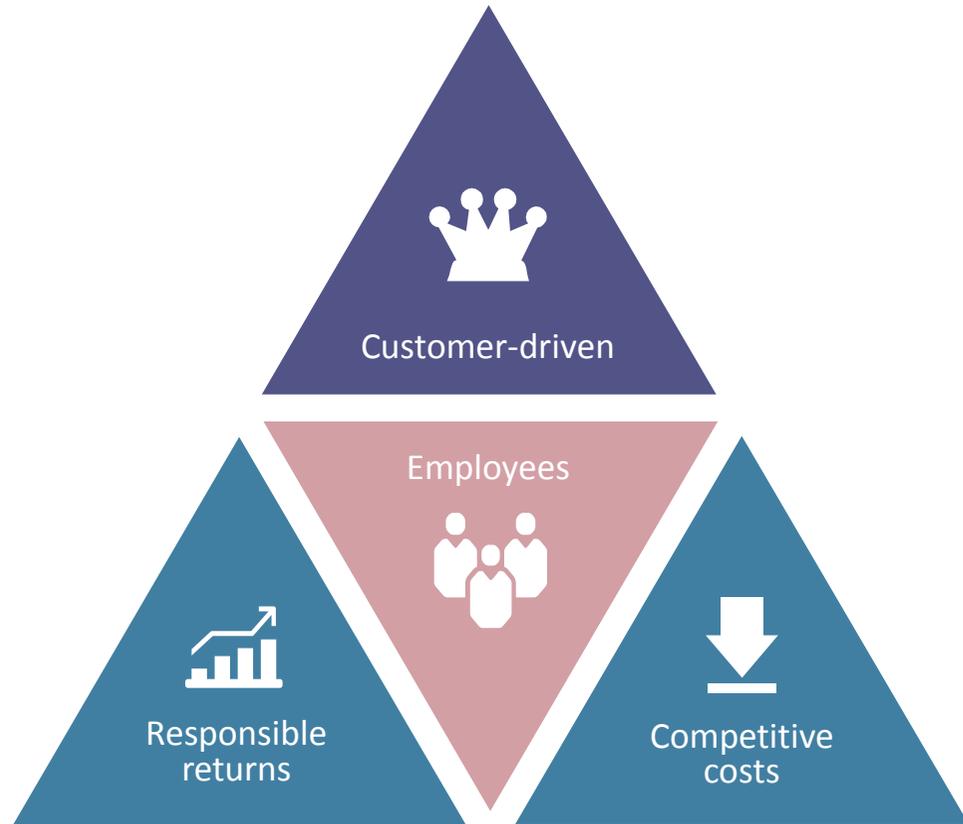
# Changing customer behaviour: accelerated digitalisation

New business percentages per medium in volume terms: Online grows strongly



\* Source GFK TOF tracker market research (2013)

# Acceleration & Innovation: acceleration of customer focus changes



## Background

- **Acceleration** in customer focus and cost savings
- **Innovation** of processes and online services
- These changes are in response to customers' fast-changing needs

## Ambitions with Acceleration & Innovation

- Providing new solutions to our customers
- Maintaining current high level of customer satisfaction
- Maintaining long-term financial health

## Objectives by the end of 2016

- €450 million cost reduction
- Reduction of approximately 4,000 jobs

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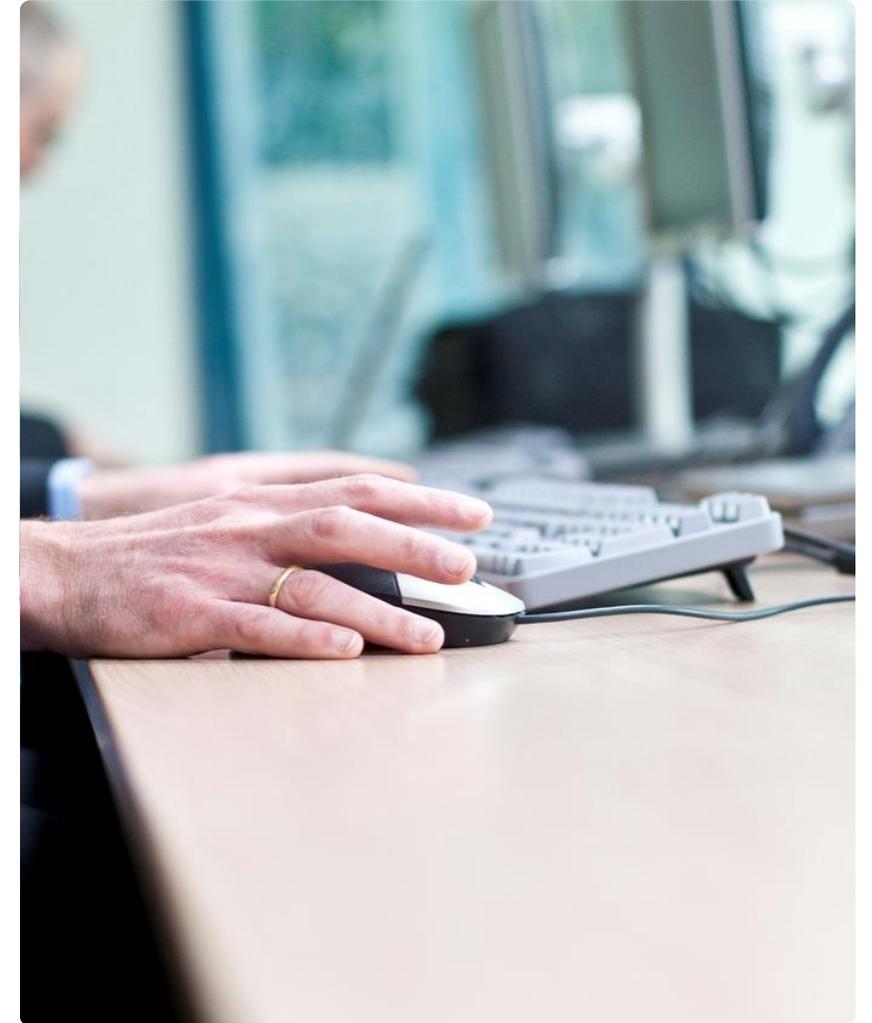
- Introduction Achmea
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## The way we work: Five 'Digital First' Principles

Our customers:

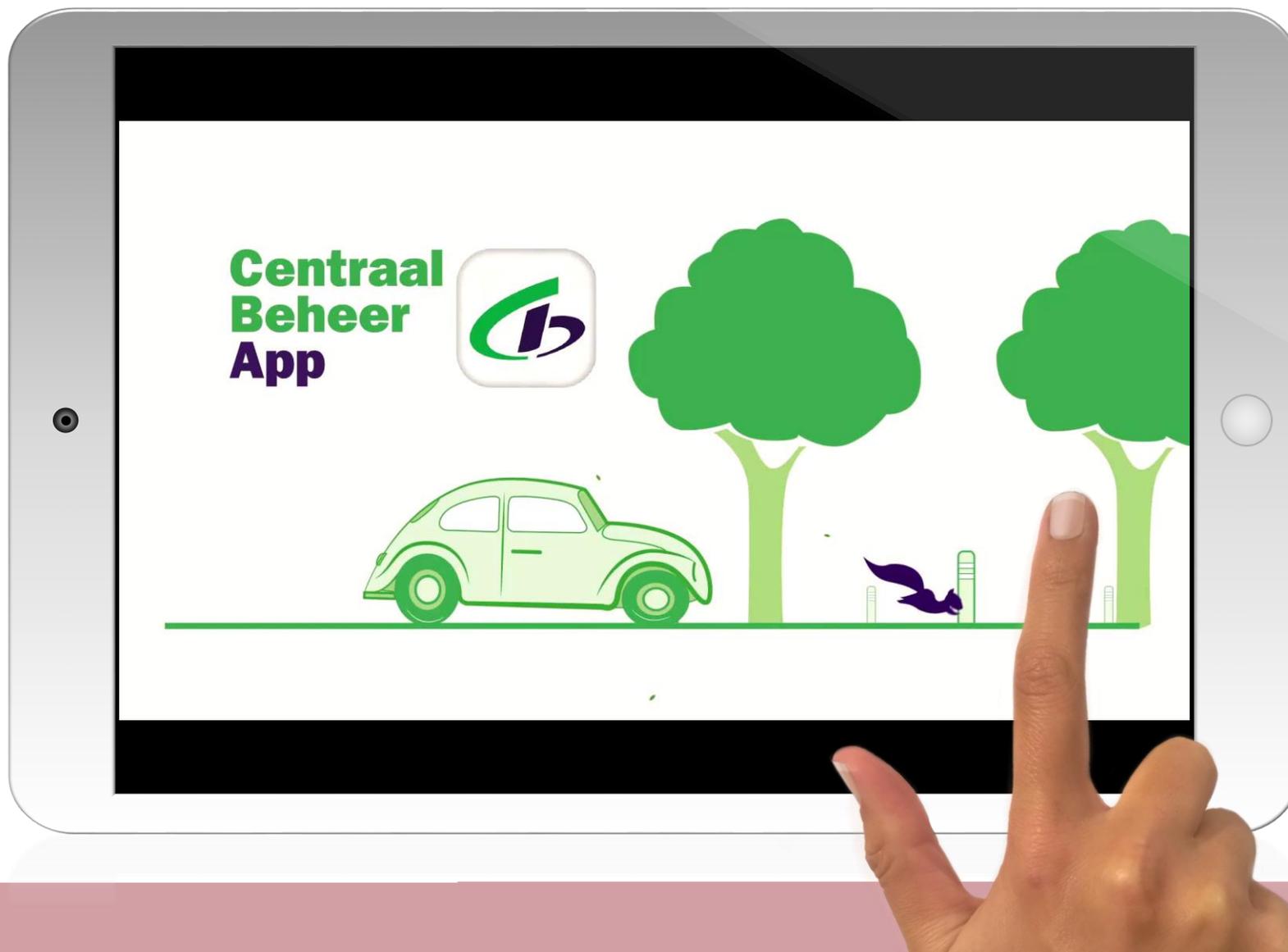
- see the real time consequences of their actions
- are served 100% online, but offline service remains available
- are served with relevant, personal and specific information
- are linked online with other customers through communities
- will always be alerted on possibilities for digital interaction



# Customer-driven: innovation in customer service



## WhatsApp-service Interpolis



## Co-browsing



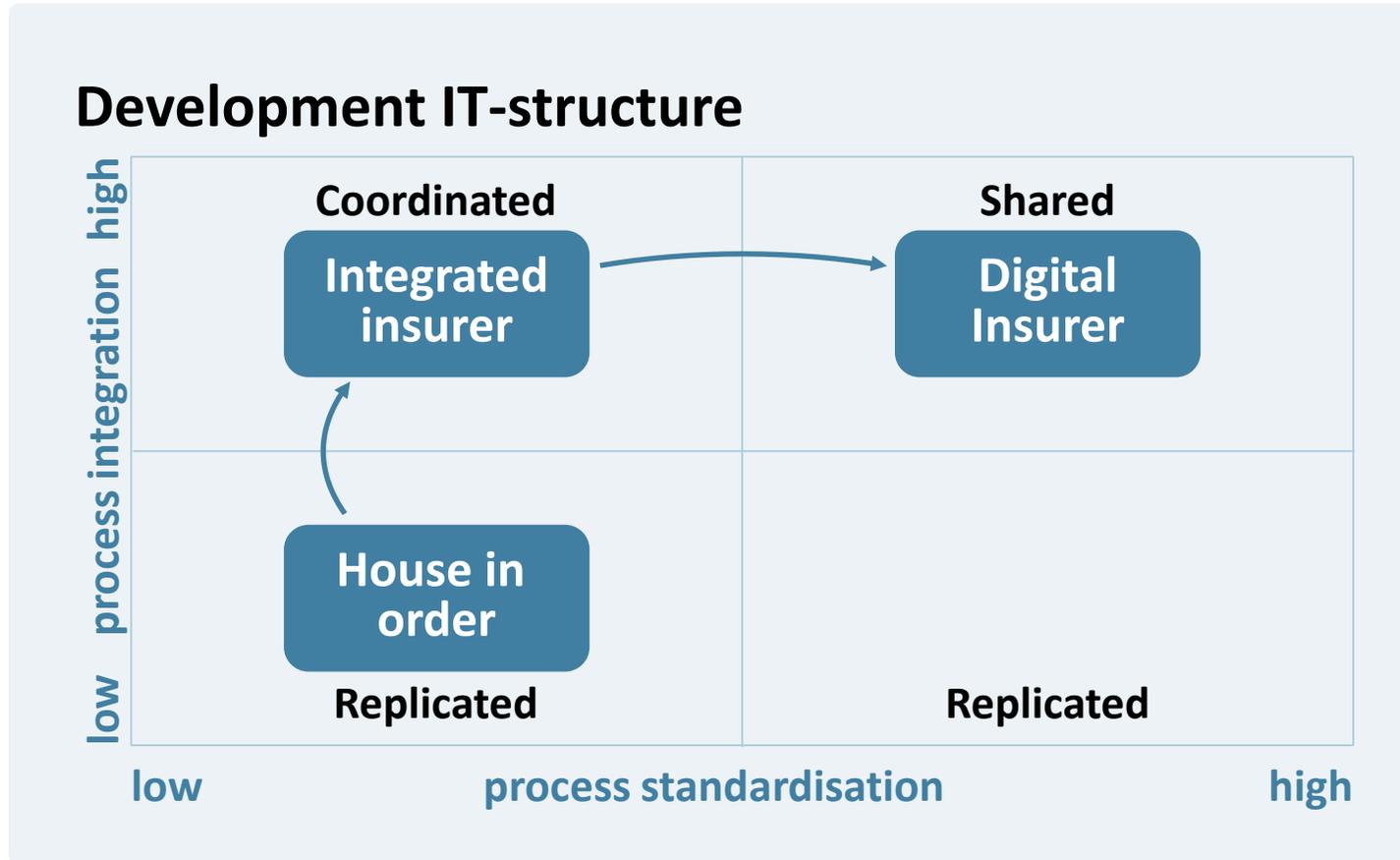
## Videocall-service Interpolis



## Innovation of our business

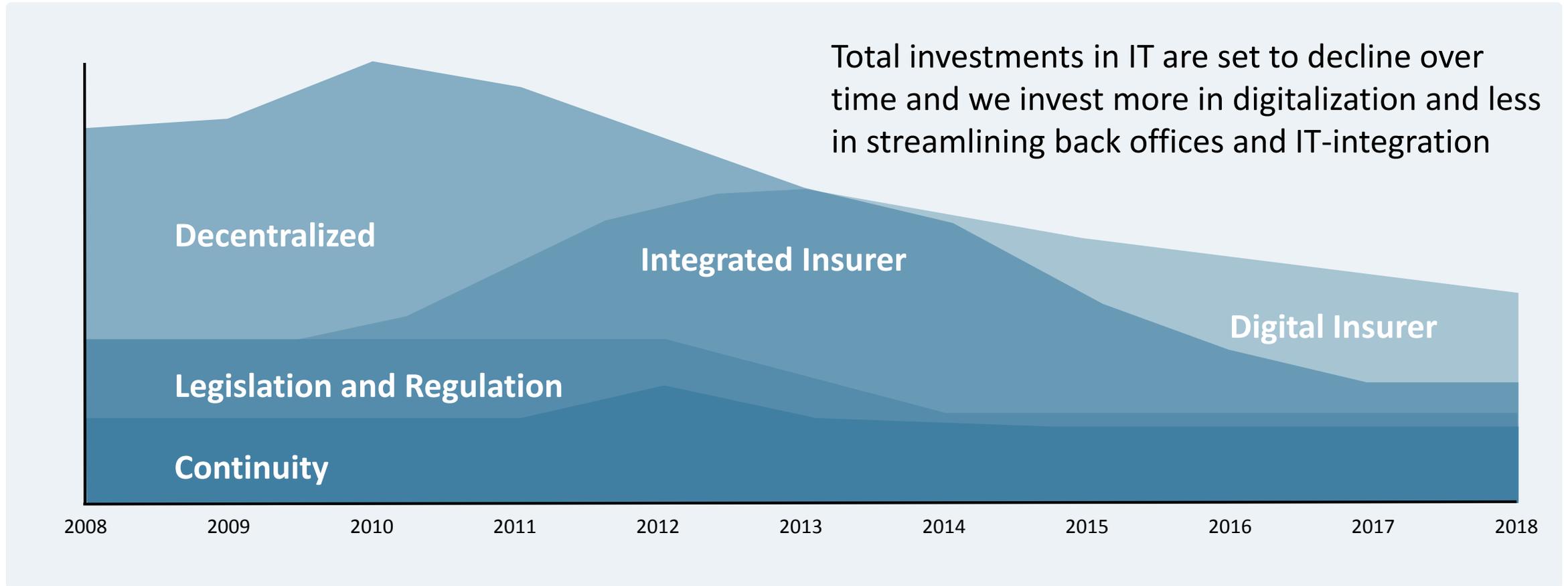
- Strong brands with high level of customer satisfaction (NPS)
- Keurmerk Klantgericht Verzekeren (KKV) approval mark retained for all brands
- AFM Klantbelang Centraal (Customers First) scores further improved, from 3.0 to 3.3. We expect having improved this score further over 2014.
- FBTO's behaviour-dependent motor insurance premiums pilot scheme in collaboration with Vodafone
- Investments in the sharing economy:
  - Centraal Beheer insuring users of SnappCar, WeGo, MyWheels and Peerby
  - 'Sharing City Amsterdam' ambassadorship
- Customer voice permanently anchored in operational management with Customer Council for nearly all brands
- Further revitalisation of cooperative identity with strengthened role for Achmea Association Members Council

## Three major steps since 2009 towards becoming a truly digital insurer

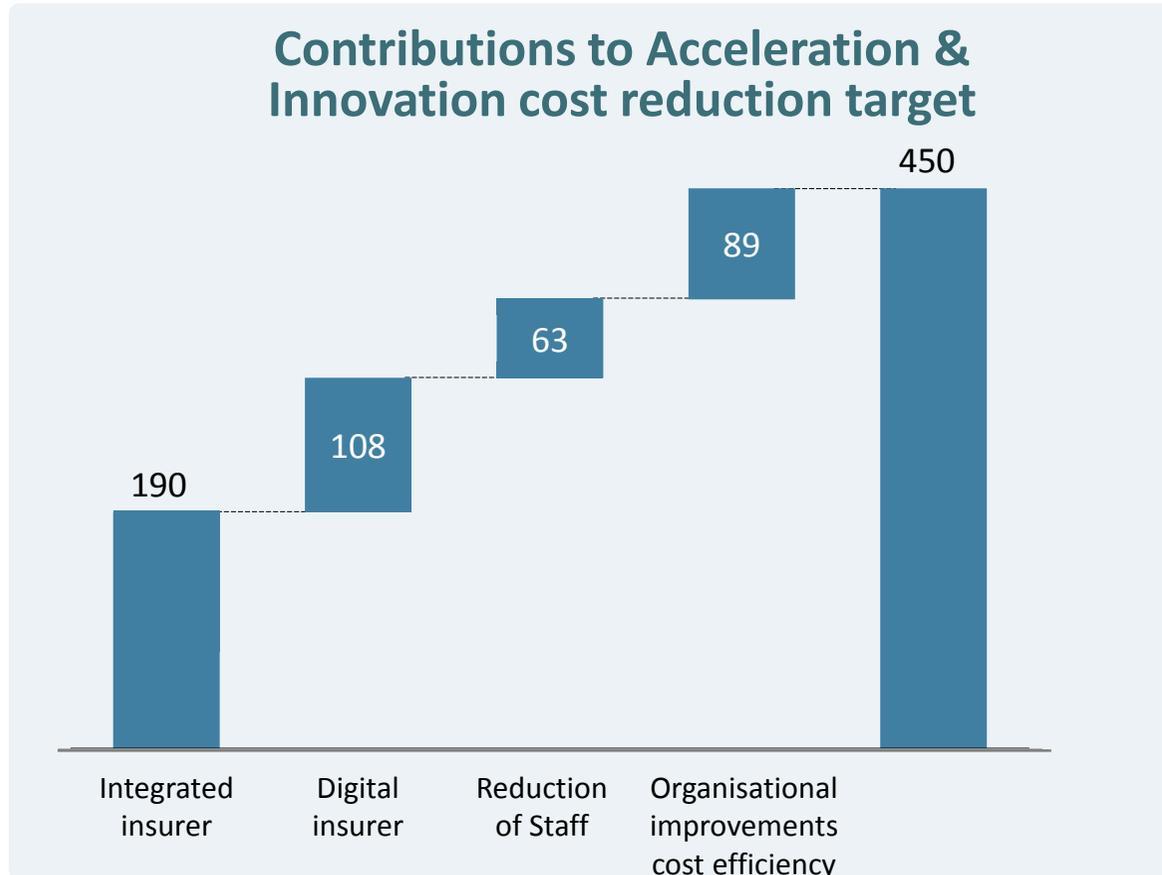


- Since 2009 we took three major steps towards becoming a truly digital insurer
- Process standardisation and process integration are key drivers
- With House in Order we reduced complexity in processes, products and IT, while integrating back offices
- Next, we became an Integrated Insurer as we converted portfolios and migrated and closed IT-platforms and applications
- Most recently, we aim to become a truly Digital Insurer which uses (big) data for its core-processes and to best serve customers
- Alignment of business and IT is high on the agenda

## Total IT investments decline and relative amounts change over time



## Further digitalization to contribute strongly to cost reduction targets



- Acceleration & Innovation will lead to a reduction of €450 million in operational expenses by the end of 2016
- We are on track with the reductions in cost and FTEs
- Operating expenses reduced by €143 million and a reduction of around 1,200 in number of staff has been achieved in carefully managed redundancy process
- Digitalization set to contribute almost > €100 million to earlier announced cost reduction target of €450 million

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