

Press release

Extreme weather conditions and higher healthcare expenses lead to limited negative operational result

Zeist, 11 July 2016

The severe rain and hailstorms of recent weeks have caused extensive damage for our policyholders, both for private individuals as for farmers and growers. Achmea estimates that its customers will have incurred a total damage of around €260 million. After reinsurance, net cost of claims for Achmea will be approximately €140 million. This amount will be charged to the Non-life operational result over the first six months of this year. The severe weather has an extreme impact, which for Achmea is larger than the impact of other calamities in recent decades, larger also than the impact of storm Kyrill in 2007.

In our health operations, we notice that following years of controlled increases, healthcare expenditure is now rising more steeply than was expected at the start of the year. One of the reasons for this is the increase in the cost of pharmaceuticals. This increase occurs after premiums for 2015 and 2016 were set below the costs of healthcare. In total, €810 million were restituted to customers this way. Forecasting healthcare expenditure depends on the estimation of a large number of parameters. Certainty about the result can only be obtained once the contribution from the equalisation fund has been finalised, three years after the end of an underwriting year. The adjustment to the forecast of healthcare expenditure is less than 1% of written healthcare premiums.

Partly as a consequence of the factors above, we expect a limited negative operational result at group level over the first six months of this year. The half-year results will be published in more detail on 11 August 2016.

In relation to the recent rain and hailstorms, Willem van Duin, chairman of Achmea's Executive Board commented: "The recent extraordinary heavy rainfall and extreme hailstorms triggered severe flooding and damage for our policyholders. Apart from damage to property, there was also a great deal of personal suffering. Employees from Interpolis, Centraal Beheer and Avéro Achmea made great efforts to help the large numbers of affected customers as effectively and quickly as possible. Farmers and growers whose businesses were damaged were offered help, where possible working with Rabobank, enabling the affected farmers to get back on their feet as soon as possible. An increase in the cost of claims owing to climate change was already expected. This causes a significant negative financial impact for Achmea in the first six months of this year. Current premium levels are not sufficient given the rising cost of claims, a further rise in premiums is therefore inevitable. Preventive measures, amongst others, can help to reduce the increase in cost of claims. Our brands will take the lead in this."

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Achmea is the parent company of strong Dutch insurance brands such as Centraal Beheer, Interpolis and Zilveren Kruis. Together these brands form the largest insurance group in the Netherlands (14,000 employees). Achmea has a cooperative background that balances the interests of customers, partners, employees and shareholders. In 2015, Achmea's customers paid approximately 20 billion euros in premiums to cover their health insurance costs, non-life claims, pensions and life insurance policies. In addition to its home market, the Netherlands, Achmea is also active internationally in five other countries. For more information: www.achmea.nl