



Deep Dive Session on Reinsurance

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Agenda

- The reinsurance journey so far...
- Improved transparency in reporting
- Zoom-In on 3rd Party Business
- Bringing it all together



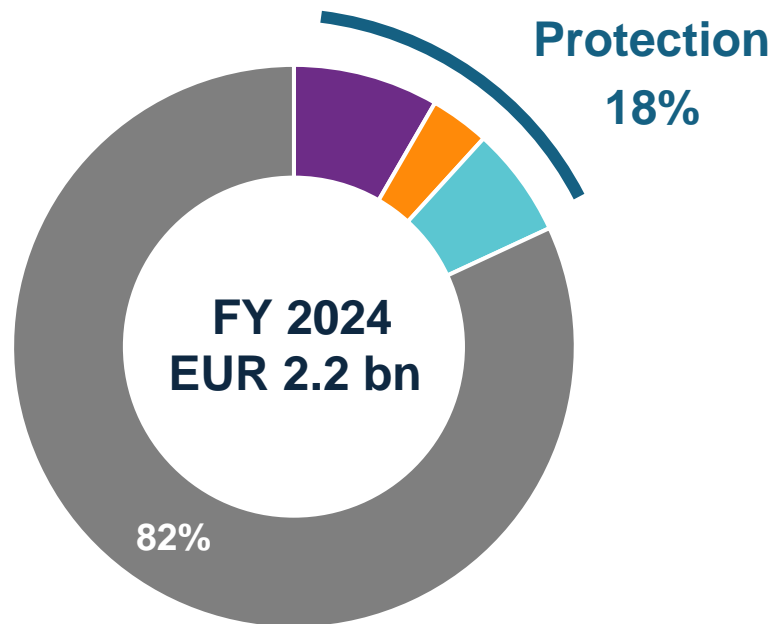
The Ageas Reinsurance Journey

From a captive with limited scope to a growth engine for Ageas Group

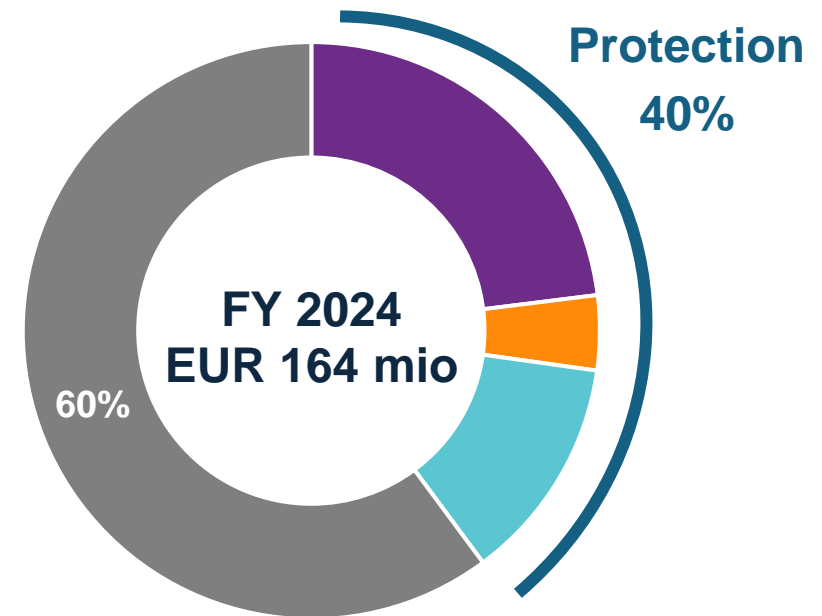


Core Activities

Inflows



Net Operating Result



- Capital Management
- Protection
 - Internal Protection
 - Protection JVs
 - External Protection

Why Reinsurance? Capital and risk management tool to the Group

Under Impact24, Reinsurance was positioned as a **catalyst for future growth**

The clear **benefits** of establishing a reinsurance carrier in Europe still hold today:



Diversification in capital and earnings: capture diversification benefits, by accepting risks that have a limited capital consumption, with positive effect on our earnings

- Focus on traditional Non-Life: Property CAT, Property Non-CAT, Motor, Casualty and certain Specialty Lines



Holding cashflow: strengthen the financial position of the holding by generating tax-efficient cashflows covering holding operating expenses



No external dependencies: the speed of development and scalability is fully in our hands, with flexibility to adjust capital allocation along the way and to build experience and confidence at our own pace – mainly relevant for the External Protection business



Strong growth in Inflows and Net Operating Result

Financial Highlights of 2024:

- The Reinsurance activities could deliver an overall **Net Operating Result of EUR 164 mio** (from EUR 101 mio in 2023), with a Protection Combined Ratio of 80.6% (down from 84.1% in 2023)
- In External Protection, Ageas Re could successfully **expand its underwriting footprint** to new programs, geographies and new lines of business, showing Inflow **growth of 236% in 2024**
- Best year so far, with a **Combined Ratio of 78.4%** for External Protection, delivering a Net Operating Result of EUR 23 mio (from EUR 1.6 mio in 2023)



The reinsurance journey so far...



Capital Management

What it is...

- **40% Quota Shares** Non-Life books of **Belgium** (excl. Healthcare), **Portugal** and **UK**
- For UK and Portugal (excl. Workers' Comp), also **40% Loss Portfolio Transfers** for accident years 2019 and prior
- Transfer of “net books”, so protected by external reinsurance
- Transactions at arm's length safeguarded via overrides (commissions that are higher/lower than original costs) and profit commissions

Why we do it...

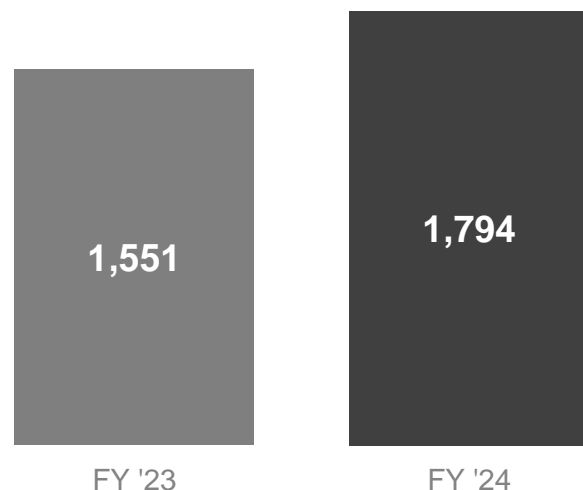
- **Fungibility of Capital**: reinsurance capital management tool
- Operating Cash flows at the level of the holding, leading to (2 notches) rating upgrade, directly **reducing the financing costs** of the Group
- Operating cash flows at the level of the holding offsetting **holding operational expenses**



Capital Management

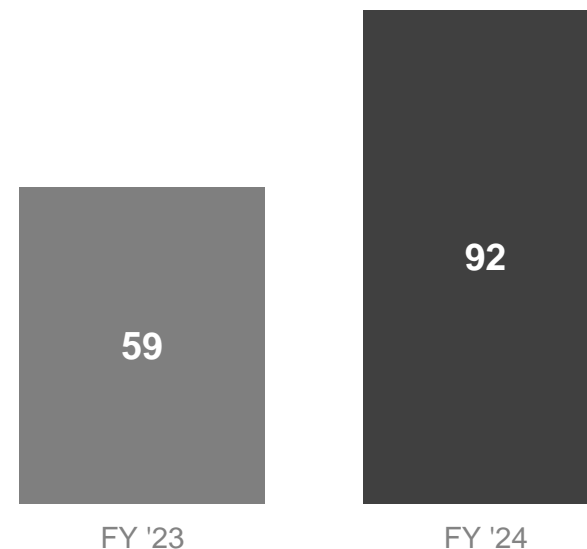
Inflows

In EUR mio



Operating Insurance Service Result

In EUR mio



- No additional reinsurance bought, simple transfer of local business to Group Balance Sheet
- Development in terms of volume and result in line with Non-Life business in Belgium, UK and Portugal
- Strong result in 2024 related to improved profitability in the UK
- Capital Management inflows are not part of Group Inflows
- Performance of Belgium, UK and Portugal to consider based on Combined Ratio before Capital Management

Internal Protection - Protecting Belgium, UK and Portugal all together and better

What it is...

- The participation in the Non-Life reinsurance programs previously placed externally by the fully consolidated entities. Ageas Re is now the main reinsurer for the OpCo
 - CAT treaties: 100% for Portugal, UK and Belgium
 - Property treaties: 100% Portugal, UK and Belgium
 - Motor: 20% in Belgium, 50% in UK
 - Other Lines: participation up to max 50%
- Purchasing function for the Group, placing a combined portfolio
- In line with Group risk appetite, Ageas Re holds some retention and places most risks into the reinsurance market

Why we do it...

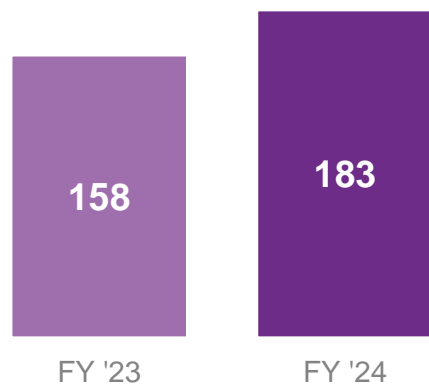
- **Insourcing of margin** as non optimal local purchases from a group perspective are kept in the Group
- Insourcing of the **diversification benefit** through placing one single sizable and more diversified portfolio versus several local programs
- **Better protection** for the Group (Group limit instead of lower local limits) leading to lower Group SCR
- Group **purchasing power** lowers reinsurance cost



Internal Protection

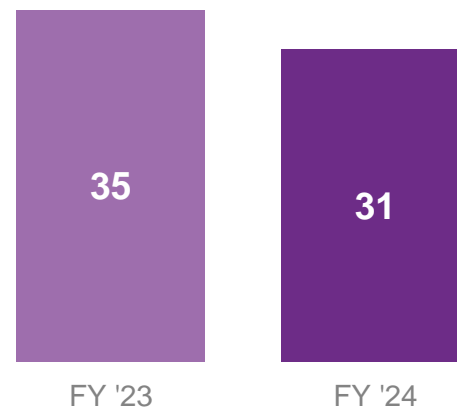
Inflows

In EUR mio



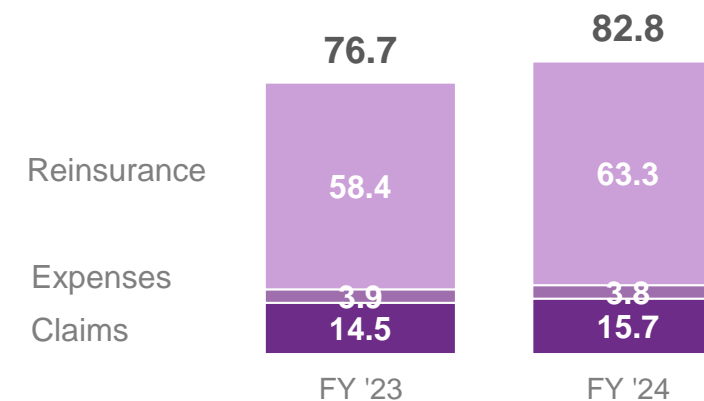
Operating Insurance Service Result

In EUR mio



Combined Ratio

In % Insurance revenues



- Many non-proportional treaties, binary intervention
- Higher pricing margin, volatility and capital requirement
- Large part of premium retroceded, reinsurance result driver of Combined Ratio
- Through the cycle Operating Insurance Service Result of EUR 15 mio
- Small portfolio with limited number of clients
- Strong 2023 and 2024 results in the absence of weather events
- Development driven by growth in OpCos and local choices for reinsurance structure based on pricing and capital considerations

Protection JVs

What it is...

- Ageas Re underwrites shares in Non-Life reinsurance programs placed by non-controlled participations
- The same standards and processes and risk appetites as for external protection reinsurance are applied
- Major clients are Taiping Re, Thailand, Türkiye and India

Why we do it...

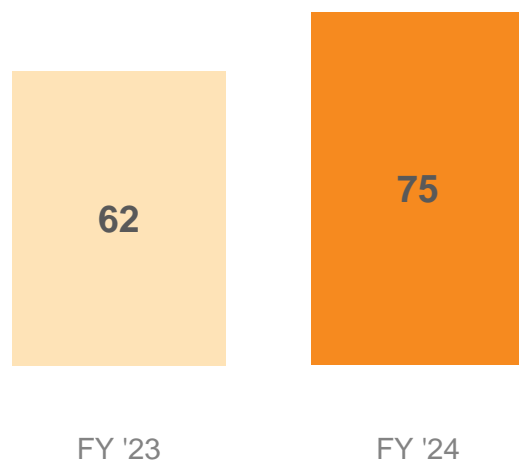
- Benefit from **preferential relationship with the JV partners**
- Move of unconsolidated **revenue into the consolidation perimeter**
- **Increase of diversification** for the Ageas consolidated book, with positive impacts on capital efficiency



Protection JVs

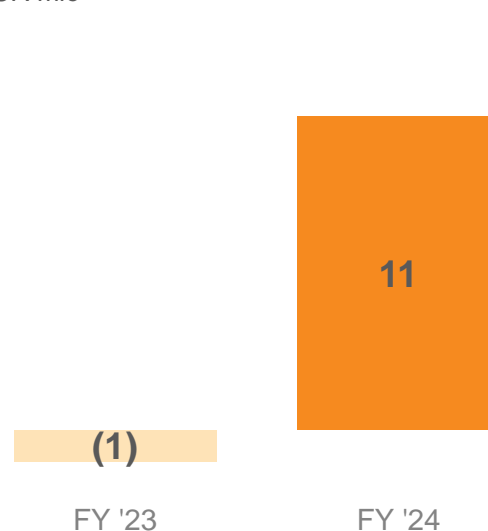
Inflows

In EUR mio



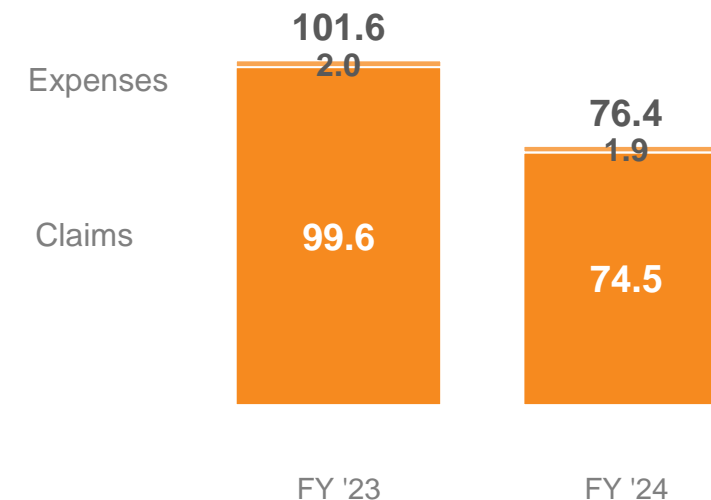
Operating Insurance Service Result

In EUR mio



Combined Ratio

In % Insurance revenues



- Underlying premium mainly proportional (87%)
- Priced for through the cycle Combined Ratio of 82%
- Through the cycle lower volatility
- Small portfolio with limited number of clients, so little diversification and higher volatility

External Protection

What it is...

- Since January 2023, building a full-fledged Reinsurance offer for 3rd parties
- Underwriting insurance and reinsurance clients globally
- Main focus on Property CAT, Property Non-CAT, Motor, Casualty and certain Specialty Lines

Why we do it...

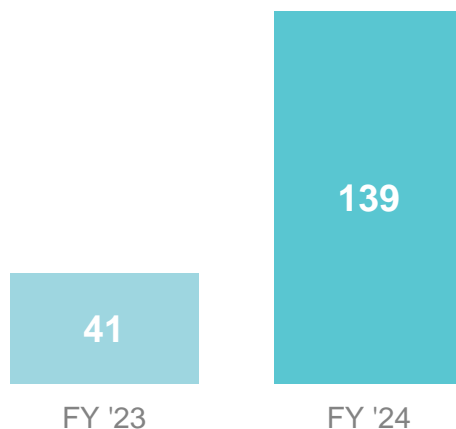
- Tapping a market that delivers **strong Group returns across the cycle**
- Competitive advantage for Ageas is a relative **low capital requirement** as the Non-Life underwriting risk diversifies strongly with the market risk in the Group SCR profile
- **Diversification of risk and required capital**
- Results that materialize on the holding balance sheet and fully translate in (immediate) cash flows



External Protection

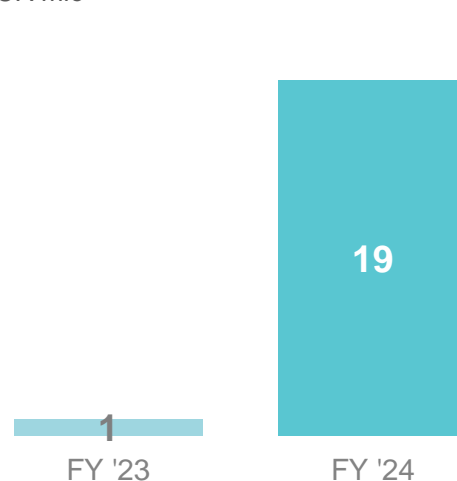
Inflows

In EUR mio



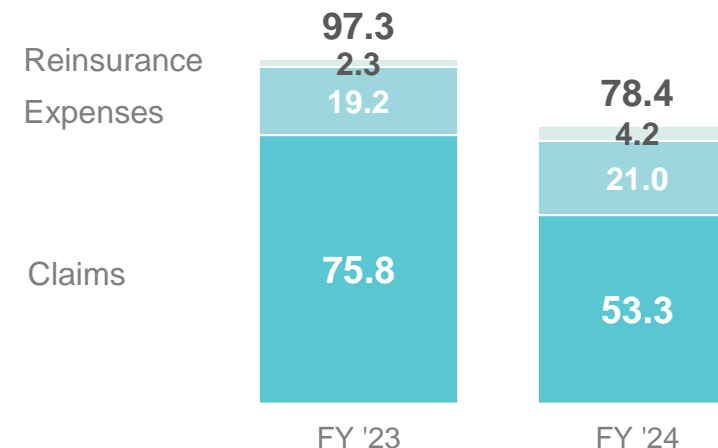
Operating Insurance Service Result

In EUR mio



Combined Ratio

In % Insurance revenues



- Unusual for a start-up, Ageas Re could produce a small result already in year one
- Strong growth thanks to increased diversification, expansion of skills and reach
- Full diversification not yet reached – the journey continues
 - 2024 portfolio almost entirely non-proportional
 - portfolio changes will decrease volatility of Combined Ratio at somewhat higher level
- Priced for through the cycle Combined Ratio of 88%

ageas.re

Improved transparency
in reporting



Improved transparency in reporting going forward

Ageas's Reinsurance: a challenging segment to model

Net Operating Result FY - 2024		Analysts Consensus				% difference between High and Low analyst consensus
		Average	High	Low	Median	
<i>Reinsurance</i>	164	124	142	100	122	42.0%

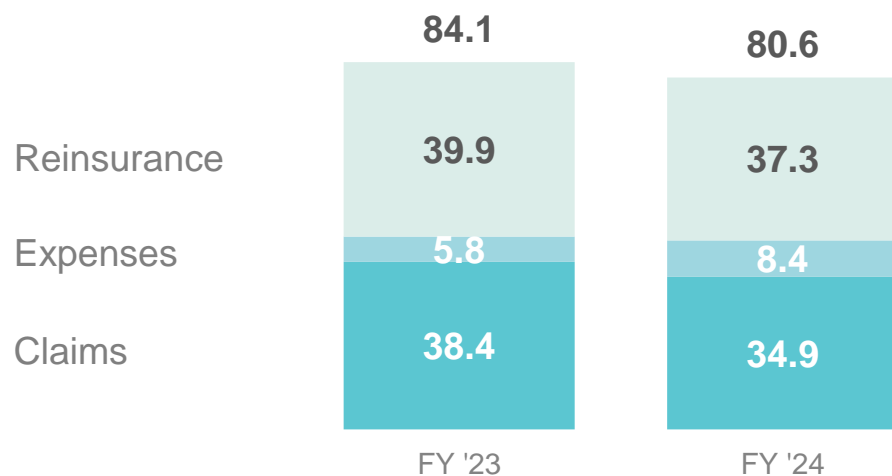
- High spread in estimates for Reinsurance segment
- Mix of Capital Management and Protection business
- Protection mixes internal and external sources of profitability

Improved transparency in reporting

Not always easy to evaluate performance

Combined ratio Protection

In % Insurance revenues



- **Strong COR** showcasing healthy underwriting discipline
- COR protection includes **3.5pp benefit** from discounting of CY claims
- **COR external protection** at 78%

➤ Mixes internal and external sources of profitability

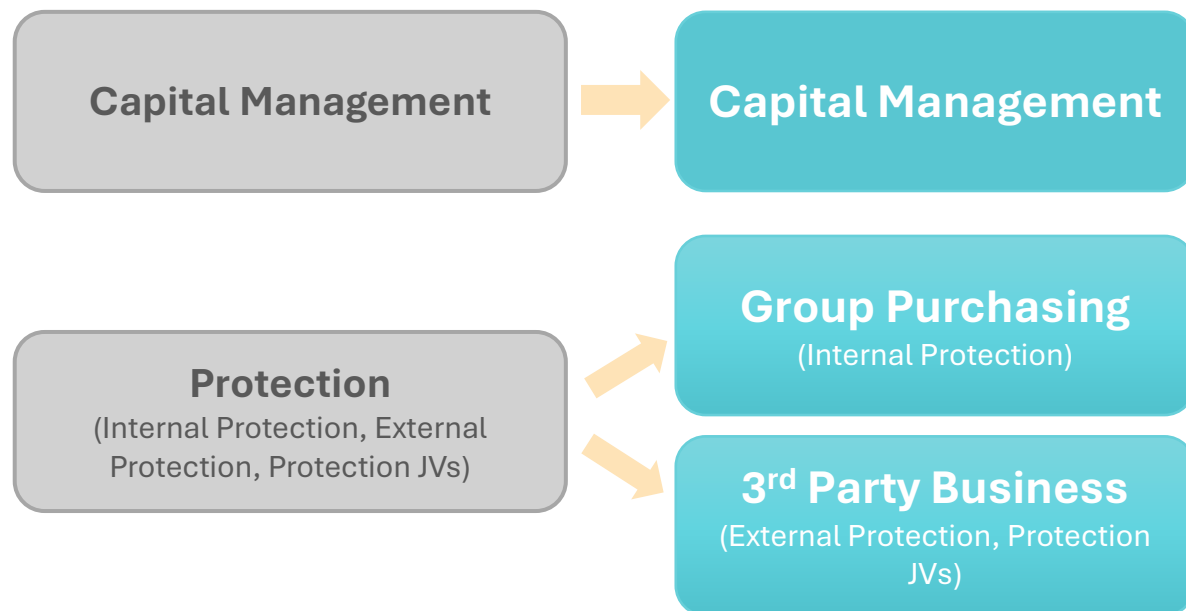
➤ Hard to judge the performance of the business based on Combined Ratio since it is driven by the Purchasing Function, organizing reinsurance protection for the Group

Improved transparency in reporting

A new view

Current view

New view



- Aligned with underwriting activities
- External Protection and Protection JVs follow identical logic and decision making
- Transparency on the results of the pure-play reinsurance activities

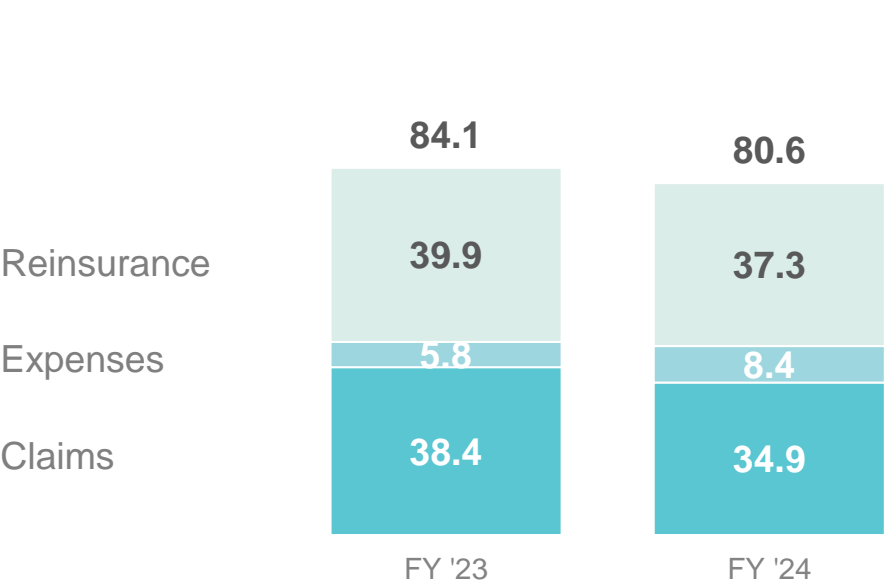
Improved transparency in reporting

Ageas Re strong FY' 24 performance under the new reporting framework

Current view

Combined ratio Protection

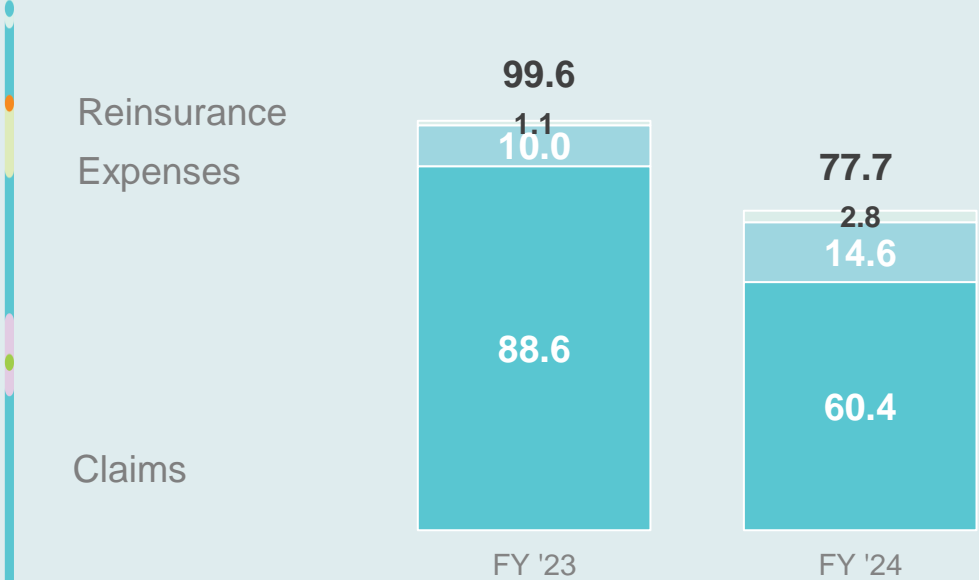
In % Insurance revenues



New view

Combined ratio 3rd Party Business

In % Insurance revenues



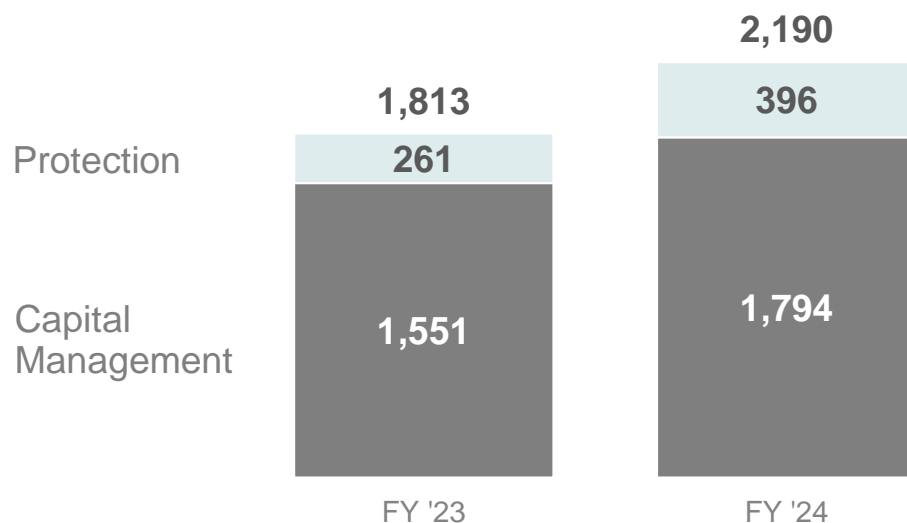
Improved transparency in reporting

Ageas Re strong FY' 24 performance under the new reporting framework

Current view

Non-Life Inflows

In EUR mio

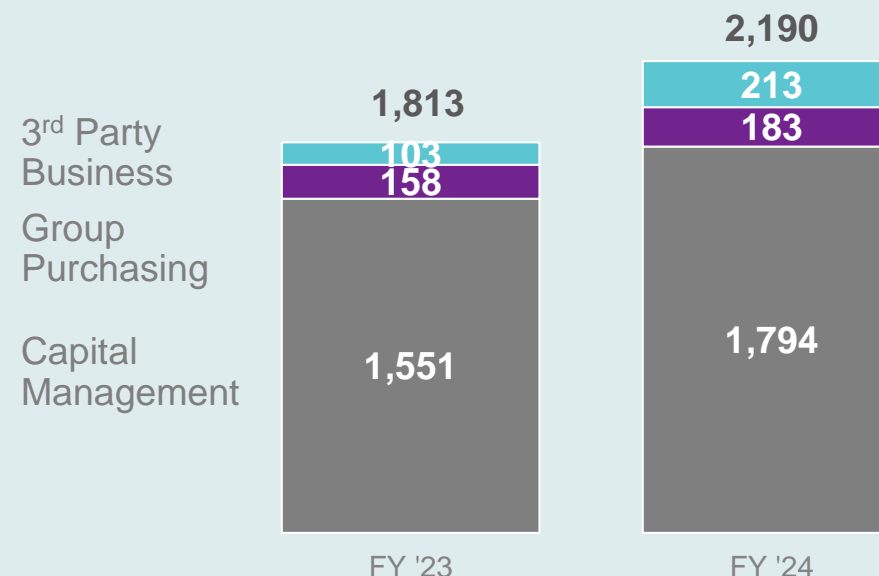


- Capital Management inflows are not part of Group Inflows

New view

Non-Life Inflows

In EUR mio



- Capital Management and Group Purchasing inflows are not part of Group Inflows

Improved transparency in reporting

From a split between Capital Management and Protection to a split between Capital Management, Group Purchasing and 3rd Party Business

FY' 24 – current view

NON-LIFE NET OPERATING RESULT	164
Non-Life	
Insurance revenues	910
Gross claims	(612)
Gross expenses incl. non-attributable costs	(27)
Reinsurance result Capital Management	0
Reinsurance result Protection	(118)
Reinsurance result	(118)
Operating insurance service result	153
Investment result	3
Insurance result	156
Result on surplus assets	8
Tax	(0)
Non-Life Net Operating Result	164
Capital Management	
Insurance revenues	595
Gross claims	(503)
Gross expenses incl. non-attributable costs	0
Reinsurance result	0
Operating insurance service result Capital Management	92
Protection	
Insurance revenues	315
Gross claims	(110)
of which prior year claims Protection	-
of which current year discounting Protection	11
Gross expenses incl. non-attributable costs	(27)
Reinsurance result	(118)
Operating insurance service result Protection	61

Reinsurance
Segment
=
Ageas RE

3rd Party
Business

FY' 24 – new view

NON-LIFE NET OPERATING RESULT	164
Non-Life	
Insurance revenues	135
Gross claims	(82)
Gross expenses incl. non-attributable costs	(20)
Reinsurance result	(4)
Operating insurance service result	30
Result from Reinsurance Capital Management	92
Result from Reinsurance Group Purchasing	31
Investment result	3
Insurance result	156
Result on surplus assets	8
Tax	(0)
Non-Life Net Operating Result	164
3rd Party Business	35
Non-Life	
Insurance revenues	135
Gross claims	(82)
Gross expenses incl. non-attributable costs	(20)
Reinsurance result	(4)
Operating insurance service result	30
Investment result	(1)
Insurance result	29
Result on surplus assets	6
Tax	(0)
Non-Life Net Operating Result	35

Zoom-In 3rd Party Business



Strong start and further growth in a saturating market

- Strong start and successful scale-up of 3rd Party Business, profitable since day 1 and ahead of plan on all metrics
- Strong diversification benefits to Ageas Group with immediate cash remittance to the holding
- High capital returns across the cycle, a diversified book has manageable volatility in the Ageas Group context

What drives our success so far...

People	The key ingredient for success – top-talent for all key underwriting, pricing and support functions
Brand & Security	Strong brand, of a European based insurer with very strong rating
Governance and Organization	Independent pricing team, Corporate Underwriting Function, strong risk controls
Systems and Tools	Self-developed robust Underwriting & Pricing Platform
Timing	Market entry at a time when many were exiting, capacity got scarce and demand was surging



Understanding the drivers for cycles

Generational hard-market persists - Capacity is returning

Supply Down

Hard

- Post-loss capital depletion
- Good cycle management
- Psychological / bad cycle management (post loss capacity reduction)
- Asset side impacts that reduce available capital

Supply Up

Soft

- Low loss years in combination with bad capital management choices (retained profits) lead to over-supply
- Influx of alternative capital or influx of naive capacity

Demand Up

Hard

- Driven by inflation, market growth or post-loss risk aversion

Loss Activity and Payback

Hard

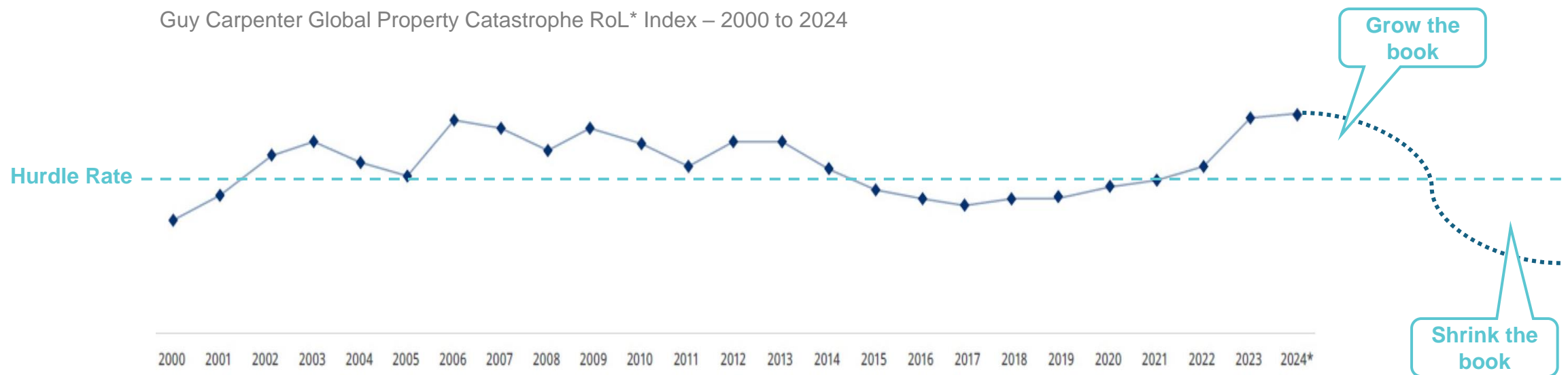
- Implicit “pact” of payback after an event
- Post-event, cycles usually turn (locally) to cater for payback



Market Cycle likely to support portfolio expansion for the Elevate27 period

CAT Pricing is likely to have reached peak levels in 2024 – profitable growth still in the cards

Guy Carpenter Global Property Catastrophe RoL* Index – 2000 to 2024



Outlook

- Reinsurance pricing index reached historical peak levels
- Generational hard-market persists
- Capacity is returning, creating downwards pressure on prices making our “pick-and-choose” approach more difficult, resulting in hard to predict growth. However, strong discipline in structure and terms remains
- Further diversification of existing book and service offering paramount
- Pricing likely to remain above indicative hurdle rate for Ageas Re in terms of capital remuneration during Elevate27 period
- Note: in softening market, also retro becomes cheaper, providing a tool to de-risk in the backbook

*Rate on Line: ratio of reinsurance premium paid to loss recoverable in a contract, reflecting how much money an insurer or ceding company must pay to obtain reinsurance coverage

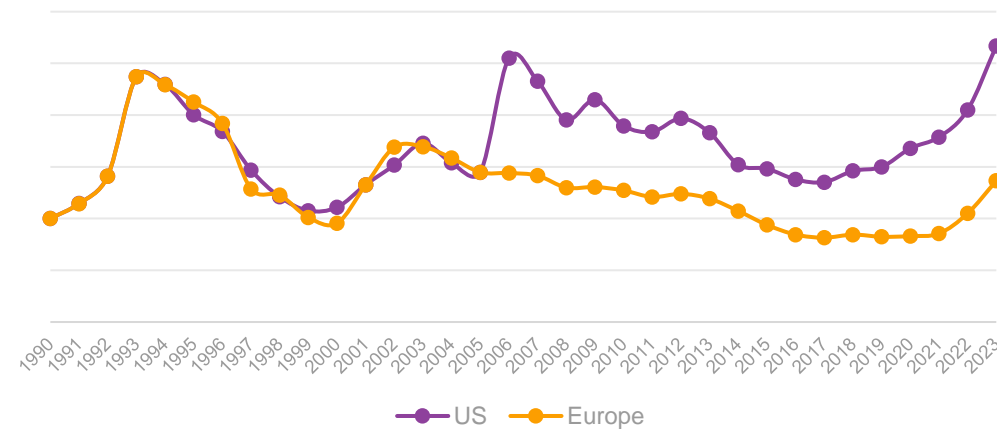
There is no “global cycle”

There is no “general cycle”

Geographic and product diversification

It is a strategic imperative to plant many more “flags” on the world map and to add as many (profitable) lines of business as possible over the next years.

Guy Carpenter Property Catastrophe ROL* Index



*ROL: ratio of reinsurance premium paid to loss recoverable in a contract, reflecting how much money an insurer or ceding company must pay to obtain reinsurance coverage.

In our view, there is a “sweet spot” in size allowing for

- large loss absorption capacity and
- maintaining agility to deploy capital in the most efficient way

Ageas Re Manifesto for Underwriters

Commonly observed issue “Underwriters underwrite”

Mitigating measures at Ageas Re

- Multi-territory underwriting
- Corporate Underwriting department
- Underwriting guidelines
- Ageas Re Underwriting committee

Testimonial: “Our Message to all underwriters starting at Ageas Re”

Reduce Early

Scale-up quickly

Global Capabilities are Key

Strong Pricing and Underwriting Excellence is key

Shift to better paid layers

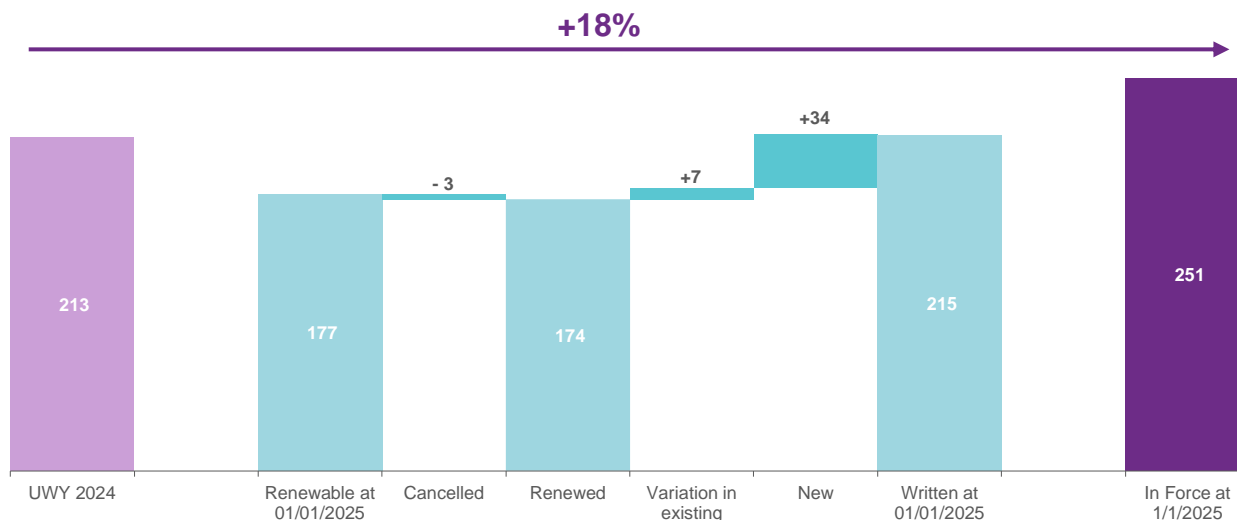
Underwrite the Client

Complete Service Offering and Skill

Be smart on Retro

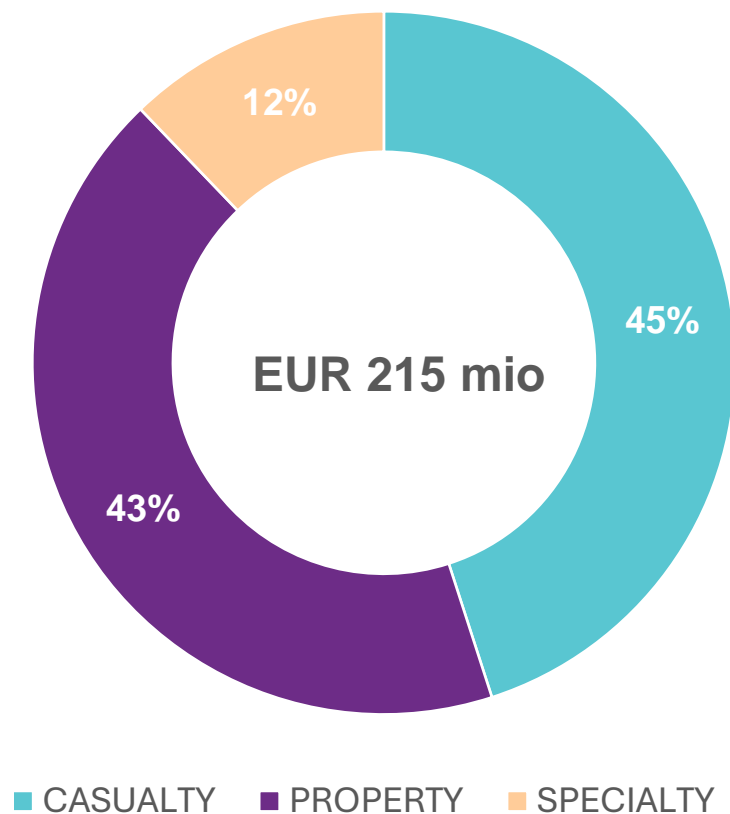
Successful renewals against backdrop of softening market

1st of January 3rd Party Business Gross Expected Premium Income (EPI) Movements

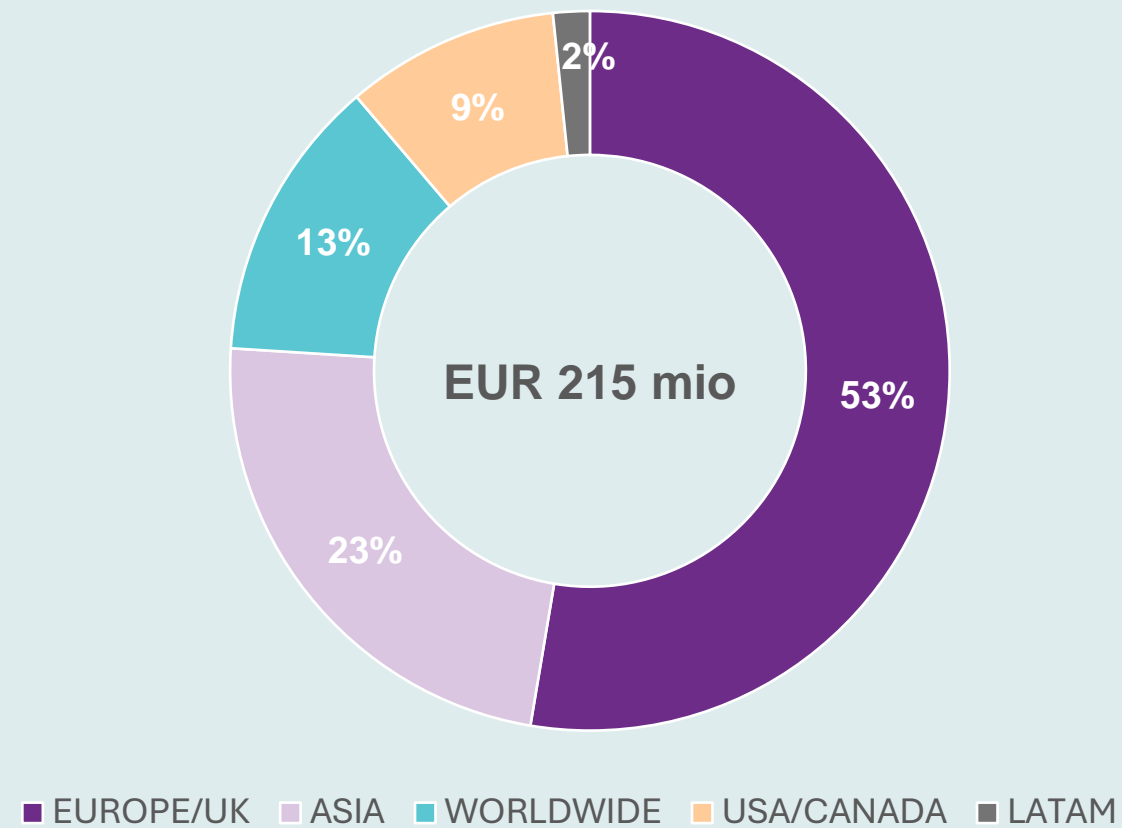


- Importance of actively managing the cycle to maintain strong expected capital returns and anticipated profits
- Lock-in the performance of hard-market 2024
- Growth mainly in less volatile lines of business, laying the ground for future higher capital productivity

By Line of Business



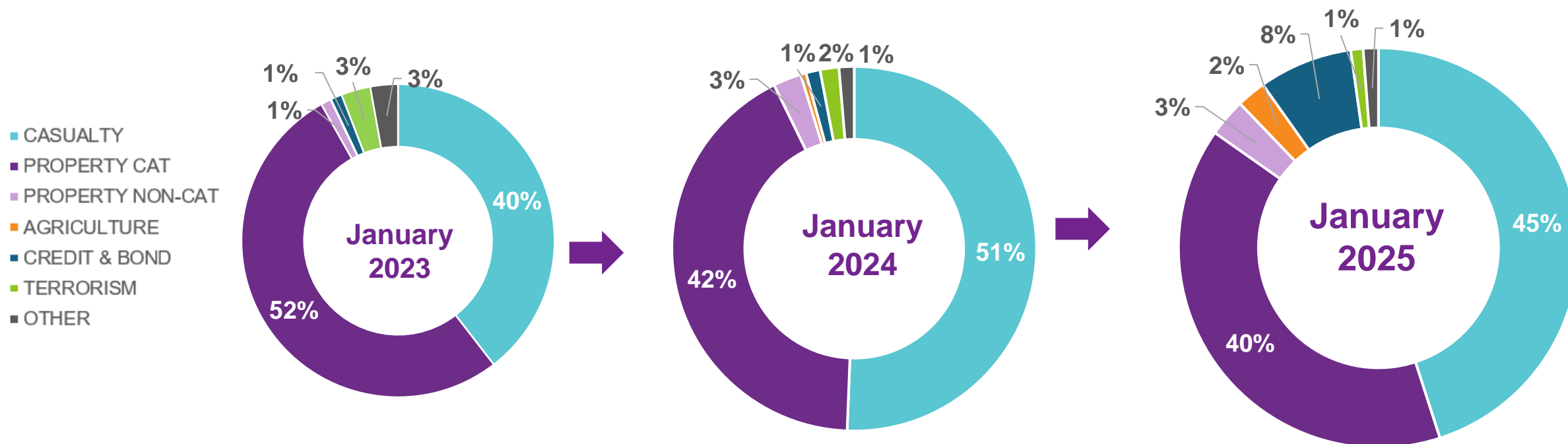
By Geographical Split



Scope: January 1st Renewals only

Consistent Progress on balancing the book and increase diversification.

EUR 86 mio → EUR 177 mio → +22% → EUR 215 mio



Construction: coming May 2025 !

Future development of the 3rd Party Business

Extending our Reinsurance Business – an important source of diversification and cashflow contributor for the Group



Drive
profitable growth



Lead in technical insurance &
operational excellence



Tech, Data & AI

Develop more diversifying business

- ...enabling cycle management and driving **capital productivity**
- Add **new lines of business**, increasing portfolio spread and client service offering
- Develop more “**Reinsurance Partnership**” opportunities
- ...in line with the growing expertise in the team

Enhance returns and increase cycle flexibility

- Long-term third-party capital strategy
- Analyse optimization of **Retro purchasing** opportunities

Adequate tooling to support the growth ambition

Bringing it all together



Net Operating Result Reinsurance

In EUR mio

