



Belgium

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Deeper insight in
Ageas's Non-Life
Business

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INVESTOR DAY 2012

➤ AG # 2 in the Non-Life market with a comprehensive product portfolio

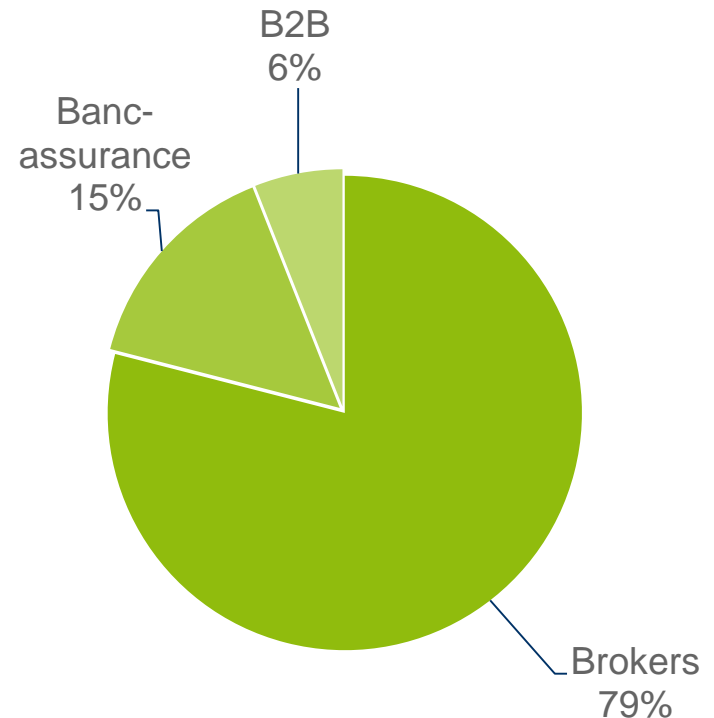
➤ Strategy

- ✓ "Full" player: broad product range
- ✓ Multi-distribution: bank and broker working together in synergy
- ✓ Innovation in service and products
- ✓ Close to distributors and customers

➤ Profitability under pressure since 2009

- ✓ Turnaround made in Motor
- ✓ Challenge in Fire and Workmen's Compensation

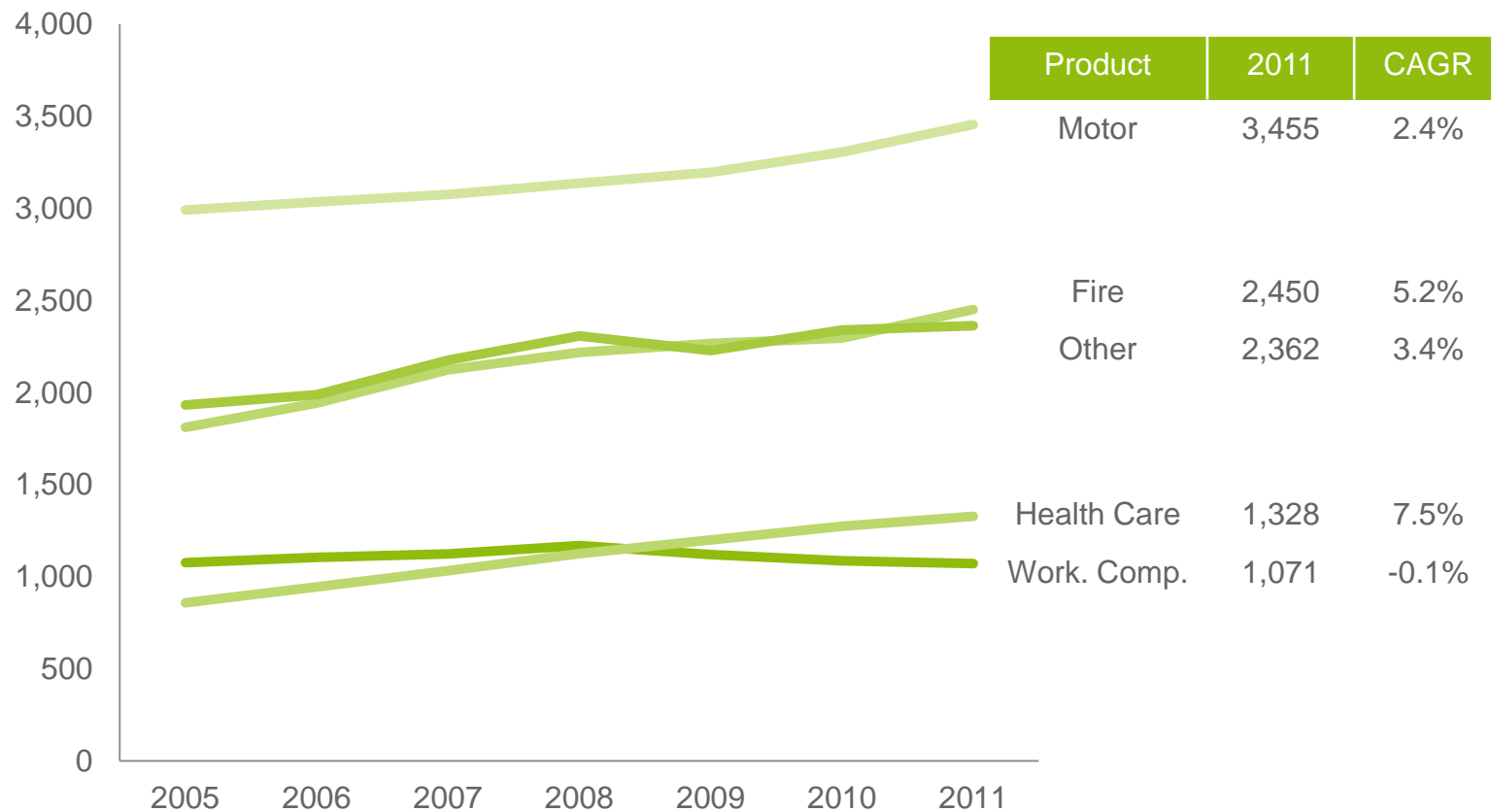
FY 2011 Non-Life distribution mix AG Insurance



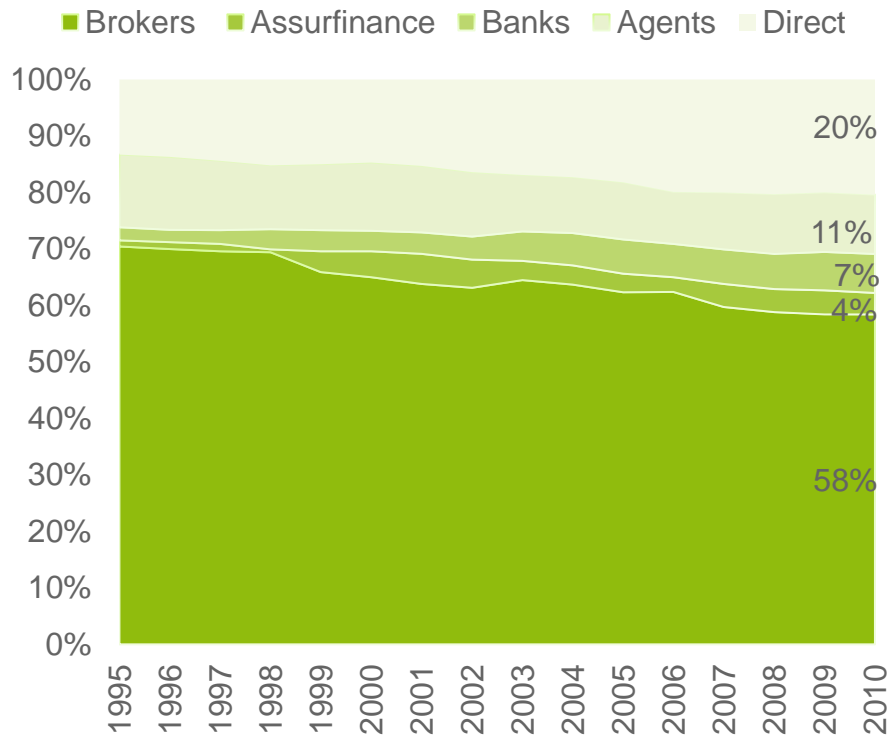
A constantly & moderately growing market



In EUR mio



Brokers still predominant with close to 60% market share



- Bancassurers & Direct gradually gained market share in past decade
- Direct channel* mainly driven by Ethias, next to direct sales in B2B Group Health Care business.

(*) Direct channel includes B2B, B2C, E-commerce, other direct (affinity groups, captives & pools), but also mutuels and cooperatives.

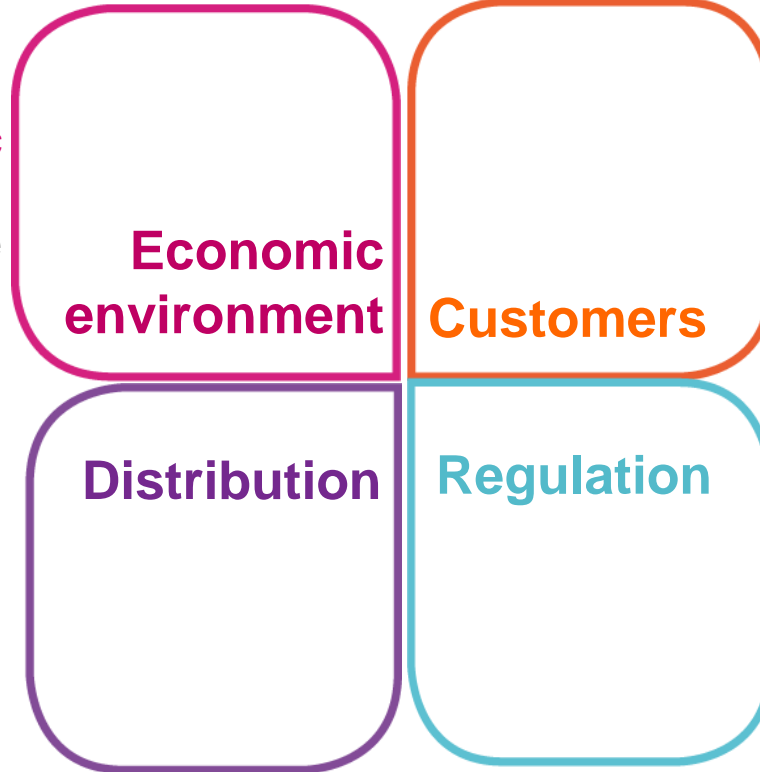


- Non-Life market growth is relatively predictable (% of GDP)
- Income from both investment and underwriting
- Skill driven various levers to influence returns if key capabilities have been developed
- Yearly re-pricing allows to actively manage risk



- Cyclical¹ity of earnings due to competitive forces
- Volatility in earnings due to catastrophes in some product groups
- Possible diversification benefits between markets
- Diversification benefits between product groups

- Low interest rate environment
- Euro crisis
- Volatility in financial markets
- No or little economic growth
- CatNat & man made disaster



- Demographics
- Smaller cars & homes
- Demanding

- Ageing broker population
- Direct ?

- Solvency II
- Insurance Mediation Directive
- Increasing regulation limiting room to manoeuvre & increased administrative burden

Top Class Products & Services

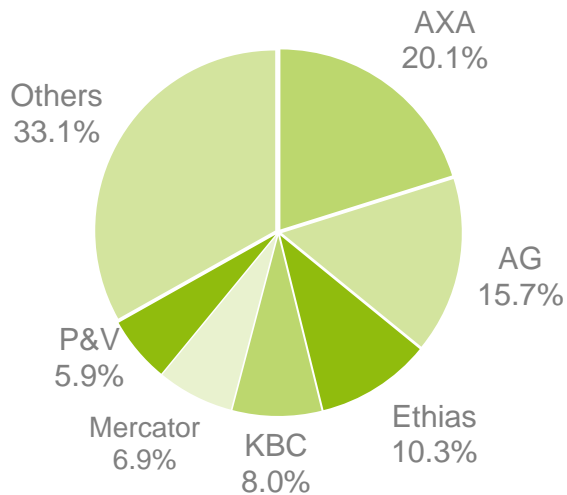
- **Product and service offer**
 - Most innovative products and services
 - Perceived as best –in-class service provider
 - “Correct” relation price/quality, flexibel pricing
 - Best-in-class IT tools and processes

Multi Channel & Close to distributor

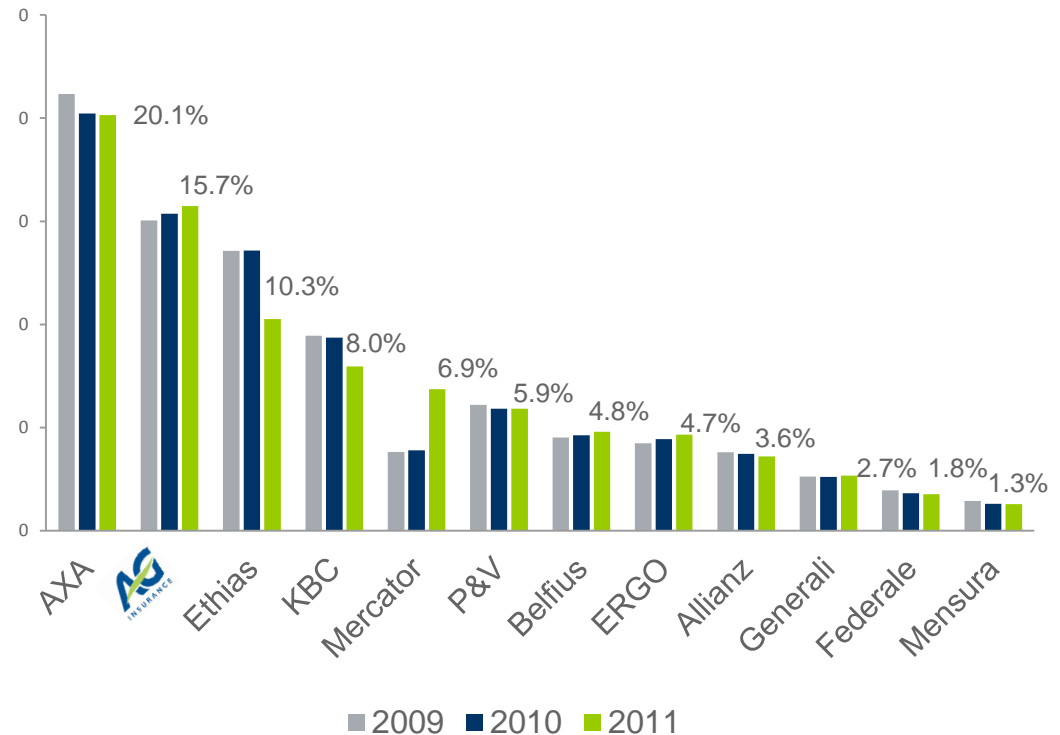
- **Proximity**
 - Close to the broker and bank: dedicated operations and sales teams
 - Regular contacts with sales force and management
 - Open and transparent communication

Stable second place and gradually gaining market share

Market Share 2011



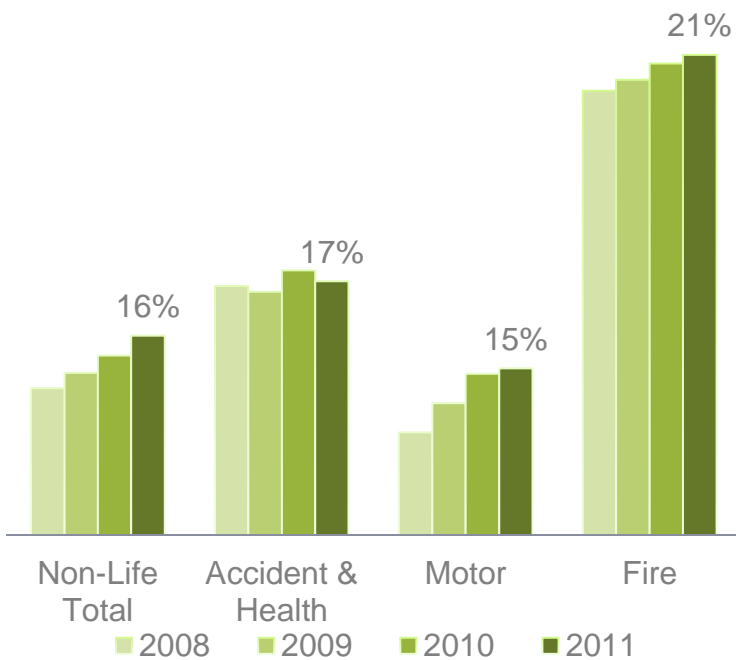
Market Share development 2009-2011



Well balanced product mix

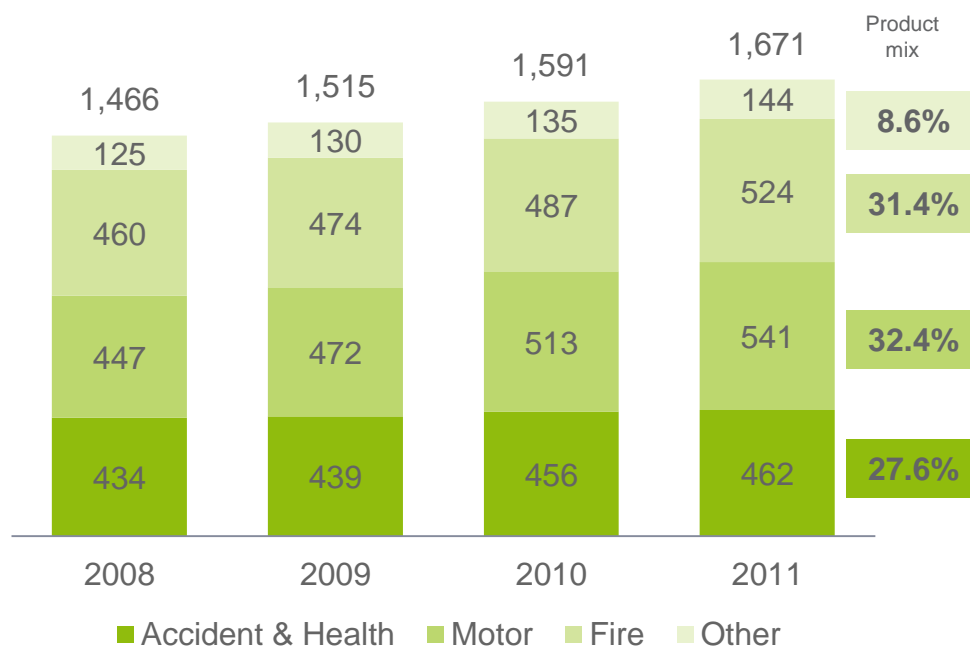


Evolution of Market Share by Product



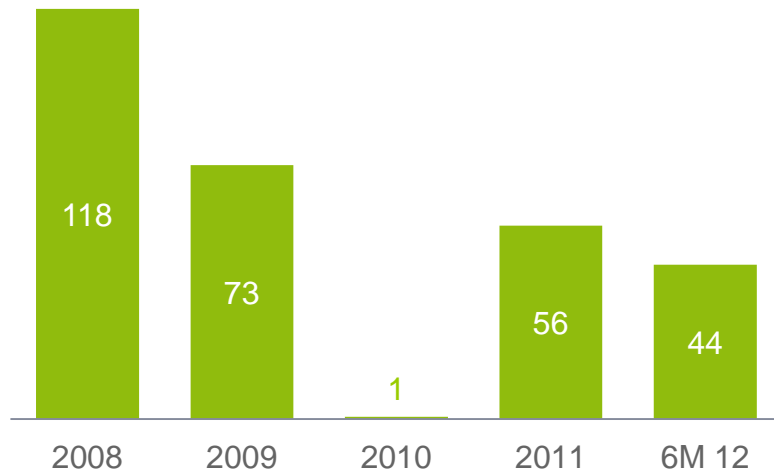
Gross written premiums: Total book of EUR 1.7 bn

In EUR mio



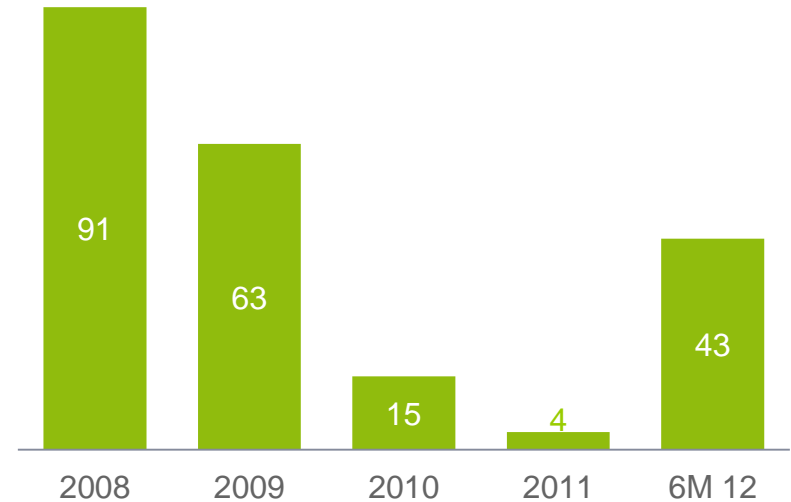
Technical result (100 %)

In EUR mio



Net result (100%)

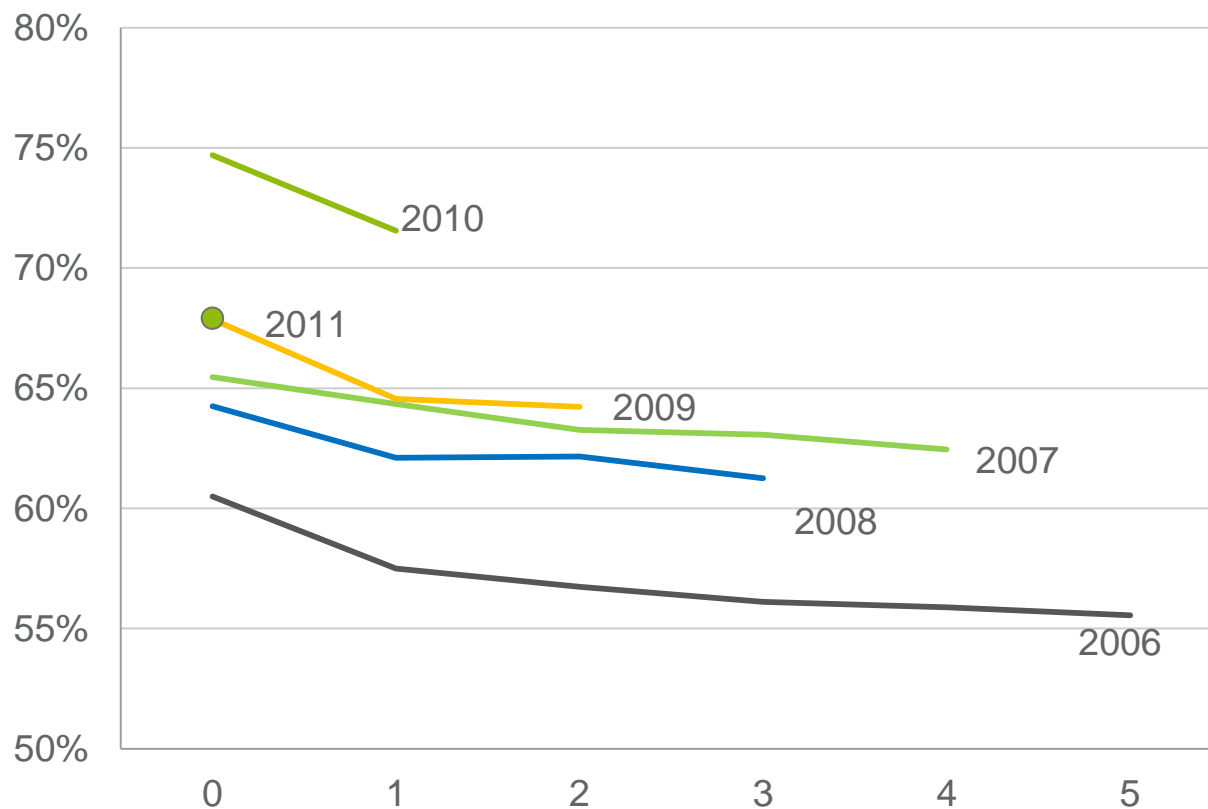
In EUR mio



Gross loss ratios evolution – AG total Non-Life (excl. Health & Health Care)



Good and consistent run-off



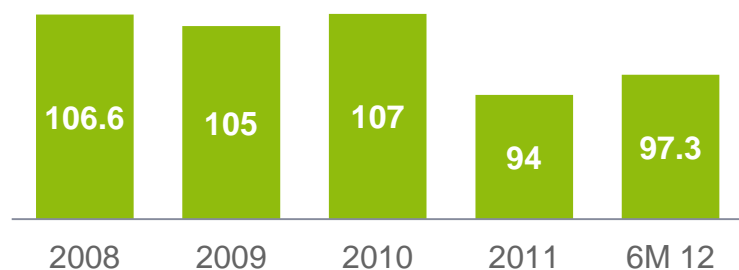
Combined Ratio

AG Insurance Combined ratio per product line

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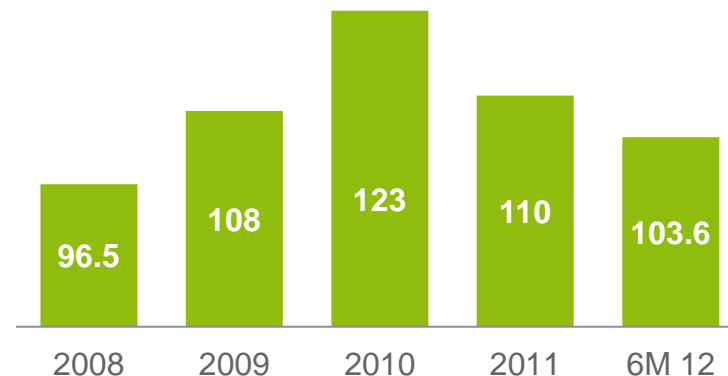
Motor

In %



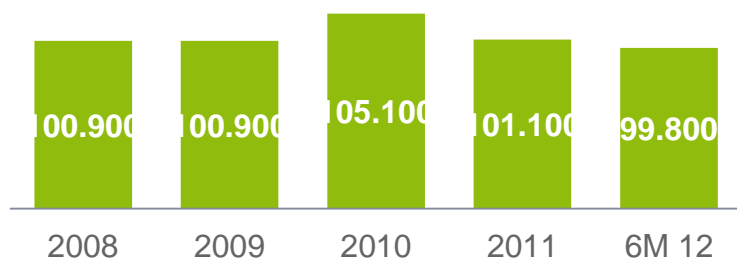
Fire

In %



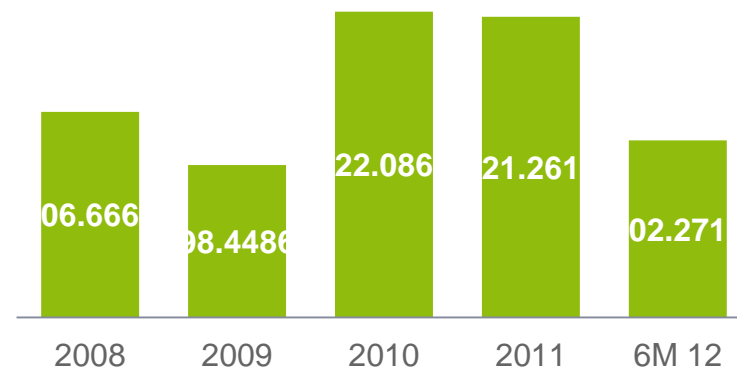
Total Non-Life

In %



Workmen's Compensation

In %



Relation between Combined Ratio and Return on Required Capital

Main hypothesis :

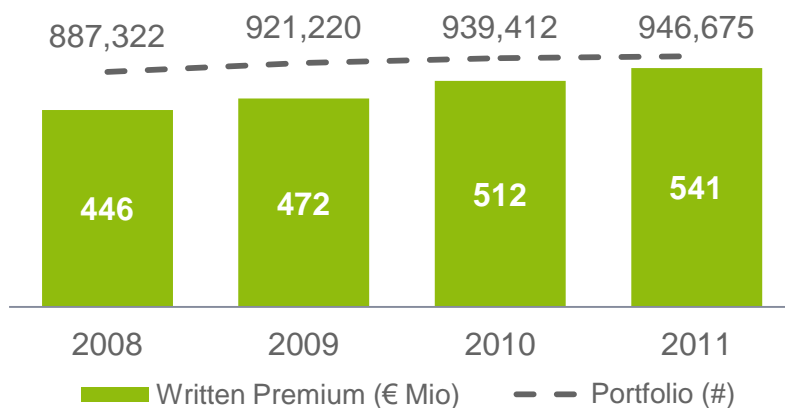
- ✓ Financial income = **3.0%**
- ✓ Tax rate = 34%

In EUR mio	Fire	Motor	WC	Health Care	Non-Life Target
Premium	100	100	100	100	100
Required Capital	32	32	52	32	34
Reserve/premium	80%	134%	648%	73%	189%
Technical results excl fin income	2.2	0.5	0.7	3.6	1.4
Combined ratio	97.6%	99.5%	99.2%	96.4%	98.6%
Investment income*	3.2	4.9	7.9	1.7	4.3
Net Profit	3.5	3.5	5.7	3.5	3.7
Return on Required Capital	11%	11%	11%	11%	11%

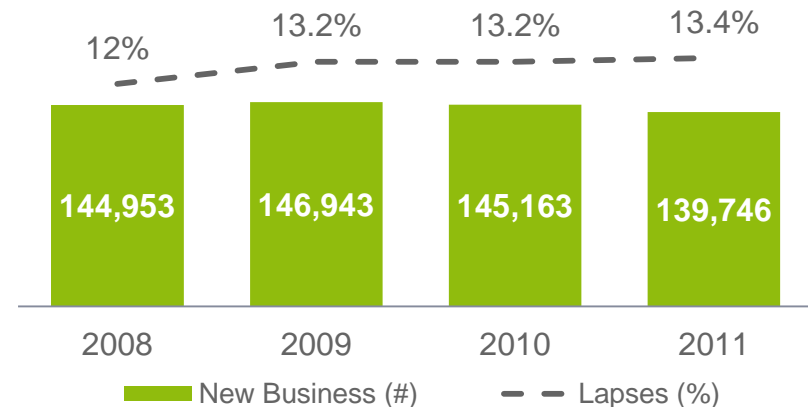
* investment income includes both allocated and non-allocated financial income but excludes the financial income linked to capitalisation factor on provisions related to Non-Life annuity business (especially in Workmen's Comp and to a lower extent Health care)

Successful turnaround in Motor...

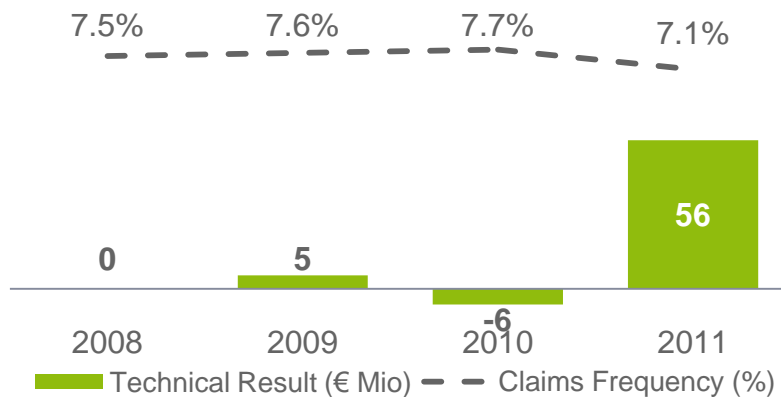
Premium & Portfolio



New Business & Lapses



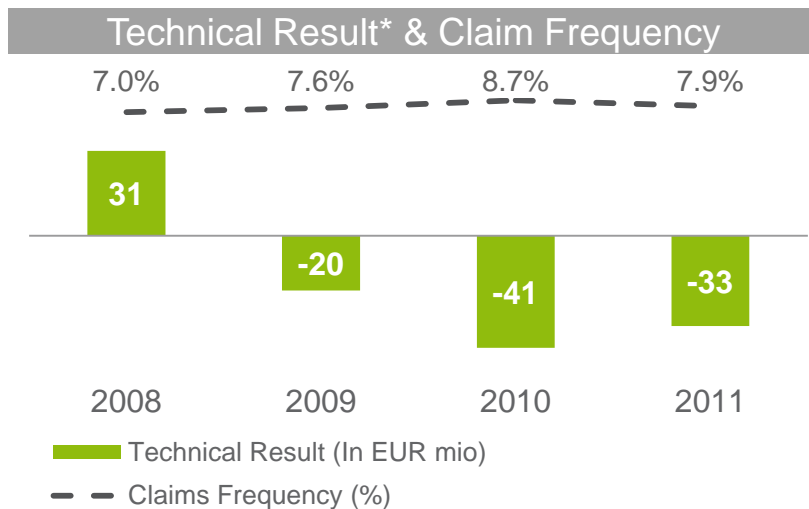
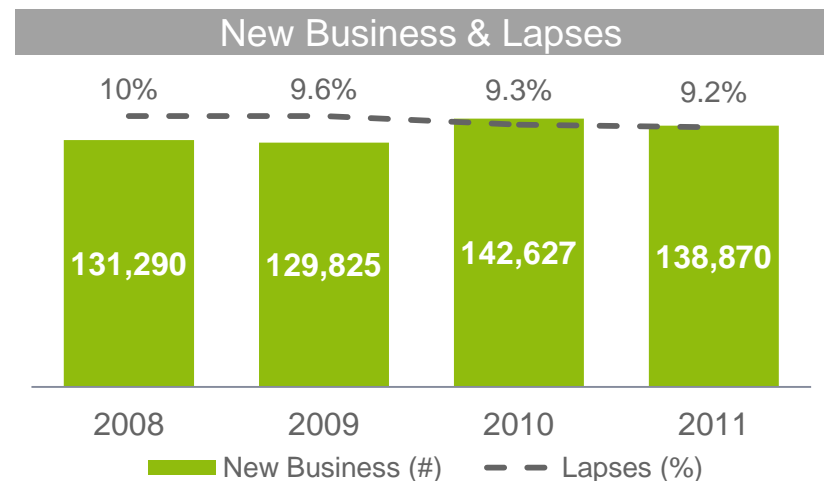
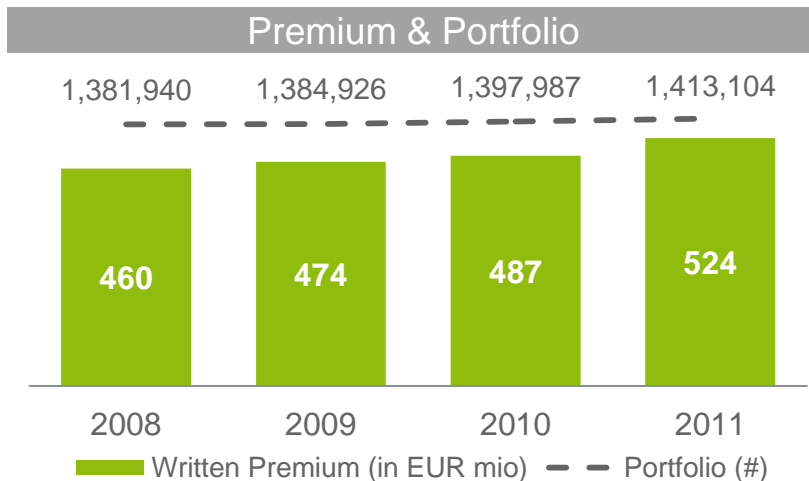
Technical Result & Claim Frequency



Comments

- Technical Result improved driven by **tariff increases** and **changed product features** (e.g. 0% deductible not actively promoted anymore).
- Adapted **pruning rules** and reviewed **underwriting guidelines**
- **Claims** frequency **dropped** in 2011

... but Fire remains below expectations



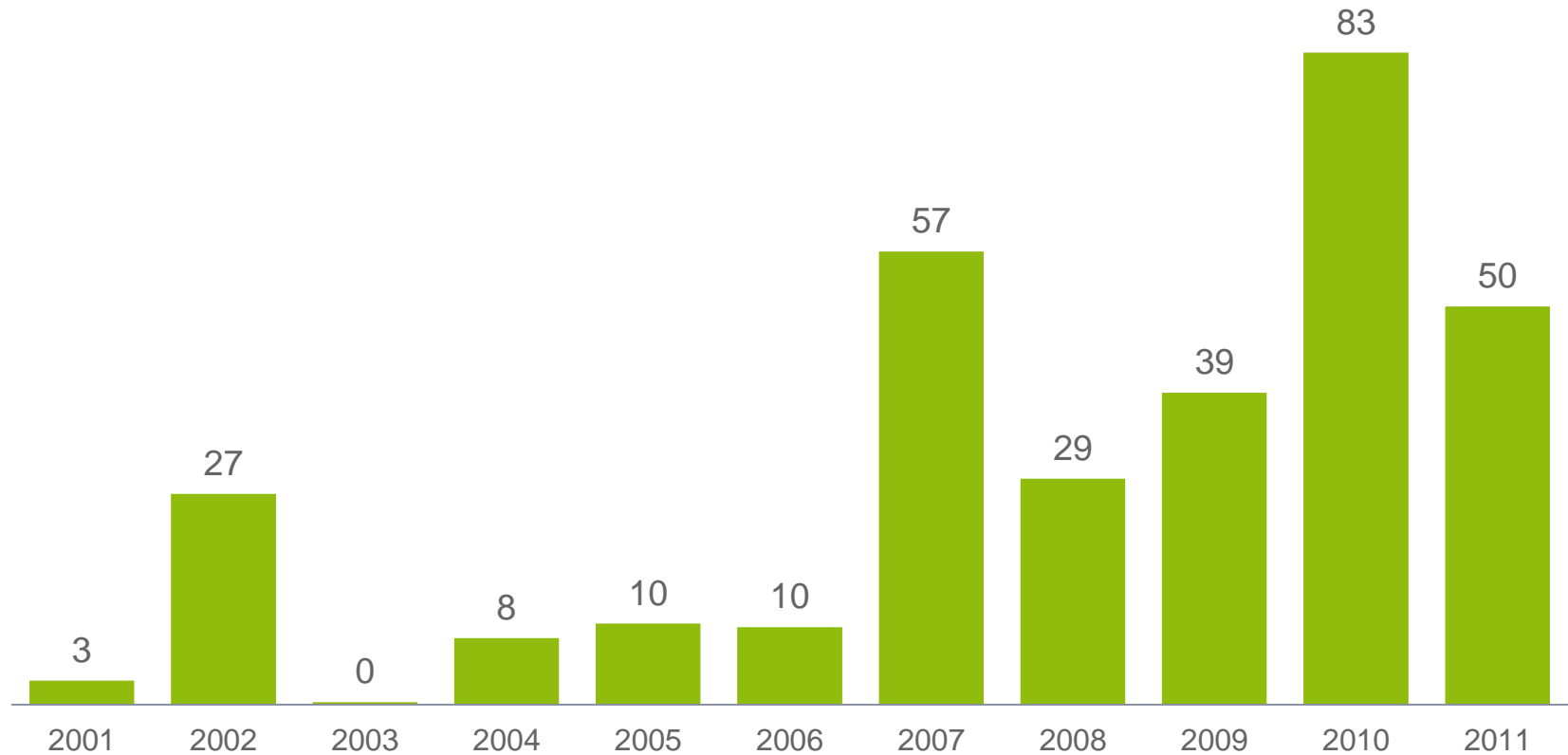
- ### Comments
- Increased claims frequency including adverse weather events in recent years
 - Consecutive tariff increases both on portfolio and on new business
 - Tightening up the underwriting criteria
 - Expansion of the segmentation
 - Increased portfolio pruning & risk (re)inspections

*Technical result includes Multiline Cover

Fire : evolution bad weather (Storm & Catnat)

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In EUR mio



Excluding IBNR – Before reinsurance

Workmen's Compensation

Specific business within Belgian Non-Life context



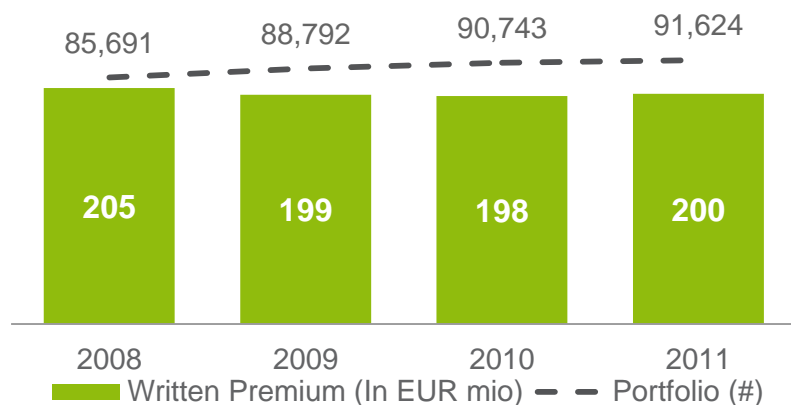
- Underwritten by the private insurance sector. Is part of social security system. Supervision by government.
- Compulsory for all private sector employers (Law of 1971) and civil servants (1967).
- No fault type. Covers accidents at work and commute traffic accidents.
- Covers medical costs & guaranteed income based on degree of disability and based on a capped reference salary

Workmen's Compensation

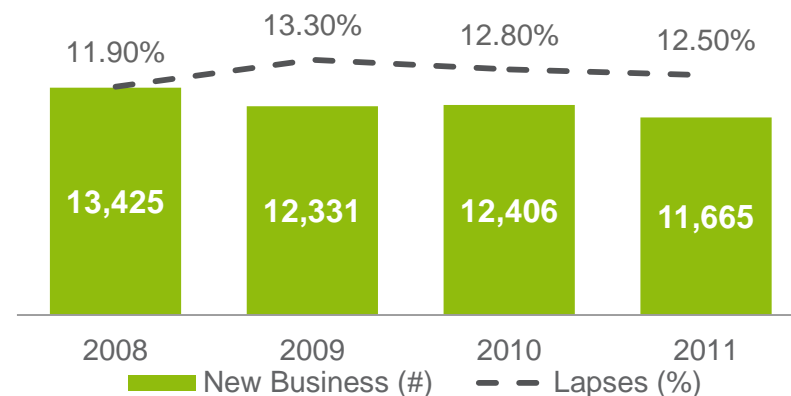
Actions to restore profitability

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Premium & Portfolio

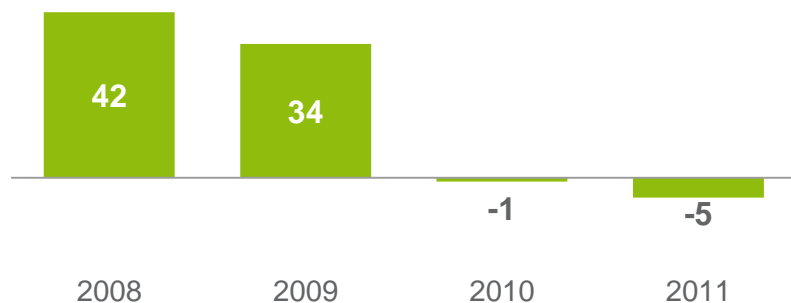


New Business & Lapses



Technical Result

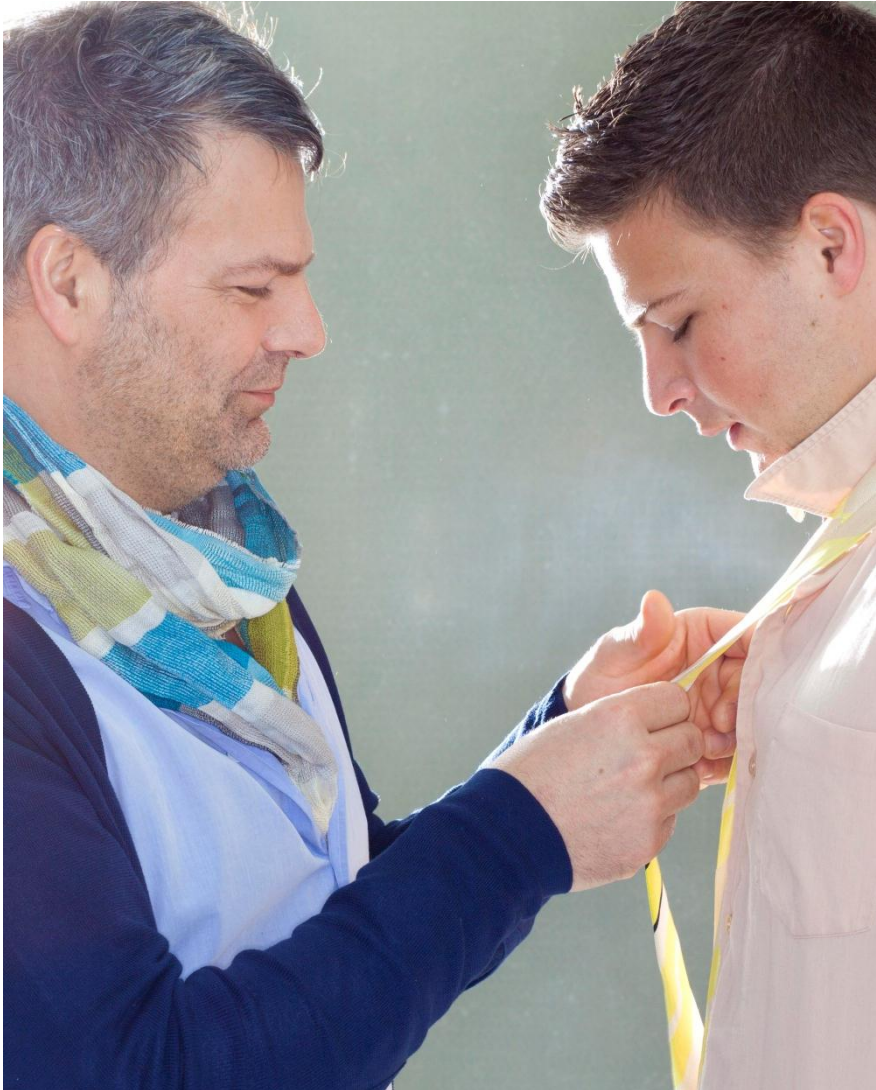
In EUR mio



Comments / Actions

- New tariff structure for new business
- General tariff increases on portfolio
- Evaluation & pruning of non profitable contracts

Note : Figures include additional cover in Corporate which is fully complementary to Workmen's Comp. contracts.



- Strong position
- Multi Channel
- Well diversified product mix
- Good underlying long term profitability
- No low price strategy
- Good progress towards target performance

Healthcare Within Ageas

Presence in Portugal, Belgium, Italy and Turkey

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FY 2011 numbers

Ageas
Bodily injuries: EUR 88 mio
Guaranteed wages/disability: EUR 94 mio
Health Care: EUR 296 mio

Belgium
Bodily injuries: EUR 48 mio
Guaranteed wages/disability: EUR 94 mio
Health Care: EUR 145 mio

Portugal
Bodily injuries: EUR 14 mio
Health Care: EUR 151 mio

Italy
Bodily injuries: EUR 27 mio

Turkey

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