

# Integration Generali NL ahead of plan

Karin Bergstein, COO

Chris Figeo, CFO

28 June 2018



a.s.r.  
de nederlandse  
verzekering  
maatschappij  
voor alle  
verzekeringen

# Key messages



Operational integration  
ahead of plan



Financial targets  
on track



Delivering on  
original investment case

# Our commitment in September 2017

## Transaction highlights

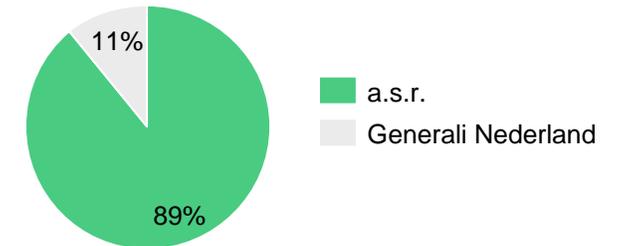
- Bolt-on acquisition in line with a.s.r.'s strategy and commitment to deploy capital for sustainable value creation. Compelling opportunity to further consolidate the Dutch insurance market
- Cash consideration of € 143m; capital injection into Life and Non-life done after closing (5 Feb)
- Pro-forma impact on a.s.r. Group Solvency II ratio of -9%pts after closing and legal merger\*\*\*

## Generali Nederland – Overview\*\*

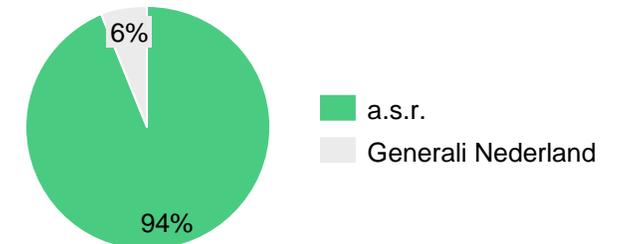
GWP 2017	€ 409m
GWP Non-life 2017	€ 313m
GWP Life 2017	€ 96m
Operating expenses 2017	€ 44m
Solvency II impact (pro forma)	ca. -9%-pts
Expected RoI	>12%

## Combined – Business mix (pro forma)

**Non-life: € 2,892m GWP in 2017\***



**Life: € 1,549m GWP in 2017\***



## High level integration planning

2018

Legal merger Life, Non-life and Holding  
Integration Funeral

2019

Integration Non-life  
Integration Individual Life

2020

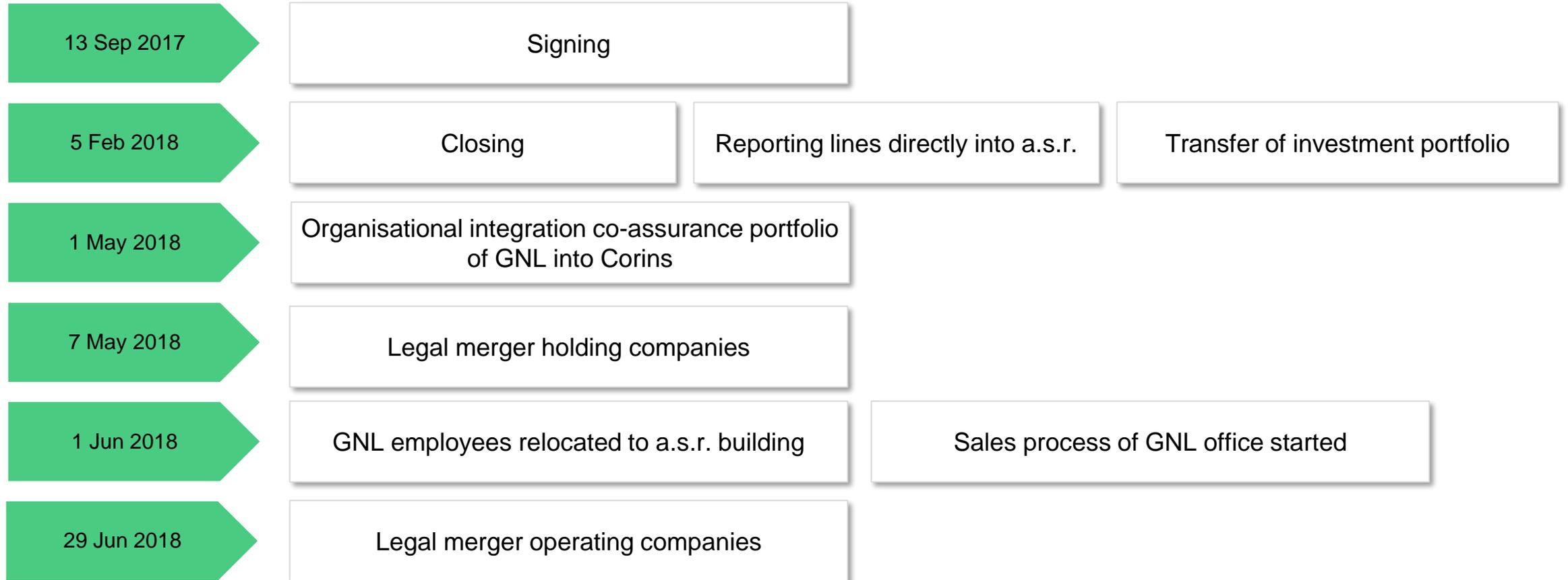
Integration Pensions

\* Excluding eliminations

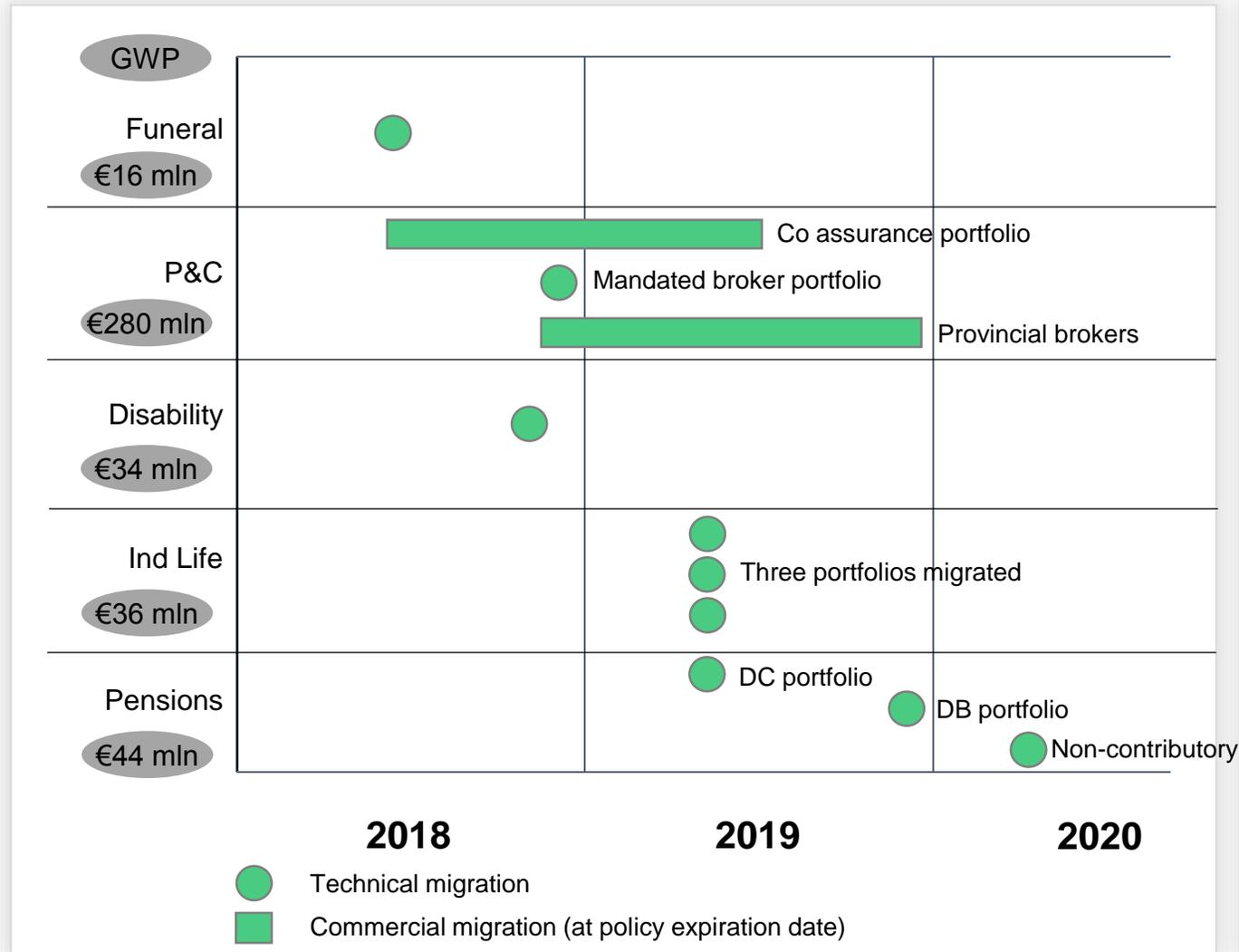
\*\* Unaudited indicative figures

\*\*\* As reported in FY17 analyst presentation, pro-forma based on FY17 SCR ratio of 196%

# What has been achieved so far



# Majority of portfolios to be migrated before mid 2019



- a.s.r.'s system and platform is the target operating model for all portfolios
- Funeral integration finalised on 1 July, well ahead of expectation (end of 2018)
- P&C: Co-assurance already operationally migrated into Corins, commercial conversion will take one year. Extensive use of robotics for commercial migration of provincial broker portfolio. Completed over 12 month renewal period
- Migration GNL Individual Life prioritised over existing service books within a.s.r. GNL book will be integrated in H1 2019, while the remaining book of individual life will be finalised in H2 2019
- Pensions: all active premium paying contracts will be migrated prior to 1/1/2020, due to the introduction of IFRS 17. Final non-contributory portfolio will be partly migrated in 2019 and partly in H1 2020
- IT systems can be shutdown once the migration of the portfolio is realised. Hence, financial impact of IT migration will be back-end loaded

# Strong progress on headcount reduction



- Total GNL workforce decreased from 312 to 187 employees (1/6), including the impact of 99 employees who opted for the social plan
- Expectation is that the number of former GNL employees, employed by a.s.r., will be <150 at end of 2018
- First wave of reductions has been realised in staff functions as of June. Reductions in business lines will follow in line with portfolio migration
- 32 internal vacancies have been fulfilled by former GNL employees
- Management functions have been reduced. As of June, only 3 operational team management functions are still in place
- Former GNL employees fall under a.s.r.'s collective labour agreement (CLA)

# Taking control of the business, the in-force book and sales

## P&C

- Price increases (mandated broker and motor) and termination of structurally loss-making contracts
- Risk selection to exclude risks not within Risk Appetite
- Migration to a.s.r. products
- Preparation re-insourcing bodily injury

## Disability

- Visited all brokers and informed them about migration of portfolio. New production already on a.s.r. terms and conditions
- Close collaboration between teams in order to optimise processes and procedures
- Trial conversion currently pending in advance of actual conversion

## Individual life

- Preparation of product analysis for start of migration completed. Product rationalisation decisions have been made
- Term life product of GNL has been terminated. Certain product features of the former GNL term life product has been added to the a.s.r. term life product

## Pensions

- Engaged with brokers regarding the premium paying portfolio. Contract expirations will receive an a.s.r. DC offer
- Discussion with clients with separate accounts started to offer other pension solutions

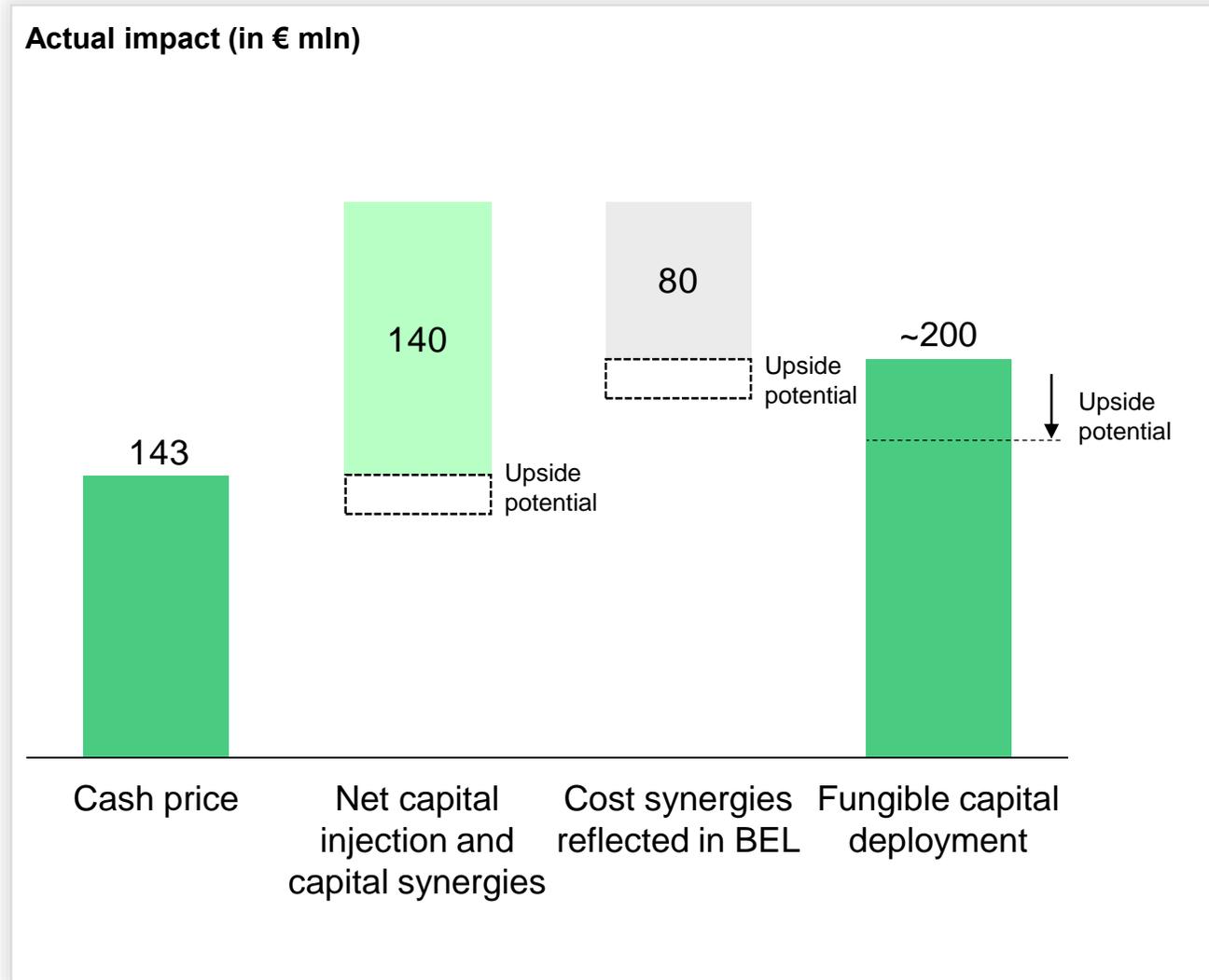
## Funeral

- Technical conversion ahead of plan
- Migration to be realised July 1<sup>st</sup>

## Investment portfolio

- Italian bond exposure sold directly after migration of investment portfolio
- Partly re-risked portfolio
- Corporate bonds that were non-compliant with a.s.r. ESG policy have been sold
- Utilise fiscal reinvestment reserve

# Capital deployment and investment case conform plan with further upside potential



- Impact (pro-forma) of 9%pts SII after closing and legal merger

Net capital injection according to plan. Underlying movements:

- Increased prudency reserving motor and disability within Non-life
- Additional business written and business developments in H2 2017 by GNL Non-life
- Additional diversification benefits due to Non-life strengthening of reserves, level 3 diversification and risk margin
- Small increase in LACDT benefits

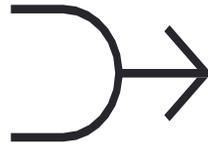
Further capital and costs synergies are possible, e.g.:

- Additional cost synergies due to faster pace of integration of portfolios and higher reduction of FTE
- Reinsurance of mass lapse risk of GNL (2019)

SII developments outside scope:

- Capital injection for re-risking
- Market movements e.g. VA development and UFR reduction

# Key take-aways



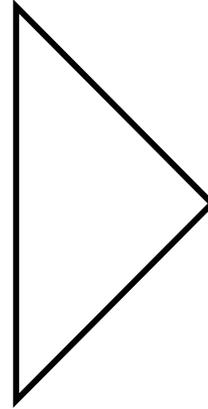
Operational integration  
ahead of plan



Financial targets  
on track



Delivering on  
original investment case



- **Operational migration and integration is first priority and key driver for future performance and realisation of synergies e.g.:**
  - Full control of the business from date of closing
  - Underwriting on a.s.r. standards and processes
  - Legal mergers accomplished ahead of plan
  - Integration of IT systems on track, headcount reduction ahead of plan
  - Majority of portfolio integration expected to be completed before mid 2019
  - GNL employees moved to a.s.r. building and on CLA of a.s.r.
  - GNL office: LOI from potential buyer, expected to be sold H2 2018

## IR contact details

Email: [ir@asr.nl](mailto:ir@asr.nl)

Michel Hülters +31 (0)6 15 49 95 69

Barth Scholten +31 (0)6 30 44 15 71

Vincent Uriot +31 (0)6 10 44 82 34

# Disclaimer

## Cautionary note regarding forward-looking statements

The terms of this disclaimer ('Disclaimer') apply to this document of ASR Nederland N.V. and all ASR Nederland N.V.'s legal vehicles and businesses ('ASR Nederland'). Please read this Disclaimer carefully.

Some of the statements in this document are not (historical) facts, but are 'forward-looking statements' ('Statements'). The Statements are based on our beliefs, assumptions and expectations of future performance, taking into account information that was available to ASR Nederland at the moment of drafting of the document. The Statements may be identified by words such as 'expect', 'should', 'could', 'shall' and similar expressions. The Statements may change as a result of possible events or factors.

ASR Nederland warns that the Statements could entail certain risks and uncertainties, so that the actual results, business, financial condition, results of operations, liquidity, investments, share price and prospects of ASR Nederland may differ materially from the Statements.

The actual results of ASR Nederland may differ from the Statements because of: (1) changes in general economic conditions; (2) changes in the conditions in the markets in which ASR Nederland is engaged; (3) changes in the performance of financial markets in general; (4) changes in the sales of insurance and/or other financial products; (5) the behaviour of customers, suppliers, investors, shareholders or competitors; (6) changes in the relationships with principal intermediaries or partnerships or termination of relationships with principal intermediaries or partnerships; (7) the unavailability and/or unaffordability of reinsurance; (8) deteriorations in the financial soundness of customers, suppliers or financial institutions, countries/states and/or other counterparties; (9) technological developments; (10) changes in the implementation or execution of ICT systems or outsourcing; (11) changes in the availability of, or costs associated with, sources of liquidity; (12) consequences of a potential (partial) termination of the European currency: the euro or the European Union; (13) changes in the frequency or severity of insured loss events; (14) catastrophes or terrorist-related events; (15) changes affecting mortality or morbidity levels or trends or changes in longevity; (16) changes in

laws or regulations and/or changes in the interpretation thereof, including without limitation Solvency II, IFRS and taxes; (17) changes in the policies of governments and/or regulatory or supervisory authorities; (18) changes in ownership that could affect the future availability of net operating loss, net capital or built-in loss; (19) changes in conclusions with regard to accounting assumptions or methodologies; (20) adverse developments in legal and other proceedings and/or investigations or sanctions taken by supervisory authorities; (21) risks related to mergers, acquisitions, or divestments (22) other financial risks such as currency movements, interest rate fluctuations, liquidity, or credit risks and (23) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by ASR Nederland.

The foregoing list of factors and developments is not exhaustive. Any Statements made by or on behalf of ASR Nederland only refer to the date of drafting of the document, except as required by applicable law. ASR Nederland disclaims any obligation to update or revise and publish any expectations, based on new information or otherwise. Neither ASR Nederland nor any of its directors, officers, employees give any statement, warranty or prediction on the anticipated results as included in the document. The Statements in this document represent, in each case, only one of multiple possible scenarios and should not be viewed as the most likely or standard scenario.

All figures in this document are unaudited. Small differences may be included in the tables as a consequence of rounding.

ASR Nederland has taken all reasonable care in the reliability and accurateness of this document. Nevertheless, information contained in this document may be incomplete or incorrect. ASR Nederland does not accept liability for any damages resulting from this document in case the information in this press release is incorrect or incomplete.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.