

# ALLIANZ SUISSE

Severin Moser  
CEO Allianz Suisse

Munich  
June 26, 2018



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# Switzerland at a glance

## Key data 2017

- Population 8.5mn
- GDP (CHF) 677bn
- GDP/capita (CHF) ~80,000
- Inflation 0.5%
- Insurance penetration<sup>1,2</sup> P/C 4.1%, Life 4.7%
- Country rating (S&P) AAA

## Market specifics

### P/C

- Mature market, highly concentrated (top 5 players have 69% market share) with distribution dominated by agents
- Highly profitable market with an average combined ratio which is stable around 90%

### Life

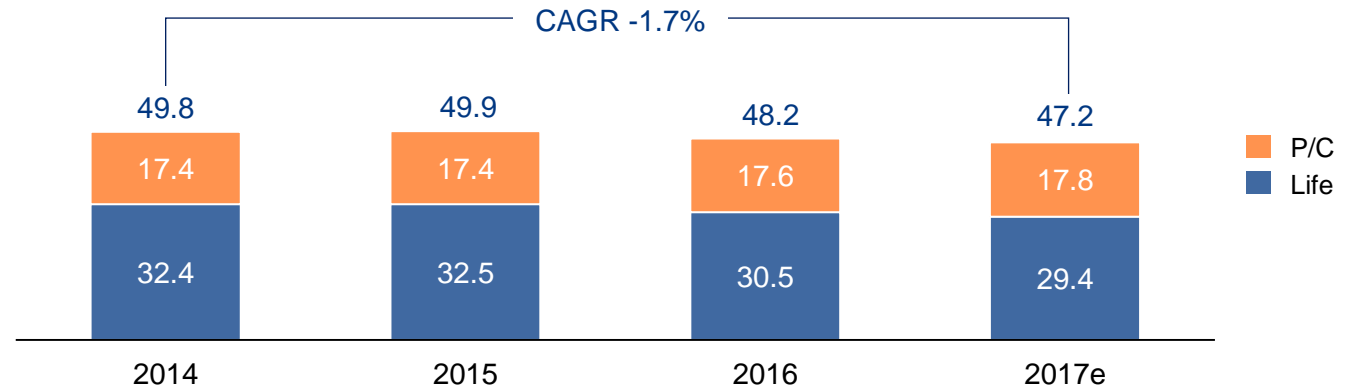
- Mature market, highly concentrated (top 5 players have 85% market share) with distribution dominated by agents
- Challenging business environment due to volatile financial markets and low interest rates
- Market trend towards capital-light products

1) GPW in % of GDP (2016); source: OECD

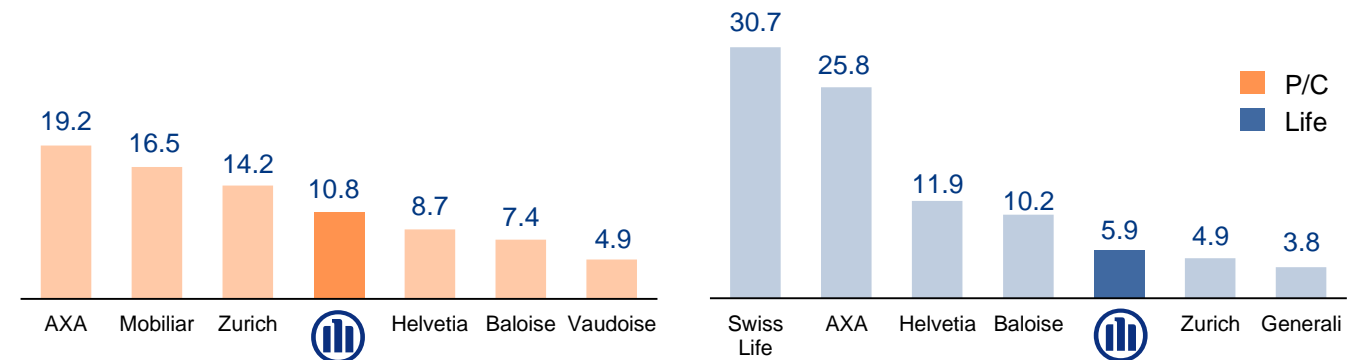
2) P/C incl. health insurance providers which are not peers of Allianz Suisse

3) 2017: Allianz estimate

## Market size and growth<sup>3</sup> (GPW, CHF bn)



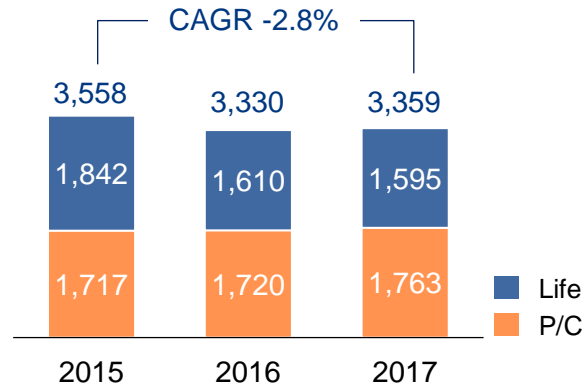
## Market shares 2017<sup>3</sup> (GPW, %)



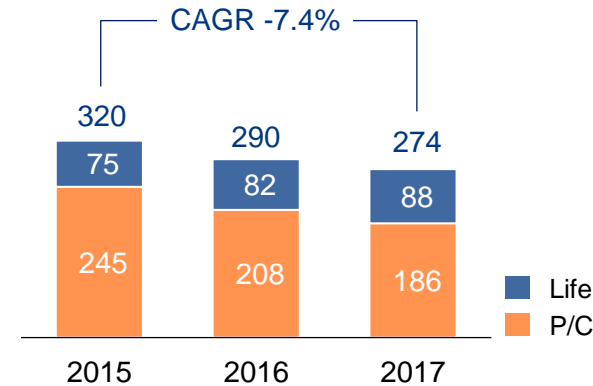


# Allianz Suisse (1)

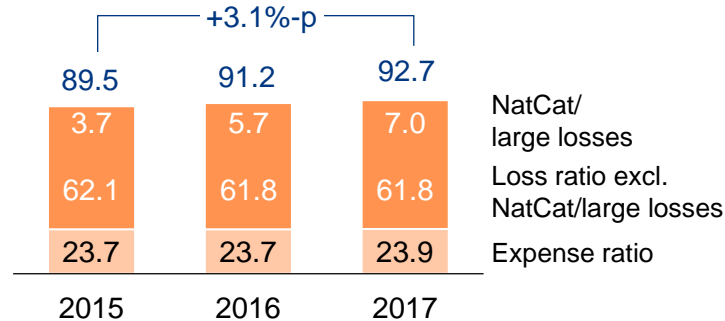
Revenues<sup>1</sup> (EUR mn)



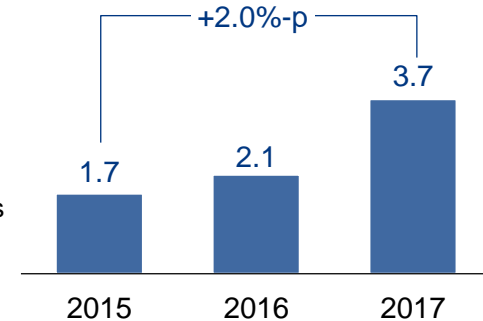
Operating profit<sup>2</sup> (EUR mn)



Combined ratio (%)



New business margin Life<sup>3</sup> (%)



## Highlights

- More than 1mn private and more than 100,000 corporate customers
- Best in class AA- rating from S&P (Swiss primary insurance companies)
- Successful multichannel distribution platform
  - Large agent network: ~1,120 agents with 40 general agencies and ~120 branch offices in all regions of Switzerland
  - Broker, cooperations and direct as additional distribution channels with favorable market positions
- P/C: 3rd consecutive year with growth above market and stable underlying profitability adjusted by impact of NatCat/large losses
- Life: strong profitability improvement due to successful management of in-force business and shift to non-classic products in new business

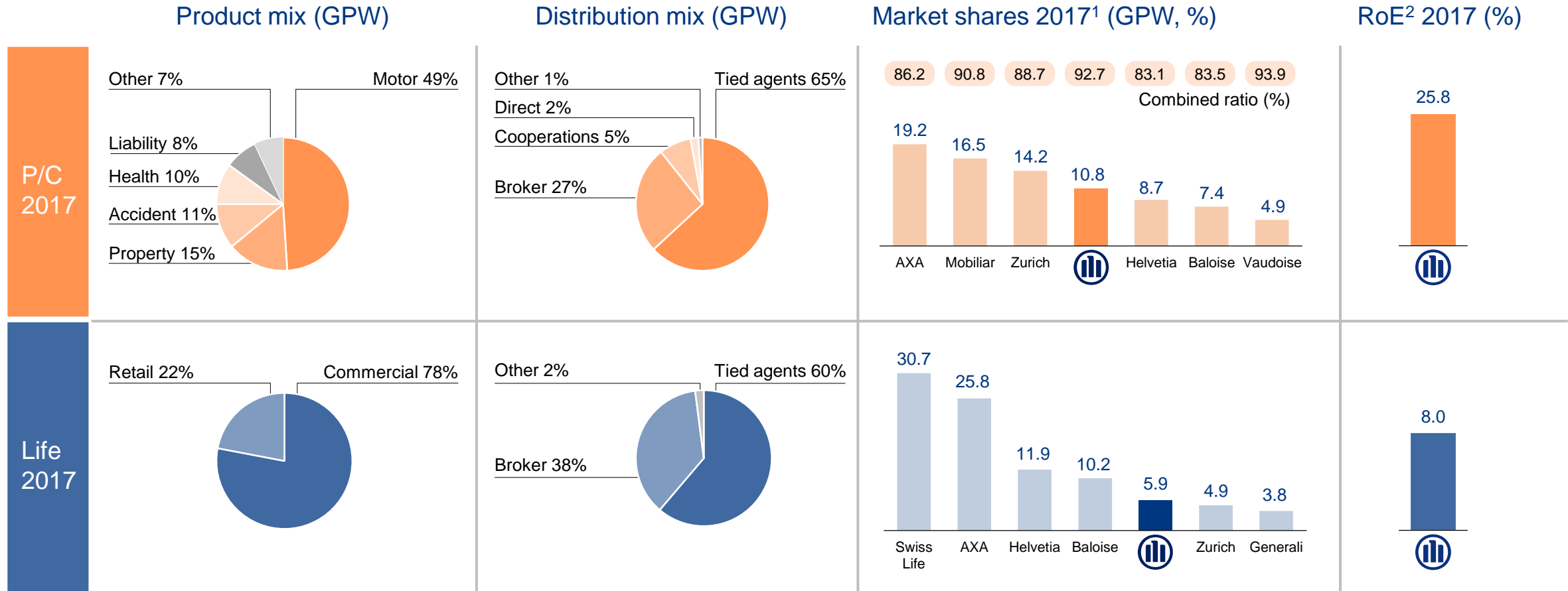
## Key milestones

- 2002 Merger of ELVIA, Berner Versicherung and Allianz to Allianz Suisse
- 2007 Sale of active reinsurance portfolio
- 2008 Start of direct business via allianz24.ch
- 2010 Sale of subsidiaries Alba and Phenix
- 2011 Full acquisition of Quality1 (#1 in warranty insurance)
- 2017 Foundation of Elvia e-invest (robo advisor)
- 2018 Allianz Suisse buys legal protection insurance subsidiary DAS Switzerland to reach leading position in Swiss legal insurance market

1) Internal growth (CAGR): P/C +2.3%; Life -5.9%; total -1.9%  
 2) Internal growth (CAGR): P/C -11.4% (-0.6% w/o NatCat/large losses); Life +10.7%; total -5.7%  
 3) Last liquid point: 15 yrs.; LLP 25 yrs.: NBM 0.8% / 3.4% in 2016 / 2017



# Allianz Suisse (2)



1) Allianz estimate  
2) Excl. unrealized gains/losses on debt securities (net of shadow DAC) and goodwill

# ALLIANZ BENELUX

Anthony Bradshaw  
CEO Allianz Benelux

Munich  
June 26, 2018






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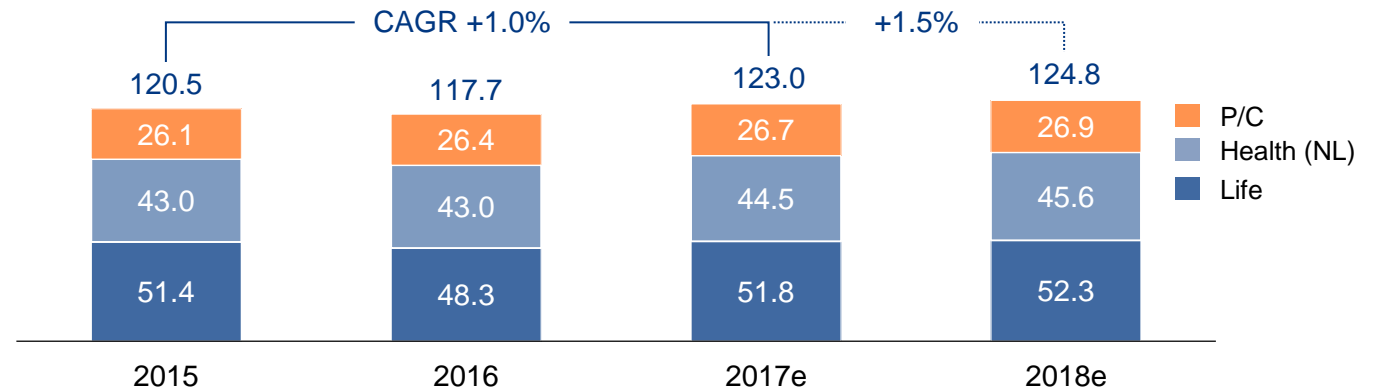


# Benelux at a glance

## Key data 2017

	BE 	NL 	LUX 
• Population	11.4mn	17.1mn	0.6mn
• GDP (EUR)	437bn	733bn	55bn
• GDP/capita (EUR)	~38,500	~42,900	~93,800
• Inflation	2.1%	1.4%	2.1%
• Insurance penetration P/C <sup>1</sup>	2.6%	8.3%	2.6%
• Insurance penetration Life <sup>1</sup>	3.7%	2.1%	1.9%
• Country rating (S&P)	AA	AAA	AAA

## Market size and growth (GPW, EUR bn)<sup>2</sup>



## Market specifics

- Accelerating shift in customer behavior and expectations, including digital exchange
- In 2017 Nationale Nederlanden acquired Delta Lloyd, Generali withdrew from Benelux market
- Allianz is the only global player active in the Benelux market

### P/C

- Continuous reinforcement of the SME market as cornerstone of our economies leads to opportunities in this insurance segment
- Motor market in the Netherlands has been unprofitable for years, but market is hardening (market motor CR 2017 105% vs. 115% in 2016)

### Life

- Shift to unit-linked products accelerated by continuous low interest rate environment
- Transparency requirements will increase market pressure to reprice and convert our value proposition and portfolio (especially in the Netherlands)

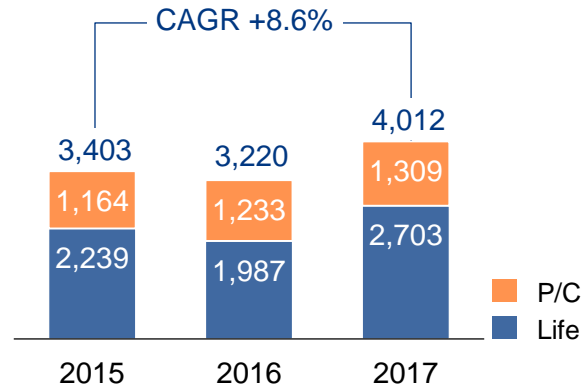
1) GPW in % of GDP (2016)

2) 2017e and 2018e Allianz estimate

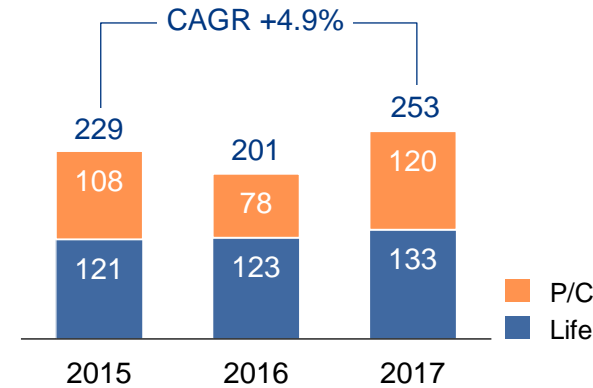


# Allianz Benelux<sup>1</sup> (1)

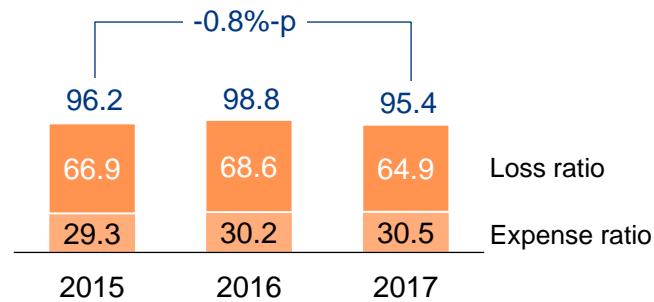
## Revenues (EUR mn)



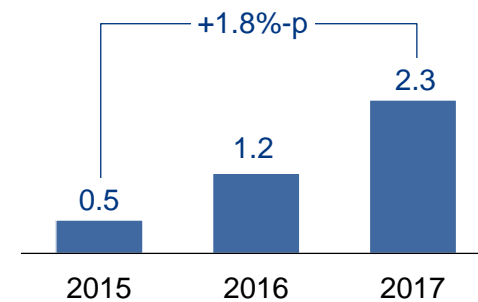
## Operating profit<sup>2</sup> (EUR mn)



## Combined ratio (%)



## New business margin Life (% w/o look through profits)



## Highlights

- Solid contributor to Allianz Group operating profit
- Exceeding EUR 4bn topline for the first time in 2017, supported by significant growth of Life portfolios in BE and LUX. Also strong contribution from both L/H and P/C in NL
- Significant performance strengthening of the AllSecur franchise, leading market position in new customer acquisition in the Netherlands

## Key milestones

- 2003 Allianz NL created from merger between Royal NL and Zwolsche Algemeene
- 2007 Allianz acquires 100% of AGF. AGF BE becomes Allianz BE
- 2008 AGF Life Luxembourg becomes Allianz Life Luxembourg
- 2012 Allianz acquires Mensura's insurance activities. Merger of Allianz Life Luxembourg and Nemian Life & Pensions
- 2012 Allianz Benelux becomes first regional OE
- 2016 Acquisition of Aegon commercial P/C portfolio in NL

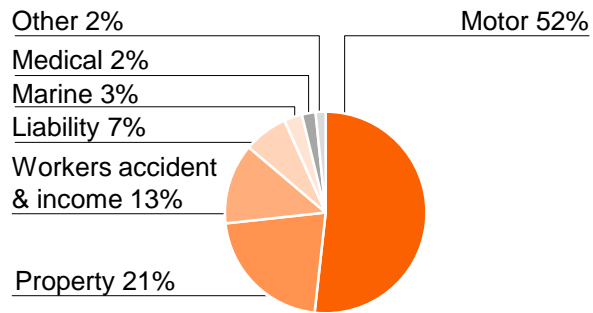
1) All figures presented before pan-European quota share reinsurance contract

2) Excluding banking activities divested in 2017

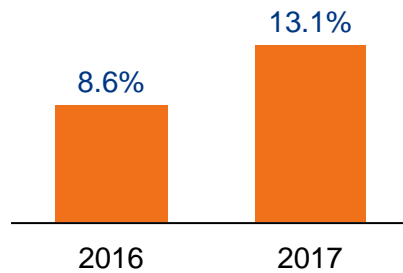


# Allianz Benelux (2) – P/C

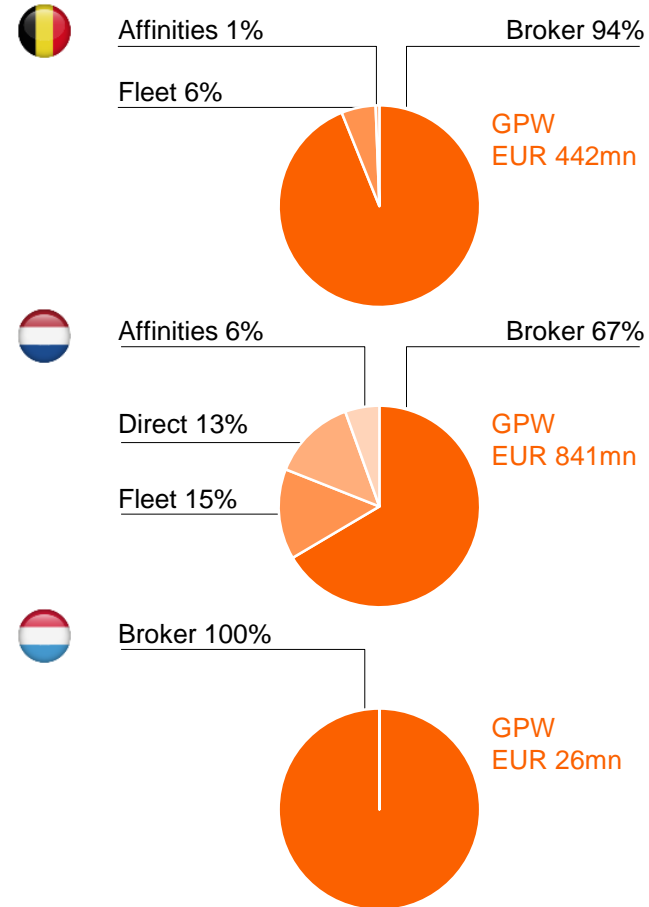
## Product mix 2017 (GPW)



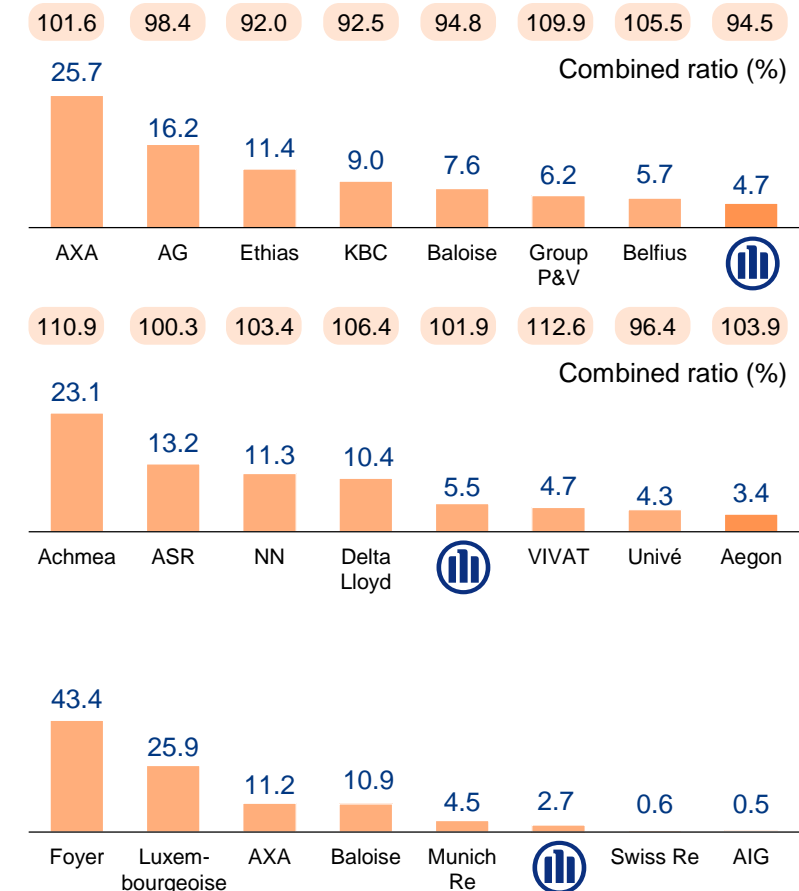
## RoE<sup>1</sup>



## Distribution mix 2017 (GPW)



## Market shares 2016<sup>2</sup> (GPW, %)



1) Excl. unrealized gains/losses on debt securities (net of shadow DAC) and goodwill

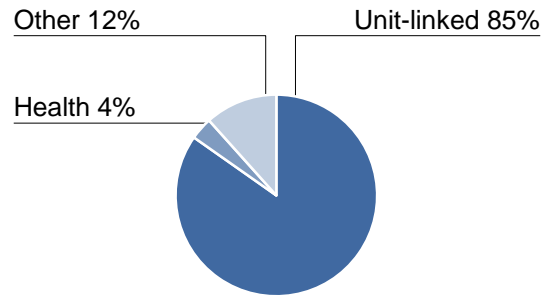
2) Market shares for Allianz excluding AGCS, Euler Hermes and Allianz Assistance



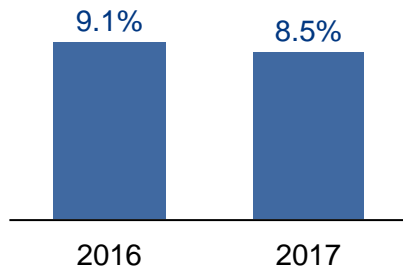


# Allianz Benelux (3) – Life

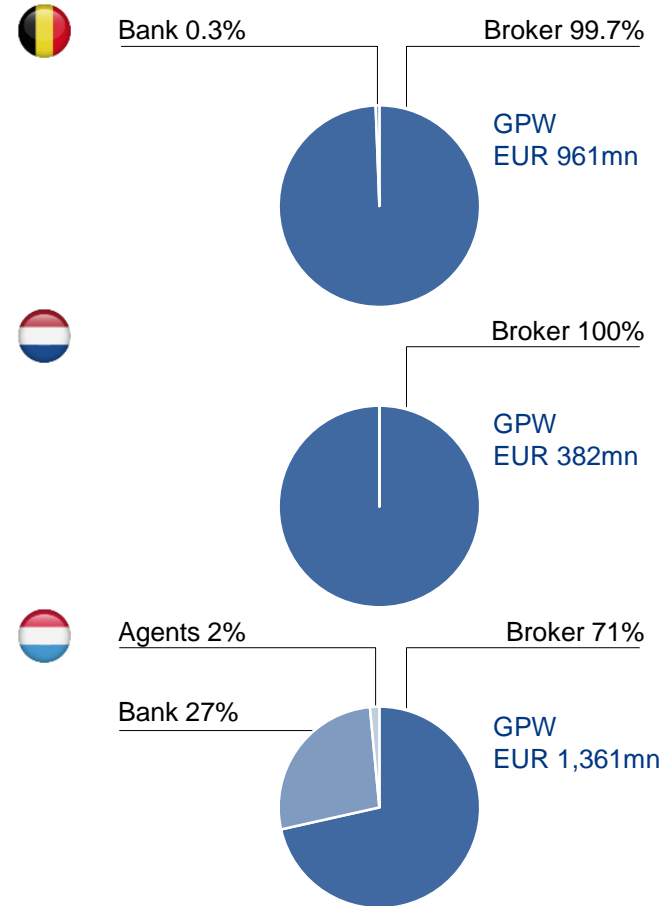
Product mix 2017 (GPW)



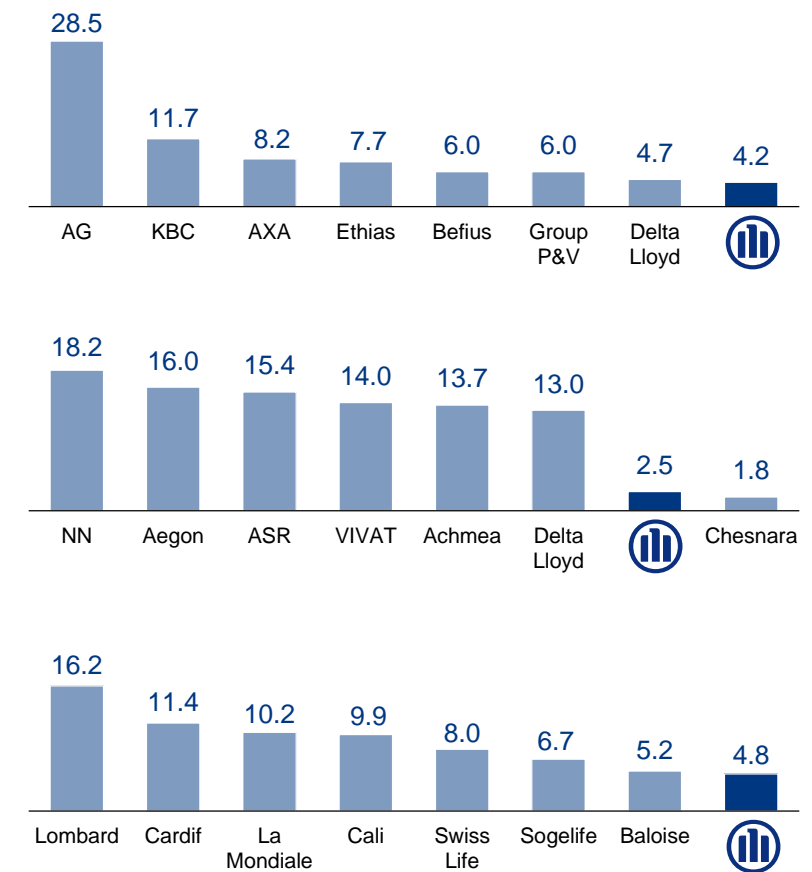
RoE<sup>1</sup>



Distribution mix 2017 (GPW)



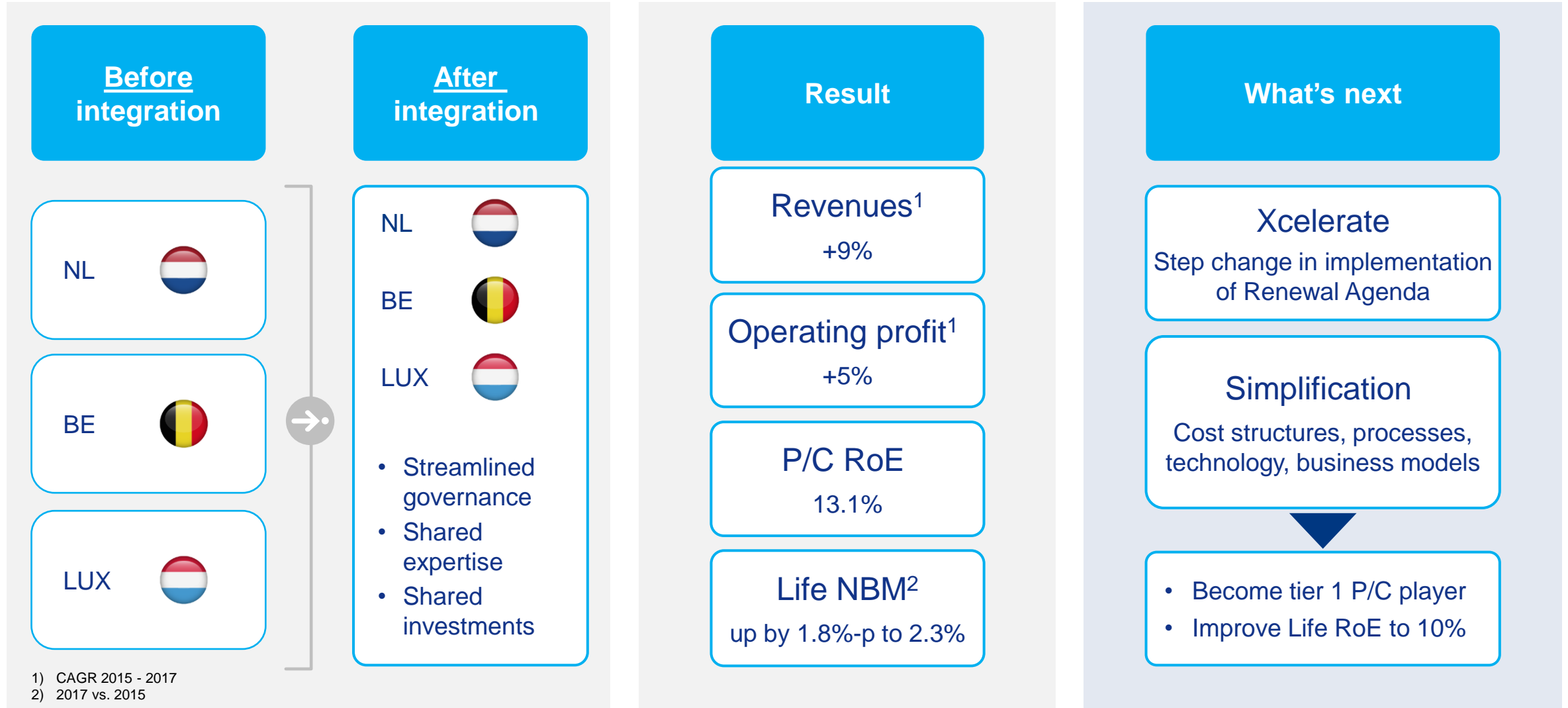
Market shares 2016<sup>2</sup> (GPW, %)



1) Excl. unrealized gains/losses on debt securities (net of shadow DAC) and goodwill  
 2) Market shares for Allianz excluding AGCS, Euler Hermes and Allianz Assistance



# Key messages Allianz Benelux



# ALLIANZ RE

Amer Ahmed  
CEO Allianz Re

Munich  
June 26, 2018



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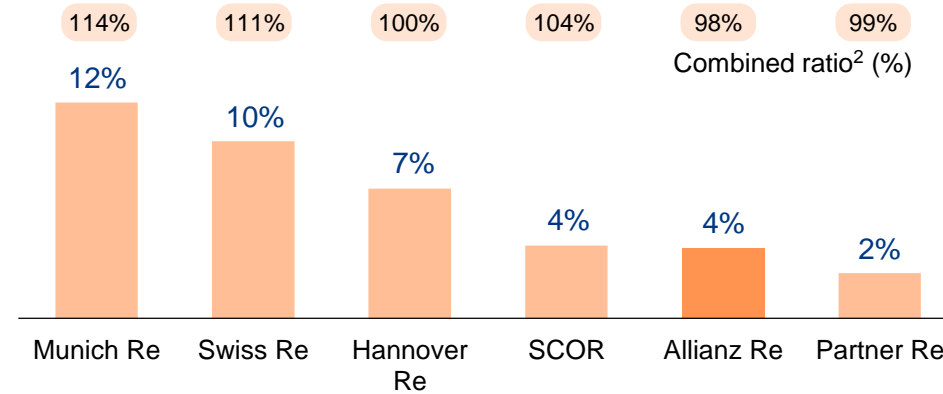


# Reinsurance market at a glance

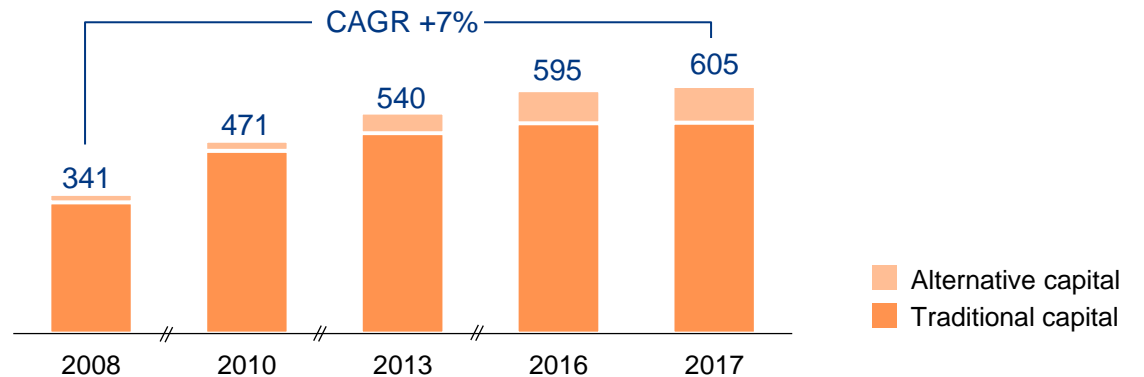
## Market specifics

- 2017 average combined ratio of leading group of P/C reinsurers was ~109%
- Despite record NatCat losses in 2017, global reinsurance capital remained at record levels
- Due to ongoing excess supply and overall market resilience at 2018 renewals, rate firming was generally moderate and pricing shifts focused on client-specific justification
- Increased focus on matching risks with the most efficient source of capital
- Increasing focus on data as a sustainable competitive advantage
- Growth segments include emerging markets, public-private partnerships, solvency relief transactions, structured deals and legacy portfolios

## P/C reinsurance market shares<sup>1</sup> (2017)



## Global reinsurance capital<sup>3</sup> (USD bn)

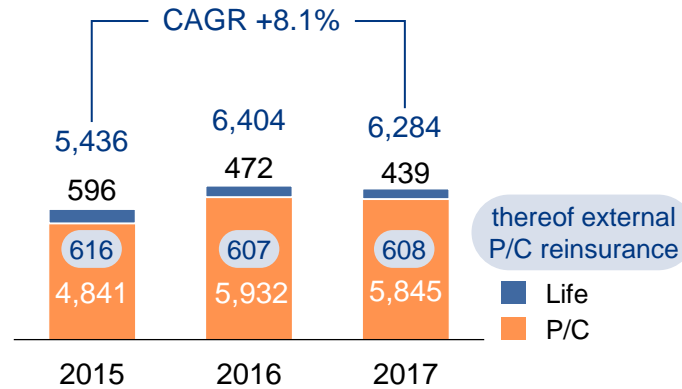


1) Source: companies' annual reports. Overall reinsurance market based on Swiss Re estimations (non-life USD 170bn). Allianz Re figures before consolidation. Listed peers only  
 2) CR calculated here may differ from the ones reported by the companies as the allocated investment income has not been taken into account  
 3) Source: Aon Benfield

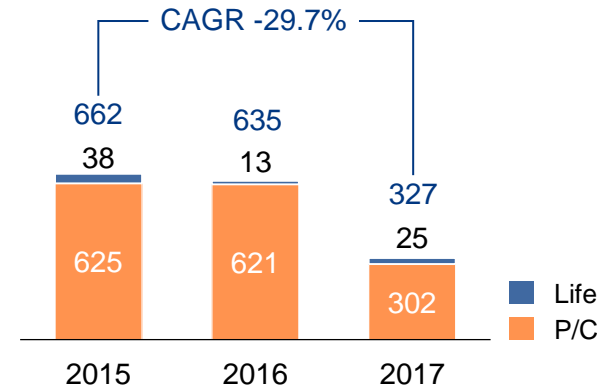


# Allianz Re (1)

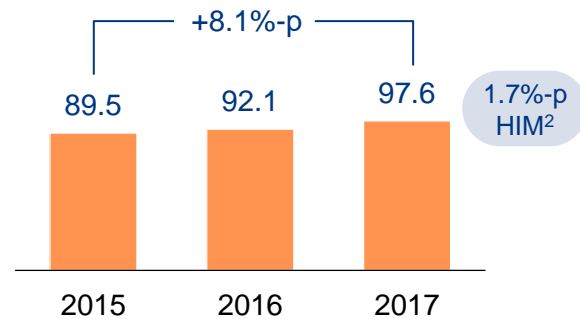
## Revenues<sup>1</sup> (EUR mn)



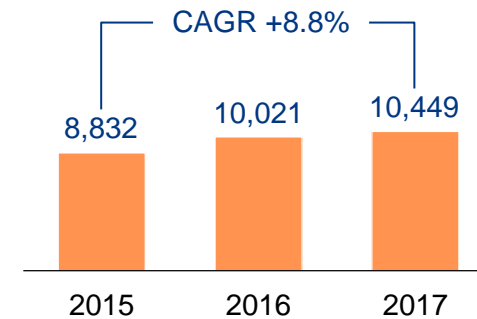
## Operating profit (EUR mn)



## Combined ratio (%)



## P/C reserves (EUR mn)



## Highlights

- Allianz Re is the primary reinsurer for Allianz Group companies worldwide
  - Coordinates Group's reinsurance activities
  - Manages volatility and monitors exposure
  - Center of Expertise for NatCat risks and agriculture re/insurance
  - Fosters growth by providing tools and services to OEs
- Allianz Re also provides solutions to selected external customers, diversifying our internal portfolio
- 1 in 4 Euros of Group P/C premium flows through AZ Re systems
- Cumulative OP > EUR 3bn over last 10 years

## Key milestones

- 2006-07 • Internal reinsurance optimization: non-mandatory cessions from local entities to AZ Re
  - Cat retro: SuperCat and MegaCat programs introduced
- 2008-10 • Internal reinsurance optimization: first mandatory cessions to AZ Re
  - Agriculture: Center of Expertise created
- 2013-14 • Capital management: first transaction to optimize capital of local entities
- 2015-16 • Allianz Resolution Management: Center of Expertise for managing legacy business
- 2017-18 • AZ Re Bermuda Life: new reinsurance carrier set up
  - MidCorp: tools and services to support OE growth

Focus: reinsurance pooling

Focus: Group portfolio management

1) Before Group consolidation  
2) Hurricanes Harvey, Irma and Maria

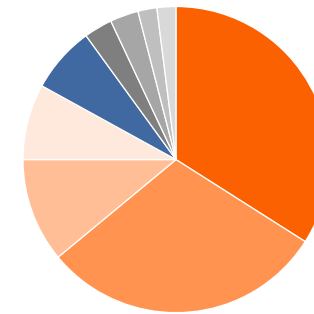


# Allianz Re (2)

## Global set up



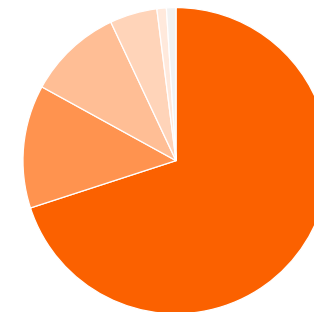
## Lines of business



GPW 2017 by LoB

Property	34%
Motor	30%
Liability	11%
Credit risks	8%
Life & Health	7%
Engineering	3%
Marine	3%
Agriculture	2%
Personal Accident	2%

## Global reach



Western Europe	70%
Global lines	13%
Asia Pacific	10%
CEEMA	5%
USA & Canada	1%
Latin America	1%



Allianz Re's risk portfolio is well diversified by both lines of business and geography



# AZ Re contributes to Group objectives in several dimensions

## PROFIT CONTRIBUTION

Reducing annually ceded profits by **EUR ~150mn**

Commutation activities to free up reinsurance assets with external reinsurers

Current recoverables of **~EUR 9bn**

### RIO pool

Retaining profits from OE ceded reinsurance and building the foundation for portfolio management

### Legacy

Actively managing legacy risks, simplifying legacy OE reinsurance treaties and maximizing ceded reinsurance asset

## GROWTH GENERATION

### OE growth

Bringing tools, scale and capabilities to OEs for local deployment

### Agriculture

Center of Expertise supporting OEs in agriculture business and developing third party business for Allianz Group

L/H: **87 products** launched with OEs since 2013 (EUR 1,394mn PV of gross premiums) since 2013

Agriculture third party book of **EUR ~150mn GPW**

## CAPITAL OPTIMIZATION

Capital management deals freed up **EUR ~2bn** capital locked at OE level

### Capital

Optimizing Group capital and tax position using reinsurance to take benefit of diversification

## RISK MANAGEMENT

### Retro

Managing volatility of insurance risk within Group appetite

### Data & Analytics

Central data and analytics hub for insurance risk data across the Group

**EUR 3.6bn** capacity acquired in 2017, **~50** reinsurer relationships

State of the art **MidCorp pricing tool** developed using **GIS/geocoded data** and Group-wide experience



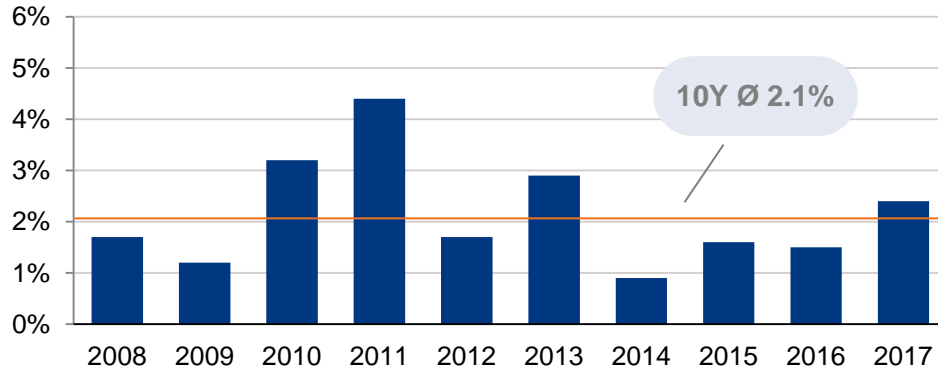


# Managing the Group's risk profile

## Highlights retro cover

- Group retro focus on protecting against **severity** event losses
- Comprehensive worldwide protections with coverage reflecting Allianz regional business scope, profit pools, and reinsurance market conditions
- Substantial capacity for major losses (e.g. protection against West/South European floods between EUR 300mn and EUR 2.6bn)
- 2017 experience showed resilience of cat protections

## Allianz Group: stable NatCat loss experience (% of NPE)



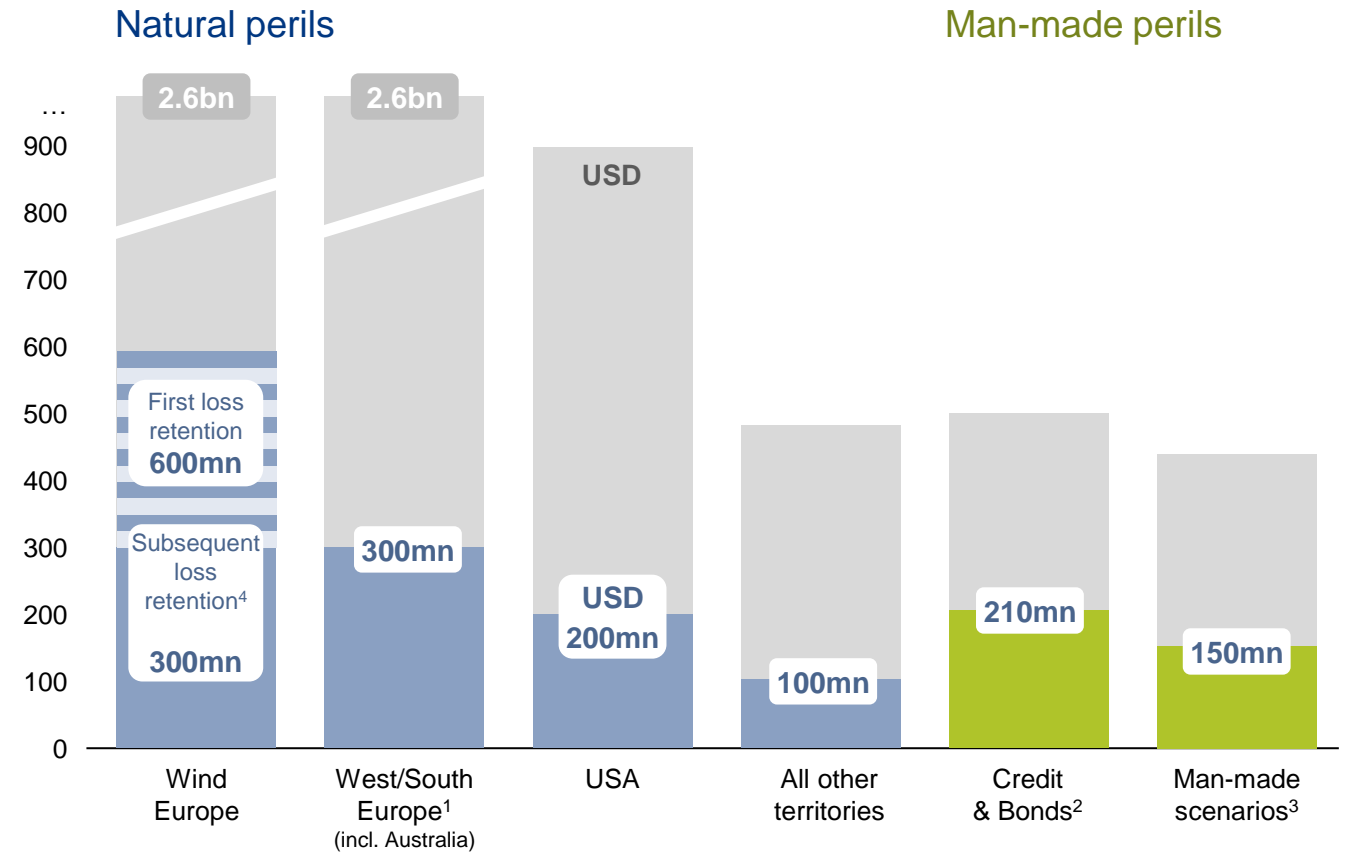
1) Excluding Wind Europe

2) Retention considers EH local external placements

3) For some fire/explosion scenarios, a lower attachment point of EUR 100mn applies

4) If first event amounts to at least EUR 600mn

## Group retentions (simplified illustration, EUR mn if not stated otherwise)



■ Group protection  
■ Per event retention  
■ Per risk retention



# CYBER INSURANCE

Emy Donavan  
Global Head - Cyber, Media and Tech  
Professional Indemnity  
AGCS

Munich  
June 26, 2018

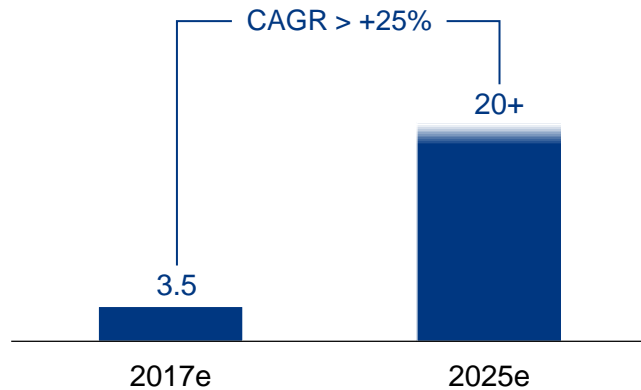


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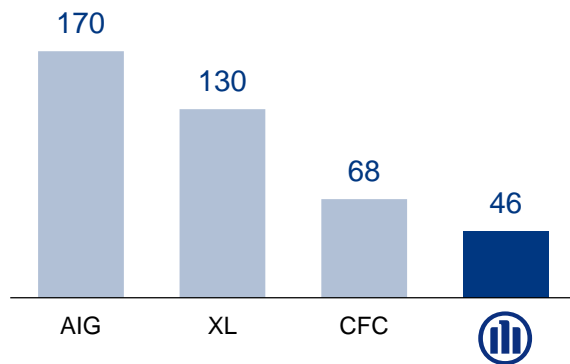


# Cyber insurance market

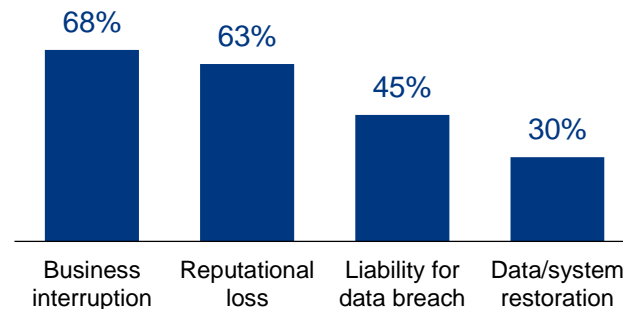
## Market volume and growth<sup>1</sup> (USD bn)



## Leading carriers (GPW 2017, EUR mn)



## Main claims triggers<sup>2</sup>



## Growth drivers

- Market penetration is still low
- Existing clients desire greater limits and additional coverage purchases
- Product becoming better understood and therefore more mainstream
- Increased interest from the SME market
- General Data Protection Regulation (GDPR) implementation risks

## Market challenges

- Unique accumulation potential for risk without geographic borders
- Constantly evolving threats
- Due to newness of cyber risks, insurers lack
  - reliable risk information, aggregation and disaster scenario modelling
  - full ability to analyze real-time cyber exposure aggregation

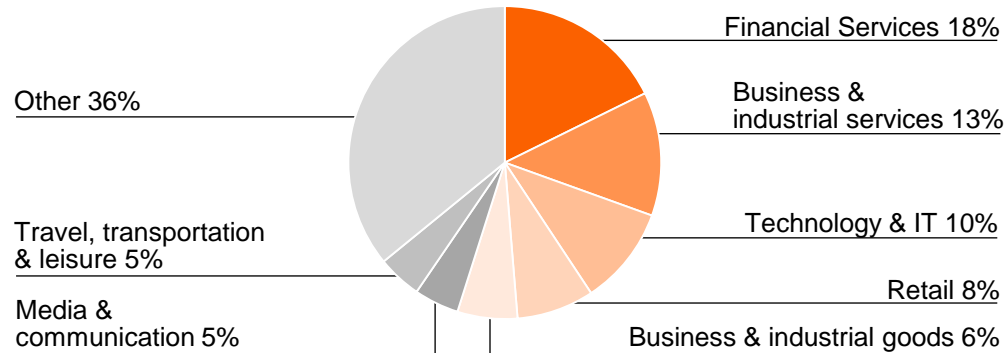
1) Sources: RMS Cyber Risk Landscape 2017; Allianz

2) Allianz Risk Barometer 2017; chart doesn't add up to 100% as claims can cause multiple kinds of damage

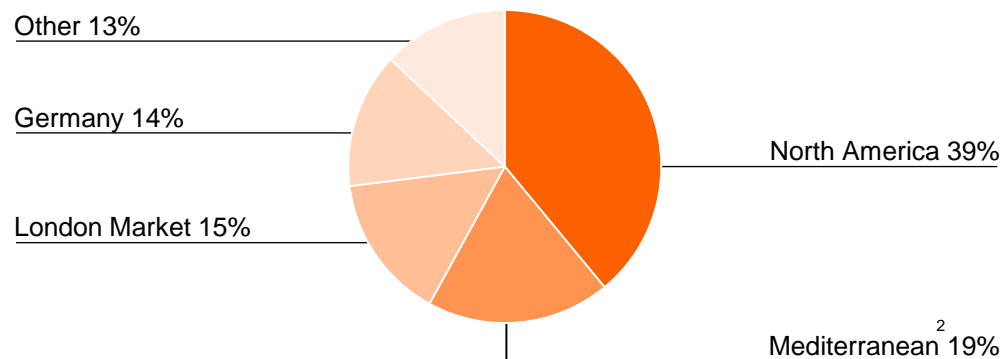


# Cyber insurance at Allianz

## GPW by sector (2017)



## GPW by region (2017)



1) Cyber and tech professional indemnity

2) Mainly France, Italy, Spain

## Highlights

- Allianz cyber insurance is underwritten by AGCS
- 2017 GPW EUR 46mn, > +30% CAGR expected until 2020
- AGCS is one of only 4 insurers that can offer cyber insurance on a global basis
- Risk mitigation
  - Strict adherence to limits deployment discipline
  - ~2/3 of in-force<sup>1</sup> from programs with ≤ EUR 10mn limit of liability (LOL). EUR 25mn maximum LOL in general

## AGCS strategy

- Focus on large companies and higher premiums for manual underwriting. Development of automation tools for “smart underwriting” of SME businesses
- Offering includes restoration services but also business interruption (BI). Very limited exposure to contingent BI.
- Cooperations with leaders in their respective fields, e.g. AON / Apple / Cisco, and Cyence complement proprietary solutions
- Partnership with cyber risk modelling firm Cyence
  - Create quick in-depth understanding of our customers’ cyber exposure
  - Model cyber portfolio to identify trends or growing risks
  - Quote cyber SME business real-time



# Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

## Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the

extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

## No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.