

# **Achmea impairs goodwill in Life & Pension business**

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## Highlights of trading update

Goodwill of Life & Pensions impaired

Net result excluding impairment expected to be in range of €40 - €80 million

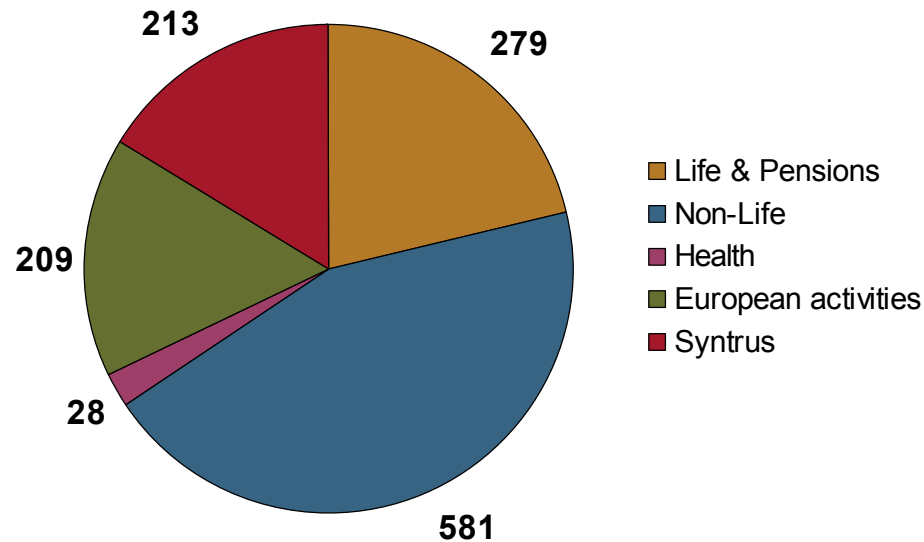
Net result over 2011 will be negative

Operational cost and FTE reduction targets achieved

Strong solvency maintained

# Goodwill Achmea (year-end 2011: €1,311 million)

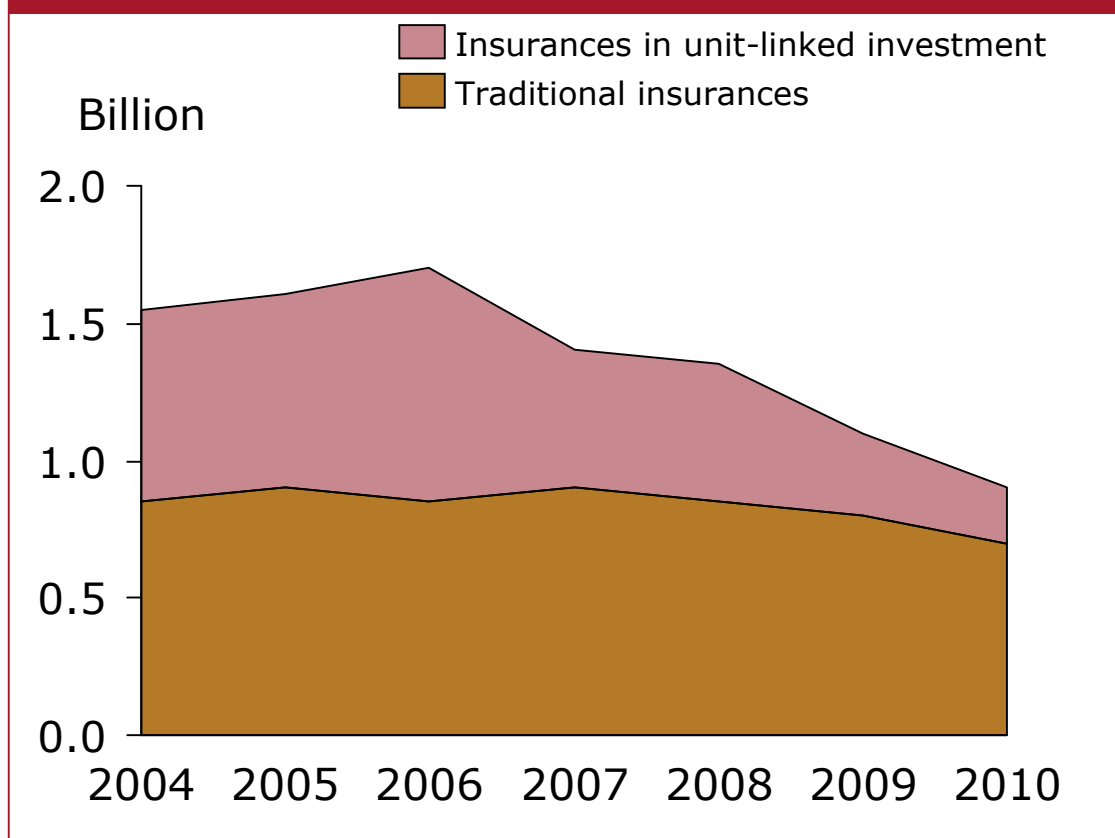
€ million



Largest part of goodwill was generated through the acquisition of Interpolis (€1,029 million), the vast majority is attributed to non life and these activities are developing satisfactory

# Dutch life market in structural decline

## New production (APE) total Dutch Life market



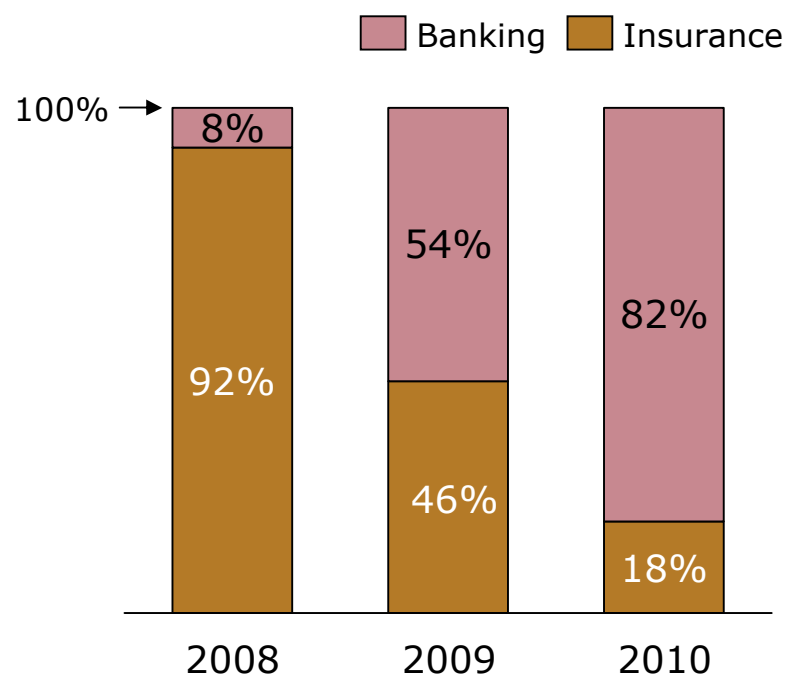
**CAGR 2004-2010:  
-10%**  
**CAGR 2006-2010:  
-17%**  
**This trend  
continued in 2011**

Source: CVS statistieken

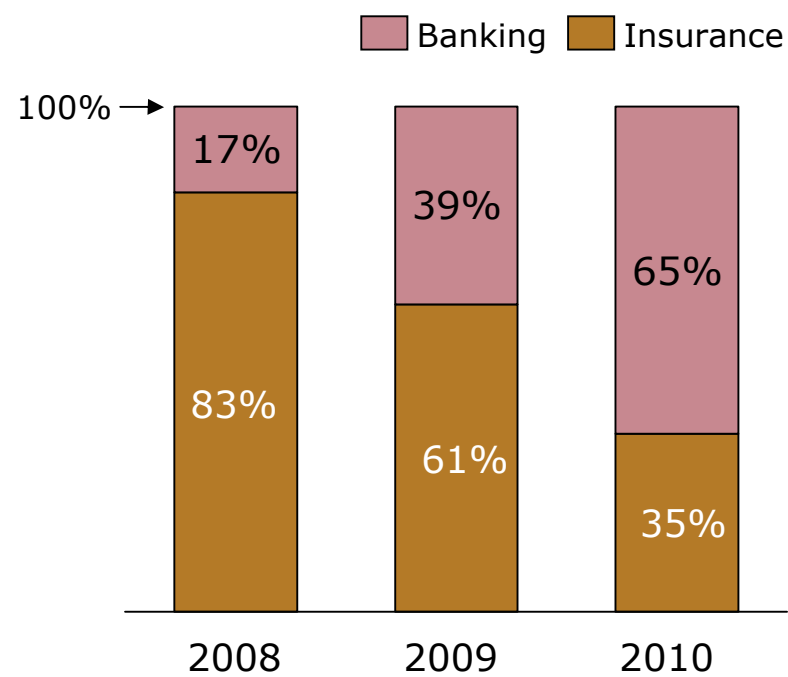
# Bank savings replaces life insurance

Bank savings benefit from changes in Dutch tax regulation

## Mortgage related new production



## Savings accumulation new production

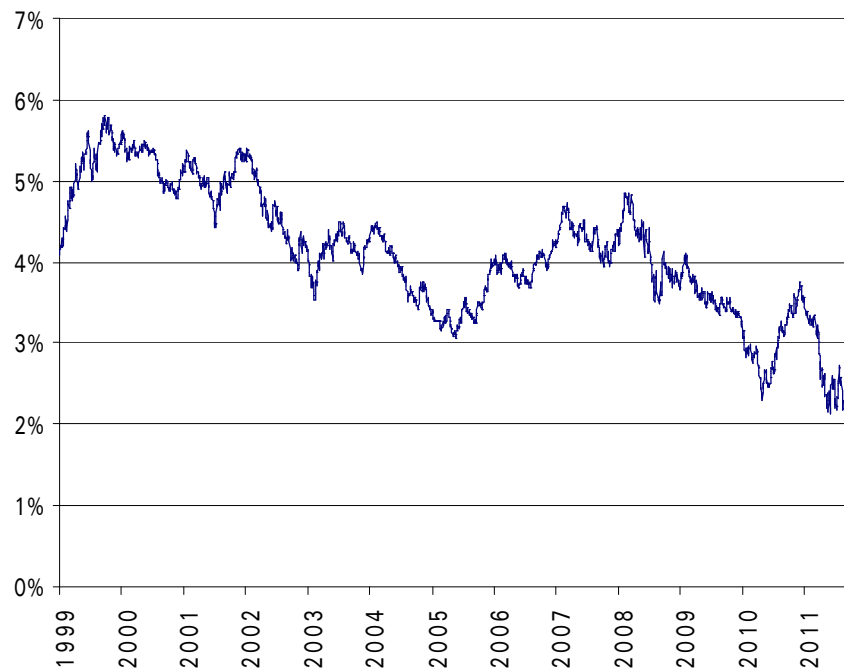


Source: IG&H



# Other influential factors in shrinking life market

## 10-year government bond yields



Source: Bloomberg

### Other factors also play a role:

- Falling interest rates, returns under pressure
- Market sentiment, corroded consumer confidence
- Guarantees in current low-interest market environment not viable
- Longevity risk
- Pressure on future margins

## What this means for Achmea?

Achmea stopped selling life insurances via the broker channel in 2009 and since then focussed on selling simple and straightforward products mainly via the banking channel. The emergence of bank savings products has significantly affected new sales.

Even further strong cost reductions and focus on our very competitive term risk products cannot compensate these factors → profitability structurally reduced

Based on current forecasts, future returns were modelled (MCEV), resulting in the complete impairment of goodwill of €279 million related to the life business of Interpolis.

As the leading insurance company in the Netherlands, Achmea has recognised the new reality in the Dutch life market.

# Net result will be negative as a result of the impairment

Net result excluding impairment expected to be in range of €40 million to €80 million

Net result is further negatively impacted by:

- Impairments on Greek government bonds with 77%
- Underwriting insurance losses at Income Protection
- Deteriorating financial markets in second half of 2011

Partly off set by applying the average three months swap curve

Operational cost and FTE reduction targets achieved

Solvency remains solid at > 200%