

# Allianz Insurance UK

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CEO Allianz Insurance UK

Inside Allianz Series  
London, June 19, 2015

# INSIDE ALLIANZ SERIES

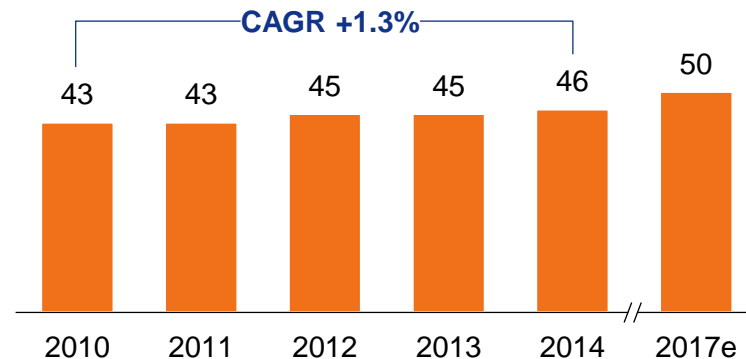
Allianz 

# UK at a glance

## Key data 2014

- Population: 64.5mn
- GDP (GBP): 1,758bn
- GDP growth: 2.6%
- GDP/capita (GBP): 26,317
- Inflation: 1.5%
- Insurance penetration<sup>2</sup>: 2.6%
- Country rating (S&P): AAA

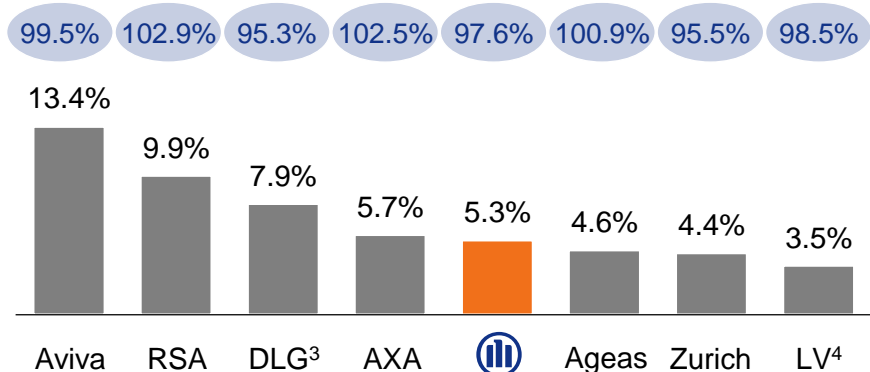
## P/C market size<sup>1</sup> and growth (GPW, GBP bn)



## Market specifics

- Largest European insurance market
- Personal lines P/C insurance policies are sold approx. to 1/3 via brokers, 1/3 direct and 1/3 via other channels
- Increasing regulatory pressure from both PRA<sup>5</sup> and FCA<sup>6</sup>
- Overcapacity making rate increases difficult despite poor market results

## Market shares and combined ratios (2014, GPW, %)



1) Excluding accident & health insurance

2) GPW as % of GDP

3) Direct Line Group

Sources: SynThesys PRA Returns, peers' company reports, Association of British Insurers (ABI), S&P sovereigns rating list

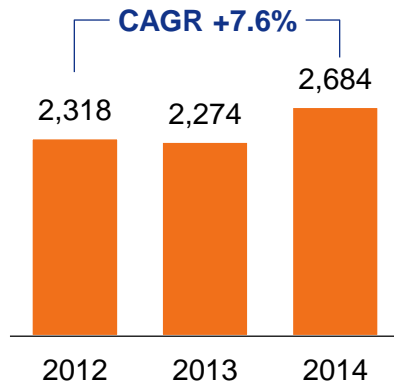
4) Liverpool Victoria

5) Prudential Regulation Authority

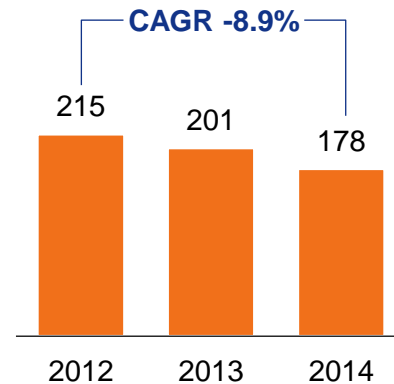
6) Financial Conduct Authority

# Allianz Insurance in UK (1)

## Revenues (EUR mn)



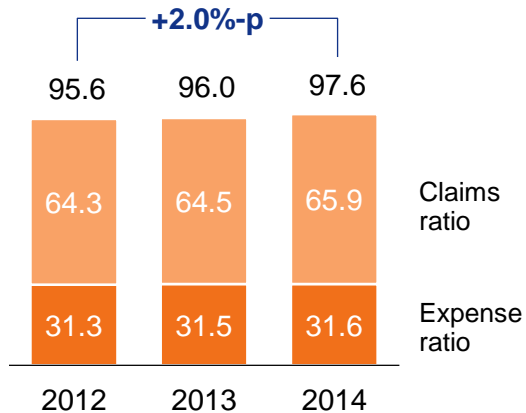
## Operating profit (EUR mn)



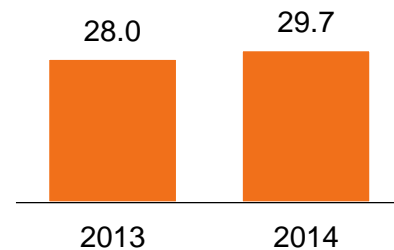
## Highlights

- Fifth largest P/C insurer in the UK
- Highest GPW growth compared to peers over past 3 years
- Best commercial insurer for profitability and growth since 2009
- Market leader in pet insurance with NPS scores of +77%
- Indian offshore captive provides competitive expense advantage

## Combined ratio (%)



## RoRC (%)



## Legal setup

- 1905 Establishment of Cornhill Insurance plc
- 1986 Acquired by Allianz Group
- 2003 Renamed Allianz Cornhill Insurance plc
- 2007 Renamed Allianz Insurance plc

# Allianz Insurance in UK (2)

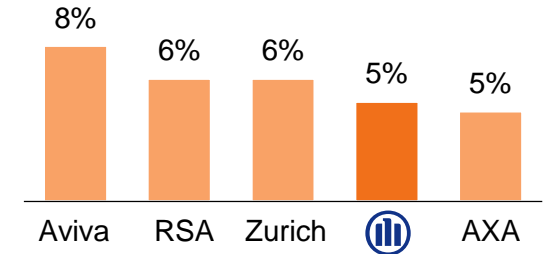
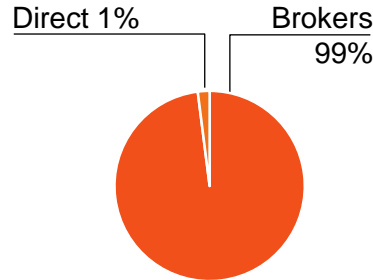
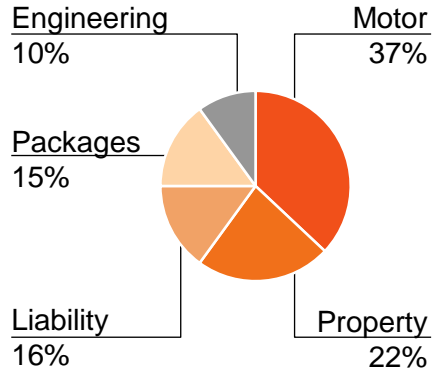
2014

Product mix (GPW)

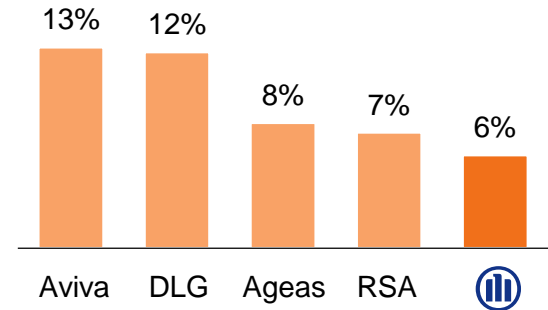
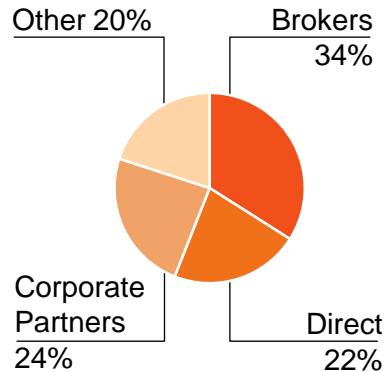
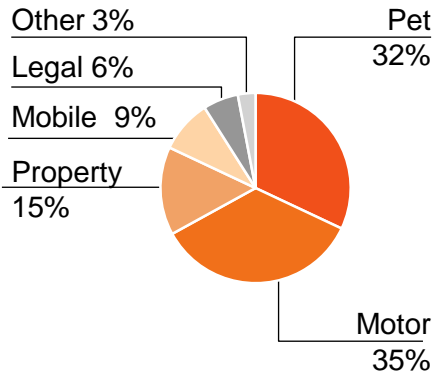
Distribution mix (GPW)

Market shares (GPW)

Commercial GPW  
EUR 1.3bn



Retail GPW  
EUR 1.4bn



Allianz Life

Giulio Terzariol  
CFO Allianz Life

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# USA at a glance

## Key data 2014

- Population: 319mn
- GDP (USD): 17,400bn
- GDP/capita (USD): 54,600
- Inflation: 0.8%
- Life insurance penetration<sup>1</sup>: 44%
- Country rating (S&P): AA+

## Market specifics

### FIA:

- Traditionally distributed by IMOs<sup>4</sup>, however increasing interest from B/D and wirehouses
- Typically double-digit IRR/RoE, stable earnings and capital pattern

### VA:

- Main distribution channels are B/D and captive followed by wirehouses and banks
- Significant de-risking post-crisis. Potentially higher RoE/IRR, but volatile earnings and capital pattern

### FA:

- Mainly distributed via banks and captive
- Single-digit IRR/RoE, non-MCEV friendly

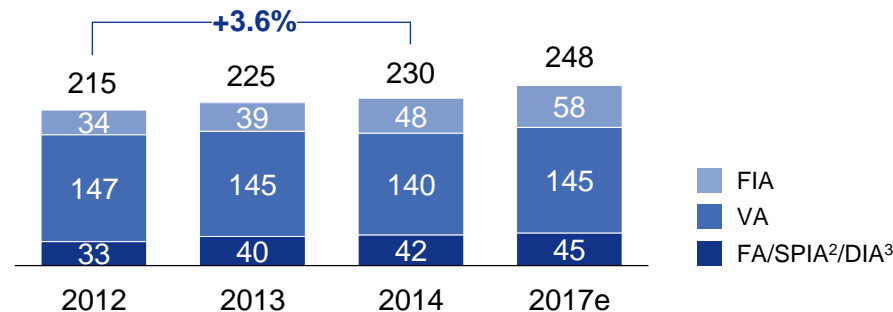
1) Source: LIMRA – % of households

2) Single premium income annuity

3) Deferred income annuity

4) Independent market organizations

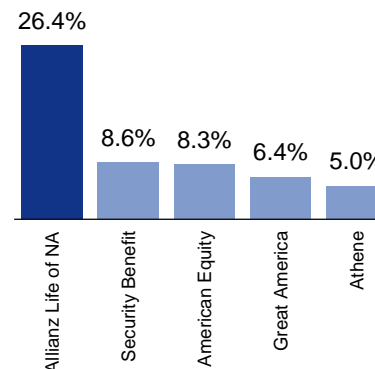
## Annuity market size and growth (CAGR) (Statutory premiums, USD bn)



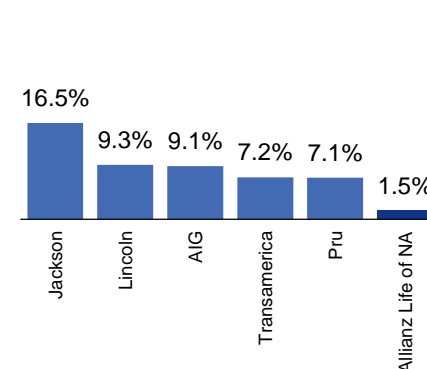
## Market shares

(2014, statutory premiums)

### FIA

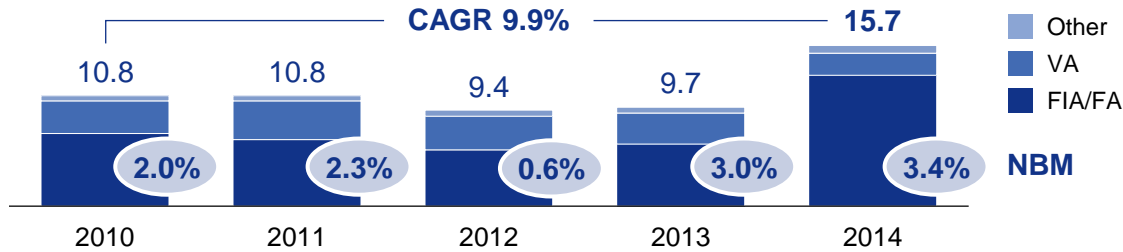


### VA

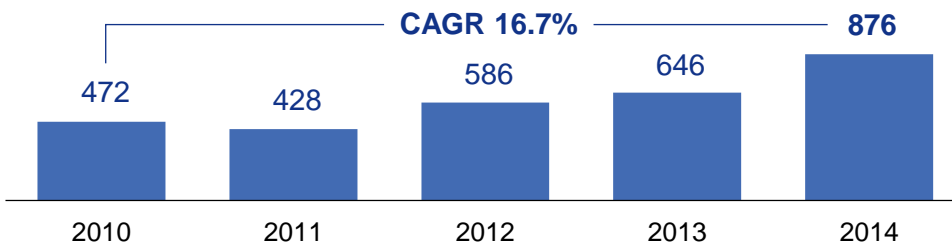


# Allianz Life (1)

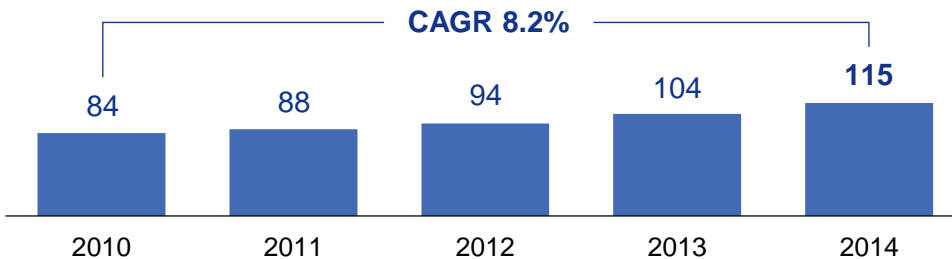
Statutory premiums (USD bn)



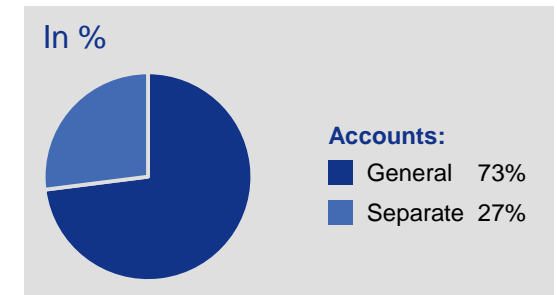
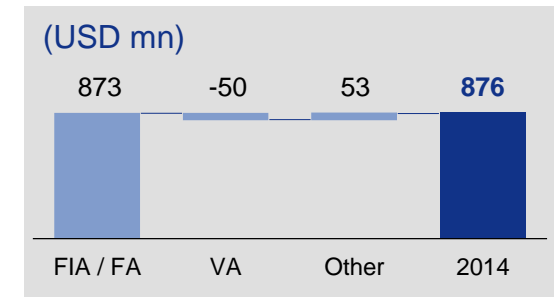
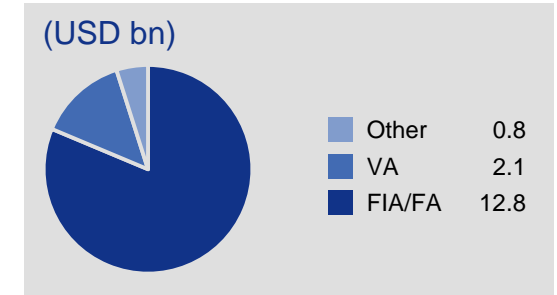
Operating profit (USD mn)



Assets backing reserves (USD bn)

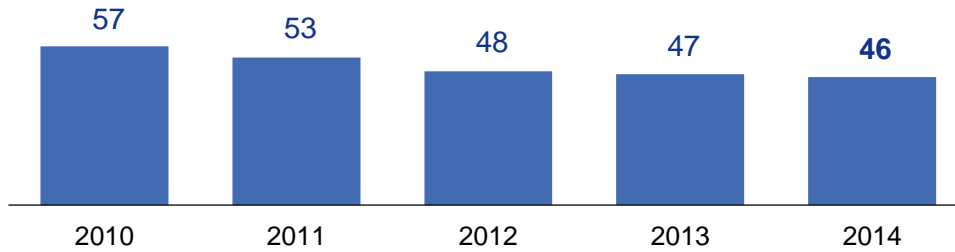


## 2014

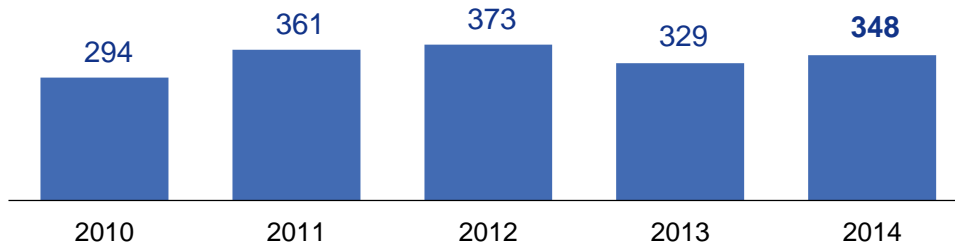


# Allianz Life (2)

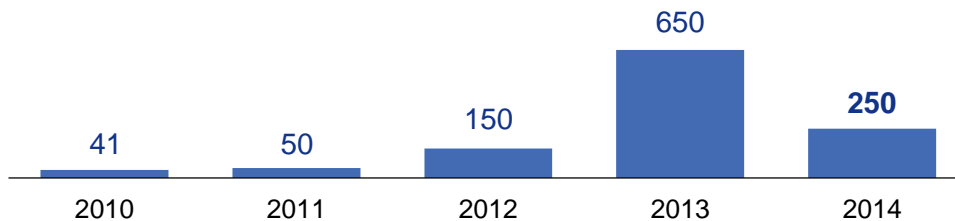
Expense ratio<sup>1</sup> (bps)



Statutory RBC ratio<sup>2</sup> (%)

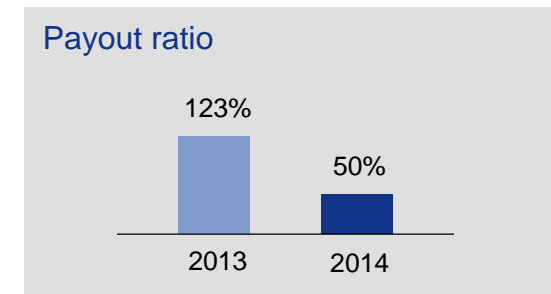
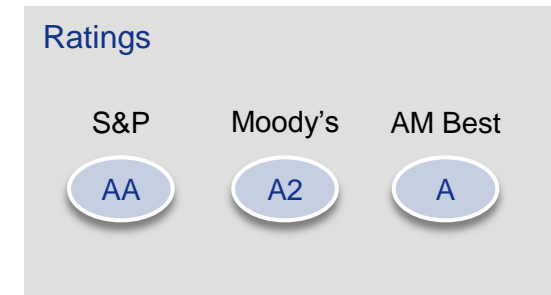
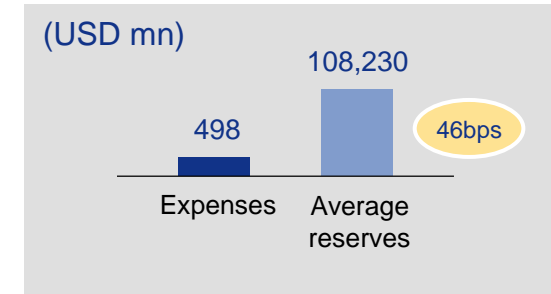


Dividend (USD mn)



1) Expense ratio equal to internal expenses (acquisition and administrative) divided by average reserves  
 2) Based on Company Action Level

## 2014





# Allianz Global Investors

Elizabeth Corley  
CEO Allianz Global Investors

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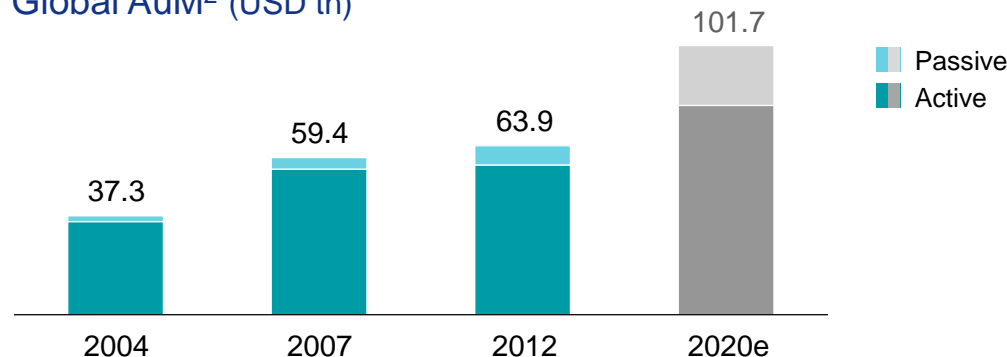
Allianz 

# The asset management market at a glance<sup>1</sup>

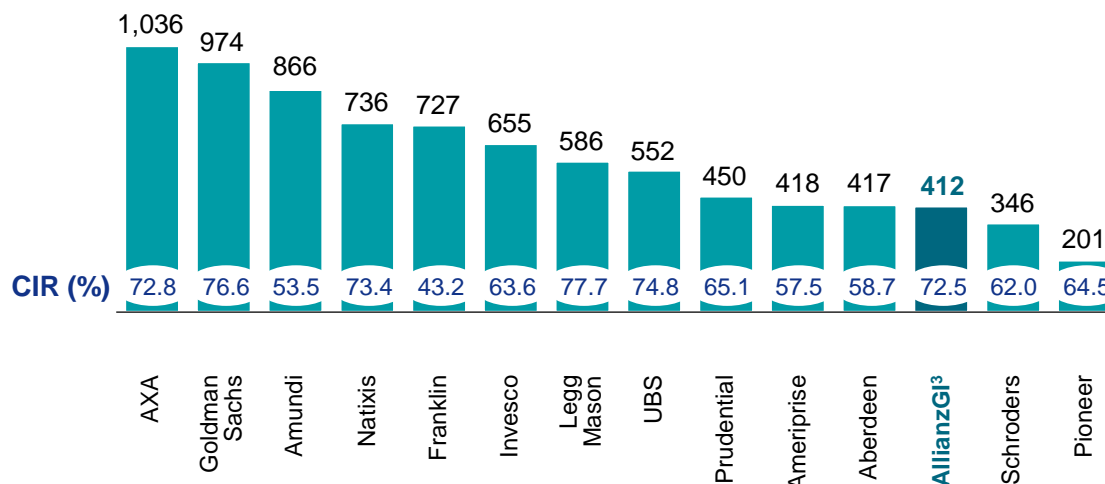
## Key data<sup>2</sup>

- Global AuM expect to reach over USD 102tn by 2020
- Passive assets expected to grow to 22% of total AuM by 2020, but are concentrated with 3 key firms and represent only a marginal share of revenues/profit
- Sovereign wealth funds are one of the fastest growing groups of asset owners with a CAGR of 12% between 2007 and 2014

Global AuM<sup>2</sup> (USD tn)



AuM (EUR bn) and CIR (%) 2014



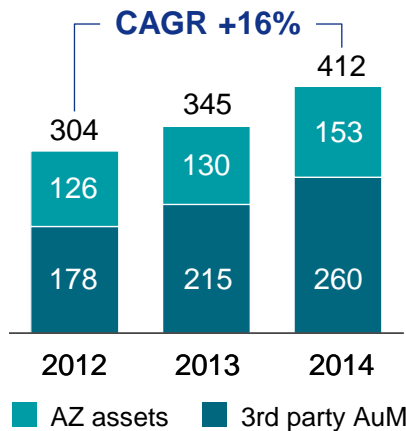
## Market and industry trends

- Evolving client segments and needs
- Industry consolidation ongoing
- Increasingly global business models
- Changes in regulatory landscape significantly impact the industry

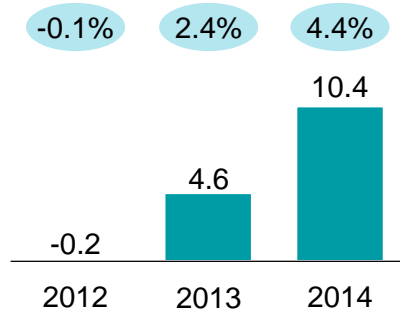
1) AllianzGI and peers with similar asset class mix  
 2) Source: PWC  
 3) 3P AuM EUR 260bn; total AuM EUR 412bn

# Allianz Global Investors – profile

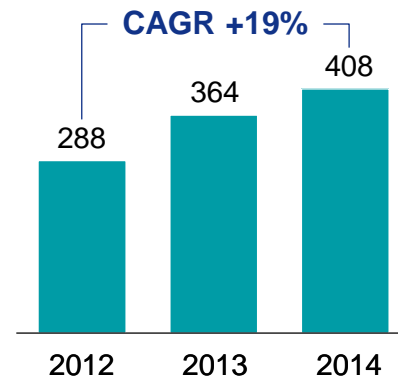
## Total AuM (EUR bn)



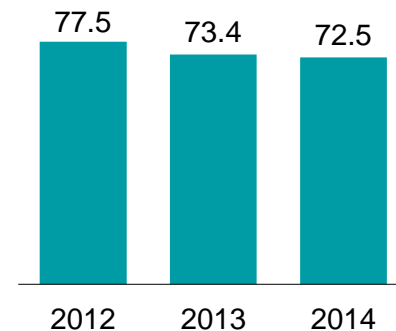
## 3rd party net flows (EUR bn / % of average AuM)



## Operating profit (EUR mn)



## CIR (%)



## Highlights

- Global footprint: 24 locations in 18 countries
- ~500 investment professionals, ~550 relationship managers
- Outstanding capabilities in equities, fixed income, multi-asset, alternatives
- Strong and accelerated organic growth

## Legal setup

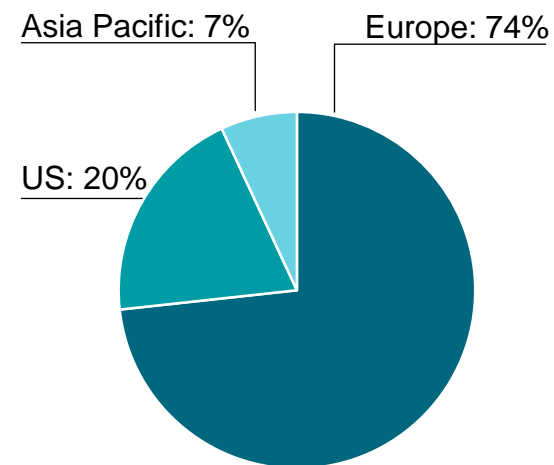
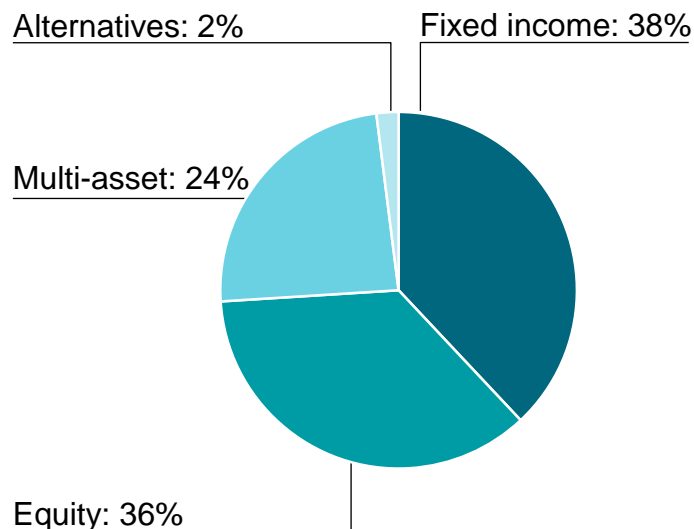
- 2012 New set up of AllianzGI: restructuring towards "One AllianzGI"
- 2013 Implementation of "One AllianzGI" completed
- 2014 Diversified growth strategy

# Allianz Global Investors – total AuM

**Total AuM**  
(EUR bn; 1Q 2015)

Asset classes

Regions



# Disclaimer

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

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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.

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