



goetzpartners

STRATEGY | M&A | TRANSFORMATION



COVID-19 | goetzpartners' Insurance Industry Assessment

MUNICH, MAY 2020

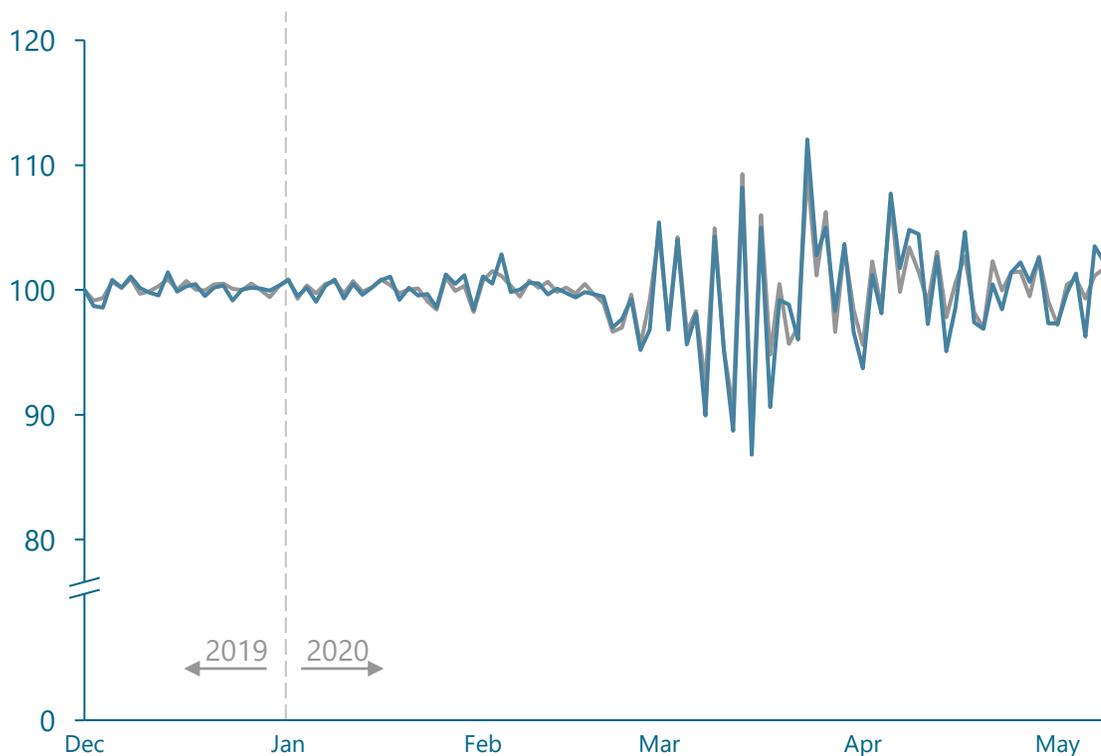
Insurance Industry | Shareholder Sentiment

The insurance industry simultaneously followed the volatile global stock market development during COVID-19. Within the insurance industry, some public companies clearly underperform others by a difference up to 87%

INDUSTRY STOCK PERFORMANCE

Index (Stock price on December 1st = 100)

— S&P 500 — S&P 500 Insurance

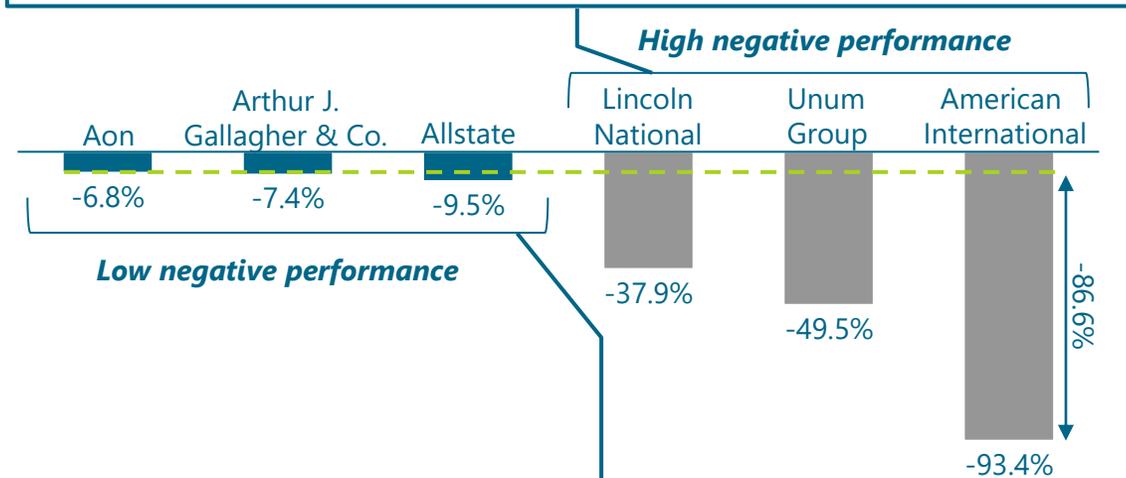


COMPANY STOCK PERFORMANCE¹⁾

Relative stock price change since December 1st in %

SELECTION

- Higher impact of stock market trends on business models, which focus i.a. on life or retirement insurances
- Significant reflection of COVID-19 crisis in quarterly results and earnings



- Higher level of diversification of business model: integration of less influenced forms of insurances, e.g. household insurances
- Higher focus on risk management solutions and lower level of debt
- Announcement of quarterly earnings with less impact of COVID-19 than expected

1) Showing six insurance companies with high and low negative performance within the S&P 500 Insurance Index
Source: Factset, Investing.com, goetzpartners

The CEO's Crisis Journey

The long-term trend for the CEO of the insurance industry to invest into the digitalization of his company to secure its viability remains unbroken despite the current COVID-19 turmoil going on

DAMAGE ASSESSMENT

INTERNAL (BM RESILIENCE, LEARNINGS)

- How large is your **portfolio exposure** to **negative stock market returns**? Does your **level of digitalisation** helps you to compensate these effects?
- Is there a necessity to increase the **resistance** of your **risk model** or does your company already use data from **diverse interfaces** to **improve risk profiles**?

EXTERNAL (MARKET, CUSTOMERS, SUPPLIERS, COMPETITORS)

- Do you expect new **digital developments** that can **support your business model**, e.g. more precise forecast of damages, better allocation of resources?
- How does the **increased uncertainty** in the market affects the **demand for your products / policies**? Are you able to effectively **identify and address this COVID-19 caused demand**?
- Does your **digitalisation level** enables you **effectively** conducting **sales and underwriting processes**?

CONTINUOUS FINANCIAL IMPACT ASSESSMENT (AGILE)



CONTINUOUS DIGITAL AND BUSINESS MODEL TRANSFORMATION

FIREFIGHTING

- Firefighting will be necessary to reduce immediate impact of new occurring damages
- Ensure continuously employee health and safety, liquidity, and operations

STRATEGIC REPOSITIONING

DEFENSIVE (FINANCING, MARKET CATCH-UP)

- How can **AI** helps you to develop **insurance products** that are exactly **tailored to individual needs** of clients?
- Can **digital transformation** help you to **effectively address** potential **regulatory requirements** to adjust your **capital structure**?
- Ho can **AI^[1]** helps you to **efficiently manage** your portfolio / investments?

OFFENSIVE (ACQUISITION, CARVE-OUT)

- Are there opportunities for **investments** or **partnerships** related to **technology start-ups** or **InsurTechs**?
- Has your company already started the **transformation** to a centralised mobile platform to **fulfil customer needs** of **continuously available** and **flexible insurance policy management**?
- How large is your company engaged in the **improvement** of its **digital skills** and in the **integration** of **innovative technologies** as **IoT^[2]** or **AI** in its operations?

*See other
gp publications*

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