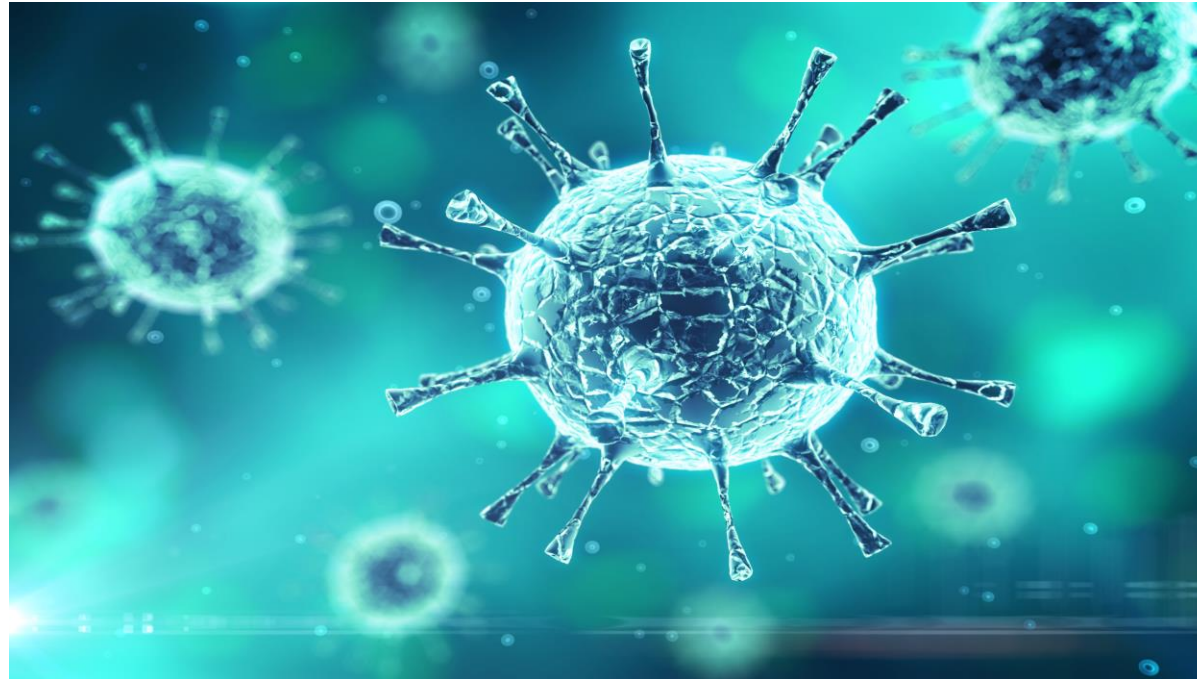




goetzpartners

STRATEGY | M&A | TRANSFORMATION



COVID-19 | goetzpartners' Insurance Industry Assessment

MUNICH, MAY 2020

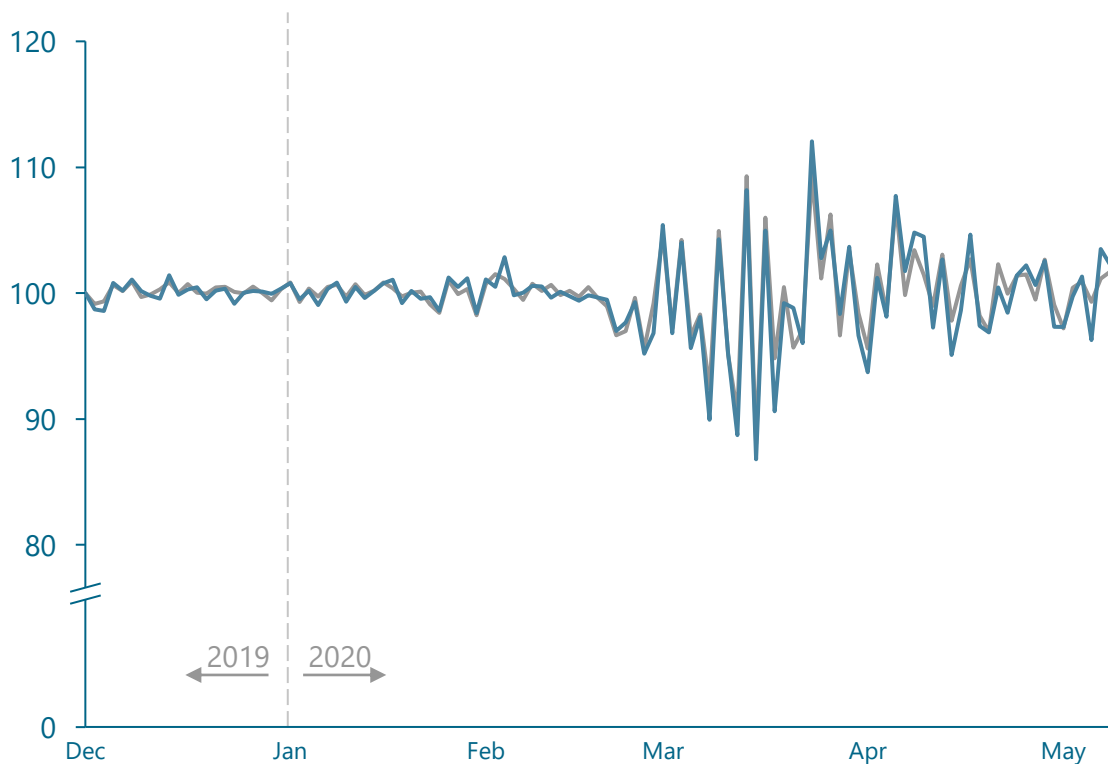
Insurance Industry | Shareholder Sentiment

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

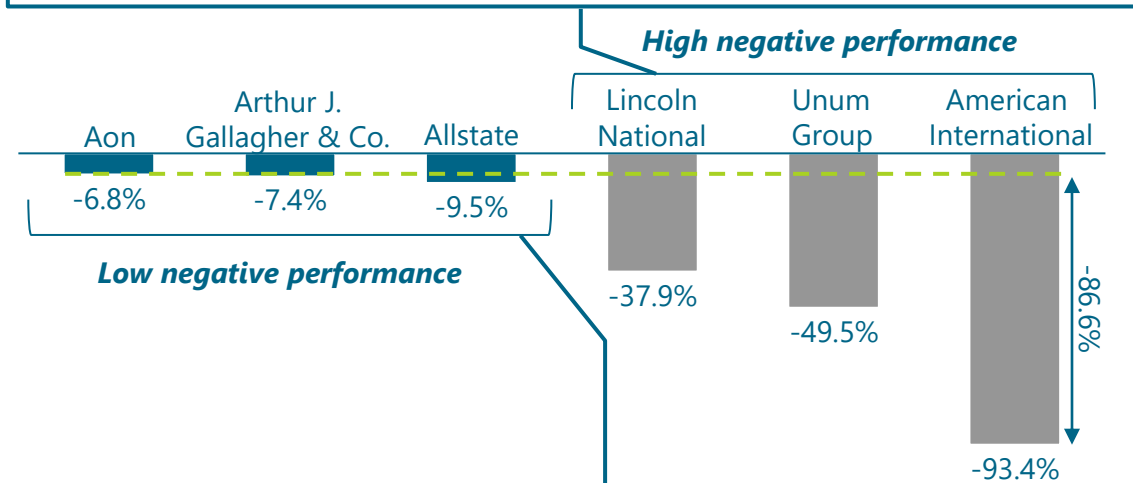


COMPANY STOCK PERFORMANCE¹⁾

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*

Contact us

crisis-taskforce@goetzpartners.com



Dr. Gunnar Binnewies
Partner
Restructuring
+49 151 17141083



Dr. Sigurd Kitzer
Partner
Private Equity Consulting
+49 151 17141033



Philipp Widmaier
Managing Director
Debt Advisory
+49 151 18236115



Milan Saric
Managing Director
M&A Tech & Bus. Serv.
+49 151 17141117



Stefan Sanktjohanser
Managing Partner



Dr. Stephan Goetz
Managing Partner



Dr. Wolfram Römhild
Managing Director
Strategy & Industrials



Axel Meythaler
Managing Director
Orga. & Transformation



Dr. Jan-Hendrik Röver
Managing Director
Energy, Oil & Gas



Christian Muthler
Managing Director
Indust., Autom. & Bus. Serv.



Dr. Alexander Henschel
Managing Director
Transformation & TMT



Dr. Florian Mes
Partner
Restru. & Financial Mgmt.



Ivo Polten
Managing Director
Technology, Industrials



Ulrich Kinzel
Managing Director
Healthc., Pharma, MedTech



Susanne Kindler
Partner
Transformation, Sales, TMT



Dr. Gerrit Schütte
Partner
Portfolio Perf. & Carve out



Gerwin Weidl
Director, Munich
Chemicals, Industrials



Daniel Bentrup
Director
Industrials, Bus. Serv.



Günther Schermer
Partner
Healthcare



Björn Röber
Partner
Digital



Dr. Norbert Danneberg
Senior Industry Expert
Private Equity Consulting



Andreas Hering
Director
Digital, Media, Tech, VC

goetzpartners offices

DUBAI

Central Park Towers OT 37 Floor 37, DIFC
PO BOX 507270 Dubai,
United Arab. Emirates

DUSSELDORF

Rather Straße 49d
40476 Dusseldorf, Germany

FRANKFURT

TaunusTurm, Taunustor 1
60310 Frankfurt/M., Germany

LONDON

goetzpartners securities Limited
The Stanley Building
7 Pancras Square
London N1C 4AG, UK

MADRID

Calle Marqués de Urquijo n 30°, piso 1°
28008 Madrid, Spain

MILAN

Piazza Fontana, 6
20122 Milan, Italy

MOSCOW

Gagarinsky Per. 25
119034 Moscow, Russia

MUNICH

Prinzregentenstr. 56
80538 Munich, Germany

NEW YORK

250 Greenwich Street, Suite 4620
New York, NY 10007, USA

PARIS

19, Avenue George V
75008 Paris, France

PRAGUE

Melantrichova 17
110 00 Prague 1, Czech Republic

SHANGHAI

Unit 2104-05
1045 Middle Huaihai Road
200031 Shanghai, China

ZURICH

Kantonsstraße 1
8807 Freienbach/Zurich, Switzerland

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