AGEAS GROUP

THE NEW BIG PLAYER IN THE PORTUGUESE MARKET

STRUCTURAL CHANGES

FROM BELGIUM TO THE WORLD

FULLCOVER MEETS STEVEN BRAEKEVELDT, AGEAS PORTUGAL GROUP CEO

STRUCTURAL CHANGES IN THE PORTUGUESE MARKET

Over its past three issues, FULLCOVER has profiled the top 3 groups at the top of the Portuguese insurance market. We started with Fosun (FULLCOVER #9), which holds Fidelidade, looked at Tranquilidade and Apollo Global Management (FULLCOVER #10) and wrapped it up with the profile of Ageas Group (FULLCOVER #11).

Insurer partnerships move away from banks

There have been many changes in the Portuguese insurance sector. In 2010 – the year Portugal faced a major financial crisis that took four years to reverse – life business in the insurance market was worth 16,340 billion Euros. Seven years later, it had dwindled to 11,55 billion. This dramatic downturn reflects the appeal of different financial products in the market. For non-life, the 2017 market was worth 4,49 billion Euros.

The top 10 insurers in 2009 represented 78.5% of the market. With the exception of Allianz and AXA, most Portuguese insurers were owned by banking groups and along with Santander Totta Seguros, were supported by foreign capital. In 2017, only BPI Vida e Pensões (life and pensions) and Bankinter Life Insurance (a joint venture between Bankinter and Mapfre) were owned by a banking group and no insurer had Portuguese-majority capital investment. The top 10 insurers account for 79.86% of the market.

The financial collapse in 2008 and sovereign debt crisis of 2011, which led to intervention by *troika* in Portugal (a team comprising IMF, Central European Bank and European Commission members), had major repercussions for the banking sector which reverberated throughout the insurance industry. National financial groups faced serious shake-ups; one dramatic example was on 3 August 2014 when Banco Espírito Santo was incorporated into Novo Banco (Espírito Santo owned Tranquilidade, T-Vida and BES Vida, rebranded as GNB Vida). On 15 December 2015, the bank Banif was sold to Santander and its insurer Açoreana was put under the control of Apollo Global Management.

Insurance and banking separate

Between 2014 and 2017, some two billion Euros changed hands in Portuguese insurer acquisition deals. Bank-led financial conglomerates felt the need to release capital to comply with Basel ratios and banking union standards. “It’s all about regulations. Banks must have ratios conforming to Basel solvency rules and the stakes they have in insurance companies do not count towards the capital ratio. Therefore, when they exchange shareholdings for money, they end up with capital that is not recognised by regulatory ratio requirements,” says Carlos Maia, partner at PwC and insurance industry specialist. The capital

Changes to solvency rules and difficulties in meeting premium growth targets will lead to mergers. Companies will grow in size leading to theoretically, consolidation and stronger businesses in the long run. Scale may help, but scale alone is not the key to success. Efficient organisations, regardless of their size, have a competitive advantage and that's the driver of growth.

requirements demanded by Solvency II have motivated banks to sell off insurers, opening up the market to new players.

These businesses resort to the bancassurance blueprint; insurers exclusively agree to distribute products through bank networks, securing access to significant distribution channels, while strengthening their capital control of these operations.

Such changes pose new regulatory challenges. Lawmakers must not only assess how well new shareholders know the sector and its regulation, but ensure their medium to long-term business strategies are robust. Gabriel Bernardino, chairman of EIOPA, which regulates insurance in the EU, informed Jornal de Negócios: "These elements are key to insuring sound, prudent and sustainable business management; they identify potentially disruptive factors and conflicts of interest and guarantee risk-taking doesn't jeopardize policyholder protection."

Leaders and innovators

Changes to solvency rules and difficulties in meeting premium growth targets will lead to mergers. Companies will grow in size leading to theoretically, consolidation and stronger businesses in the long run. Scale may help, but scale alone is not the key to success. Efficient organisations, regardless of their size, have a competitive advantage and that's the driver of growth. You can expect — and this has happened before — that niche companies will emerge, assessing risk in highly-sophisticated areas or with highly-automated business models supported by innovative technologies. You can also expect new kinds of collaborative projects such as competing insurers sharing back-office services and differentiating themselves through their relationships with distributors and customers.

Extending the global reach

These businesses have attracted new international players to the sector such as the Dutch insurer Aegon which, having acquired a 51% stake in Santander Totta, returns to the Portuguese market. These companies will now be branded Aegon Santander Portugal Vida and Aegon Santander Portugal. Another market newcomer is the Chinese group Fosun; it owns Fidelidade, an insurer that secured 31.59% of the market in 2016 — 3.8% more than 2009. Apollo Global Management also made an entrance by acquiring Tranquilidade, Açoreana, T-Vida and Advancecare. It established the holding company Seguradoras Unidas and in 2016 secured 6.7% of the market. Ageas took over BCP-connected insurers and, more recently, Axa Seguros, which provides it with a 19.07% market share.

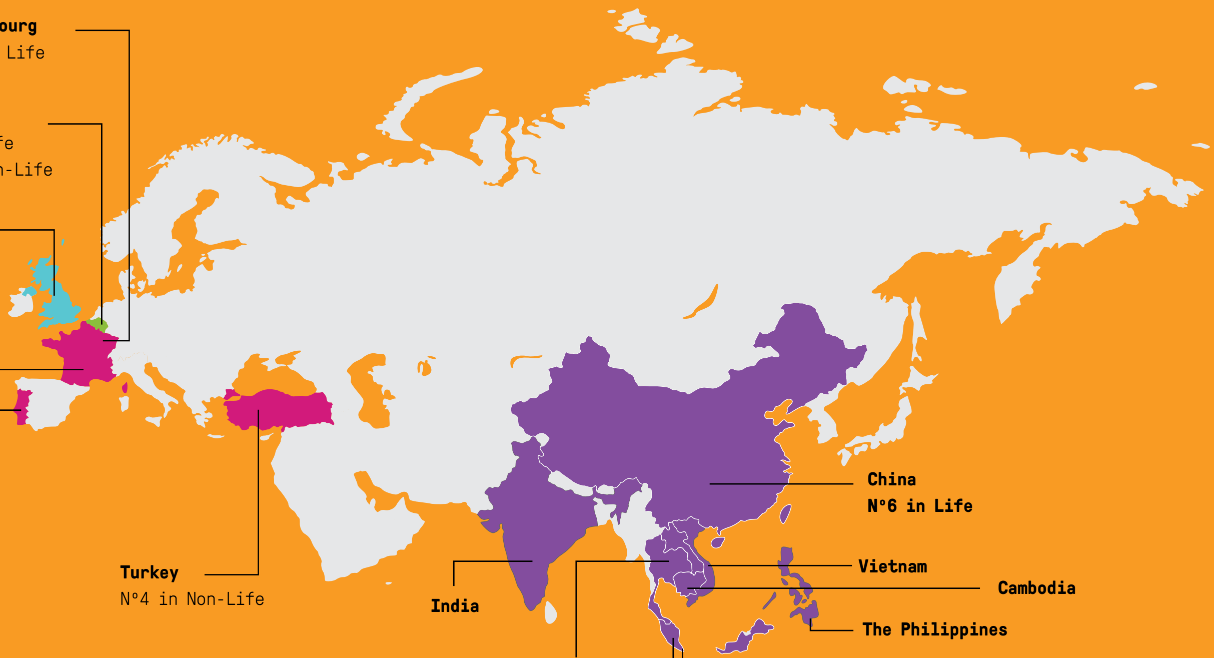
The largest insurers in Portugal now belong to foreign shareholders. Those currently with Portuguese shareholders are CA Seguros, CA Vida, Caravela, Lusitania, Lusitania Vida, and Real Vida.

Low profitability on equity due to slim technical and financial margins has made national insurers vulnerable. This equally applies to some multinational insurers, who with little market penetration in Portugal has chosen to pull out and invest in markets with greater strategic value.

More recently, Global Seguros was acquired by Açoreana, Real Seguros and N Seguros by Lusitania and Real Vida by Patris. The German group Ergo sold Victoria in 2011 to French group SMABTP.

Sagres rebranded itself Caravela Companhia de Seguros, Groupama sold its Portuguese operation to the Chinese company China Tianying, and the Lone Star fund (US), having acquired Novo Banco through Nani Holding, will now control the insurers GNB Vida and GNB Seguros. In September 2017, the Mutual Benefit Organization Montepio Geral, which owns the Montepio bank and insurer Montepio Seguros e Futuro, Sociedade Gestora de Fundos de Pensões (pension fund management), entered into partnership with the Chinese group, CEFC China Energy. In November, a capital increase of 150 million Euros gave CEFC China Energy a 60% control of the insurance group which includes Lusitania Seguros (non-life), Lusitania Vida (life) and N Seguros (Auto via remote channels). •

AGEAS IN THE WORLD



KEY FACTS

40,000
employees

38 million
customers

Top 20
insurer
in Europe.

Founded in
1824

2017 business
volume approx.
€34BN
(+7%)

AGEAS GROUP

FROM BELGIUM TO THE WORLD

Our success is the result of great teamwork by many skilled and experienced people from diverse backgrounds.

Bart De Smet
CEO Ageas

Ageas describes itself as an international insurer with a local identity. For a business whose heritage spans some 194 years, it has a clear strategic vision and a simple premise and goal; to provide customers, at every stage of their life, with peace of mind when they need it most. As a result, Ageas is able to say that it ranks among the market leaders in all the countries in which it operates.

The business today is one of Europe's larger insurance companies offering life and non-life insurance products to a range of personal and business customers in 15 countries around the globe from its home domicile of Belgium, across Continental Europe and Asia. It operates successful businesses through a combination of wholly-owned subsidiaries and long-term partnerships with strong financial institutions and key distributors in Belgium, the UK, Luxembourg, France, Portugal, Turkey, China, Malaysia, India, Thailand, Vietnam, Laos, Cambodia, Singapore, and the Philippines.

Ageas is a major international insurance group and one of the top 20 insurers in Europe. In 2016, Ageas posted over 32 billion Euros in business volume.

Strategy for success

Looking ahead, the business has a clear strategic growth plan. Called Ambition 2018, it represents a roadmap with key strategic targets aimed at achieving success and delivering to stakeholders.

The strategy focuses on seven key areas:

→ Long-term partnerships, collaborating with best in class local partners.
→ The right balance between mature markets and growth markets across Europe and Asia.
→ Offering a wide variety of insurance products and services for retail and business customers.
→ Meeting the demands of our customers, for simple, convenient and personalised insurance products and services.
→ A disciplined approach to sharing knowledge and implementing innovative ideas across the Ageas Group.
→ Tailored distribution to the local demands of our customers. Customers decide what, where, when and how they want to interact with the business.
→ Offering products that appeal most to customers and where the company believes they can make a difference.

Sustaining growth

The figures speak for themselves. In the last quarter of 2017, the business reported a far higher than expected net profit which rose 23 percent to €241m – beating the predictions of a number of analyst firms. This figure represented strong growth in Asia, a solid performance in continental Europe, thanks to increased healthcare, motor and household policies sales in Portugal and a solid performance in motor and home insurance in Belgium.

Portugal's strategic potential

Having been in Portugal since 2005, supporting brands such as Ocidental and Médis and through its partnership with Millennium BCP, the Ageas Group has always recognized the Portuguese market's strong strategic potential.

Demonstrating its ongoing commitment to partnership development, in 2015 Ageas acquired AXA Portugal; a business with remarkable synergies.

Continued investment has earned Ageas Portugal client and market respect, delivering numerous accolades. Today, Ageas is second in the Portuguese insurance market, an innovator for pensions and controller of leading health insurance brand, Médis.

Ageas in Portugal is one of the main contributors to the Group's strong global performance and is recognised for its outstanding performance in several areas: the management of profitable companies and wide-ranging service providers, its innovation, omni-channel brand management strategy and the active role it plays in addressing social issues. •

Steven Braekeveldt, Ageas Portugal Group CEO

AGEAS PORTUGAL

INTERVIEW WITH STEVEN BRAEKEVELDT

FULLCOVER talks to **Steven Braekeveldt**, Ageas Portugal Group CEO, about the company's investment strategy in Portugal, market trends and the growing role of innovation.

As a Belgian financial services professional with extensive experience in banking and insurance in Europe and Asia, how do you feel the Portuguese market has evolved since you first came into contact with it in 2007?
As we all know, Portugal went through one of its deepest crises and is today recovering strongly. During this time, Ageas needed to adopt a strategy which focused less on growth and concentrated more on understanding customers' financial problems and finding a solution to benefit all parties. While the Portuguese insurance market is clearly back to growth, the overall penetration rate in comparison with other OECD countries remains unacceptably low. This raises a delicate issue that needs to be addressed by all – namely the absence of financial literacy. Overall, people in Portugal do not save, they have one of the lowest saving rates in Europe – creating one of the country's biggest challenges – a pension-scheme that will not last. In addition, while the State educates and invests in people for many years, it does not teach them how to manage their salary, protect their assets or buy the appropriate insurances. I recently spoke with a lawyer who was happy he'd bought the cheapest car insurance in the market but was unable to say if his wife or children were insured in the event of an accident or if they needed surgery. Clearly we are talking about an educated person here, but this reflects most of the cases I have witnessed in the market; people do not seem interested in the detail of what they're buying or what they really want it for, even though fundamentally we're talking about protecting our loved ones. On the one hand I see a society that is extremely family-oriented but on the other, there's complete indifference when it comes to protecting the same family (where the cheapest price seems the best outcome for most). As an outsider, I find it difficult to understand.

You came to Portugal in the early days of the 2005 alliance between Fortis (now Ageas) and Millenniumbcp. What did the organisation look like back then and how have things changed over the past decade?
Little has changed with our partners – one of the biggest developments over the past 10 years is the fact that Ageas Seguros has become part of our family in Portugal. Although there were certain shareholder changes, the fundamental success of our business is based upon respect and transparency for all. We've experienced a technological revolution that has changed our business landscape; customers are far more demanding when it comes to service and rightly so, and the internet makes everything much more accessible. This doesn't however impact our values of discussing problems and topics openly with respect and dignity and how we work together – these are the key pillars of success which everyone can adhere to.

In recent years there has been great consolidation in the insurance sector and leading insurers now have international, rather than national shareholders. In 2016, five major groups were responsible for around 76% of total life insurance premiums and 66% of non-life business, including Fidelidade of the Chinese Fosun Group, Ageas and Seguradoras Unidas, part of the North American Apollo organisation. What impact do they have on the Portuguese market?
2016 witnessed a change in the structure of the Portuguese insurance sector when market concentration contributed to fewer companies operating in Portugal. During this consolidation, the important thing to ensure was that there were no negative impacts on customers. I believe the sector behaved in an exemplary manner as was acknowledged by the latest European Customer Satisfaction Index (ECSI – Portugal 2017), which measured client satisfaction for the quality of goods and services available in the national market.

Ageas is the second biggest player in the life sector and the third in non-life. What prompted the company to invest in Portugal and how do you view its growth potential against, for example, your markets in Belgium?
The Ageas Group has operated in Portugal for a number of years (through brands like Ocidental, Médis and our partnership with Millennium BCP) and sees it as a potentially high-growth market. Because we already have a good understanding of the market, our latest acquisition fits well with our global strategy. A strong network of professional, specialist agents complements our existing distribution channels enabling us to offer customized services through varied contact and interactive platforms, while focusing on customer relationships and quality. I believe there's a long way to go in Portugal to increase awareness of the need for protection and it is our responsibility, as part of our core business, to invest and stay in this market for the long term, continuing to grow sustainably and play an active part in society.

In the life sector, 2016 premium volume was half of 2010. Unit-linked products have helped their recovery, improving 2016 and 2017 performances, but they do present a greater risk for policyholders and beneficiaries. How are you going to attract more risk-averse customers and is a savings and pension fund (PPR) a better alternative?
The changes in the Portuguese social security system, as well as the need to maintain a standard of living after retirement age, have fuelled the importance and growth of private retirement savings products. Unlike other financial products, Retirement Savings Plans (PPRs) have, since their inception, been a privileged vehicle for private medium to long-term savers, contributing to their retirement income. For example, with Ocidental, we provide a Retirement Savings Plan – known as a Structured Savings Collection Facility (ICAE) – which is an insurance contract linked to investment funds. Each financial product consists of four investment funds: the Aggressive Strategy with a maximum of 55% in shares, the Moderate Strategy with 30% and a Protection Strategy and Preservation Fund Strategy with a maximum of 10% in shares. Each investment strategy – linked to an autonomous fund based on deposits, bonds or equities – is determined by the saver's investment policy. Such Retirement Savings Plans are for people with medium to long-term risk tolerances.

Ocidental's Increased Savings Insurance (Seguro Poupança Crescente) is a medium to long-term capitalisation insurance product which invests the total guaranteed capital. Part of the applicable subscription fee is invested in an autonomous fund at the end of each financial year and the Fund's rate of return is determined after the financial management fee is deducted. Is all of this enough to encourage a savings culture within the majority of the Portuguese population? Probably not, but it certainly goes some way in trying to achieve this reality. As an organisation, we are committed to improving savings and our aim is to continue to develop new and innovative retirement and savings plans. The key is to make more people aware of each and every plan – and this depends on how good a job we do.

You recently said Ageas was open to new acquisitions but that there were no non-life insurers for sale. Do you think this will prompt more international companies to leave the sector and provide Ageas with more opportunities? What do you mean by 'a very strict discipline for acquisitions'?
As I've mentioned before, we're open to profitable investment opportunities, as long as they align with our Group's strategy and policy.

Although non-life business continues to grow, profitability remains a challenge, particularly in auto and workers compensation. Having acquired AXA, over 50% of your premiums are for auto insurance. How will you make this business profitable and sustainable?
Naturally, the national and international economic situation has impacted the insurance sector. Non-life, traditionally more reliant on economic and labour market progress, has seen positive growth in direct insurance at +5.0%. The non-life technical account results however have not kept up with this growth; results for the global non-life segment dropped from 107 million Euros in 2015 to –9 million Euros in 2016.

When we acquired Ageas Seguros, we were aware of the need to recover profitability, but we had to start with the basics: successfully launch a new brand to the market and share it with our customers and partners while ensuring our data systems were fully autonomous (to do this we constructed a new Ageas data centre in Portugal, courtesy of our Carve Out programme). This first, giant leap allows us to plan for the future, update platforms, increase IT management efficiency and optimize IT architecture. Both challenges have been overcome through exemplary leadership.

Alongside this, we immediately started a business transformation programme, following certain parameters, to turnaround less profitable lines, reduce costs and take the first steps toward profitable growth. Today, the Ageas Group in Portugal has a new organisational structure; our business units have a clear focus on sale and distribution channels

Paula Rios, MDS Group and Steven Braekeveldt

and are working together to adopt and replicate best practice activities across all areas (life, non-life, health, B2C and partnerships). In addition to this, different business units (including non-life) can obtain leverage from a number of added--value propositions, such as:

- A strong partnership policy. For example, we've established various strategic partnerships with professional associations: doctors, dentists, veterinarians, pharmacists, nurses, biologists, economists, judges, psychologists, architects and solicitors.
- The 'Ageas Seguros' card gives customers direct access to a network of 40 reputable national partners with discounts in the areas of health, auto, beauty and wellness.
- Professional and accredited agent and broker network, bringing the company and the Ageas brand closer to local partners across the country. This is strategically important to the growth of our brand and we are therefore committed to a long-term relationship. We want to be an agent's first choice.
- Digital platforms. We have a private client website, apps, digital documents, a strong social media presence, including customer service, and GPS car tracking options.
- Prevention. The PAR – prevention and risk analysis service for corporate clients. We want our customers to see us as business partners, particularly in the reduction of workplace risks and accidents.

Our strategy is clear, supported by strong foundations and a solid international Group. This I believe can deliver sustainable growth and value to our customers.

Alongside life insurance, fraud is a key issue within the auto and workers compensation markets, how can technology help fight against this?
The crucial challenge is for the insurance industry to understand what type of fraud is its biggest threat and how to use technology to cope with it. The increasing use of analytics (Big Data) presents a world of almost limitless potential for the insurance industry. We are seeing advances in digitalisation within the labour, housing and transport sectors, for example, indicating automated detection and the use of predictive and analytics models is the way forward to prevent and fight fraud (assuming IT has a bigger role within fraud units). Data efficiency is the most important challenge.

When it comes to protection and privacy (the European insurance industry is heavily regulated), access to external data sources and the quality of internal data, requires special attention. The development and construction of new data models are based on increasingly robust, fast and intelligent technologies. In spite of the technological advances, fraud detention cannot be reliant on pure analytics. Human factors will continue to play an important fraud detection and risk assessment role. While data can accelerate the detection of fraudulent activities and patterns, people will always be vital in translating reports into actionable intelligence.
In a world where consumers are using new technologies to communicate, the challenge can be difficult. Effectively fighting fraud is an ongoing process of adaptation and optimization.

Within the next five years Ageas Portugal has a goal to be a major player in the pensions, health and home insurance markets, how do you plan to do this?
The Ageas Group in Portugal is already number one for pensions and we have a leading health brand, Médis, offering various customer-centric multi-risk insurance products. We will continue to innovate, provide outstanding client and partner service and keep abreast of technological developments that impact, albeit differently, upon our numerous business lines. Our strategy moves us forward and sets us apart.

In a 2015 interview, you mentioned 'Occidental has a very good strategy' and was profitable even during the financial crisis. How will you help Ageas achieve this growth and move away from what some may describe as a 'problematic Axa legacy'?
As I said before, we have a clear strategy to focus on recovering profitability and sustainably growing Ageas Seguros. Now, it's integrated into our organization (and Ocidental is a good example of solidity and profitability), we can optimize and introduce historic examples of 'best practice' initiatives among companies within our Group. In addition, the Ageas Seguros agents & brokers distribution channel is central to customer protection.

In September 2015, Ageas launched its 'Ambition 2018' strategy which focuses on seven strategic choices. These include investing in core insurance skills, strengthening relationships, expanding in mature and growth markets and establishing centres of excellence to facilitate knowledge sharing and innovation. How is Ageas in Portugal contributing to this?
Ageas in Portugal is one of the main contributors to the Group's strong global performance. And we have been leading on several fronts: in the management of profitable companies, innovation (partnerships, services, products), the management of diversified offerings and omni channel brand management, plus taking an active role in society, such as with the Fundação Ageas and our global strategy for Corporate Social Responsibility. Further announcements to follow. This has led to recognition from third parties in Portugal, which is good for the Group, and in line with our global strategy, we've consistently pursued innovative business partnerships. These are but a few ways Portugal can support the Group and the country is now one of the main contributors to global business volume.

Ageas also pledged to invest €75m per year in innovation for three years. Within Portugal your ambition is to lead in this area and stimulate innovation and entrepreneurship within your business. How is this progressing and how are you attracting talent?
Within the scope of our strategic goals, innovation is a top priority – alongside our desire to differentiate ourselves in the market and be recognised as enterprising professionals.

To encourage an entire organisation to engage and participate in helping us meet these goals, we are channelling their energies towards innovation. Part of our innovation programme focuses on internal incentives, via an online platform, which ensures everybody can contribute ideas, comment, vote and be recognised. Outside the company we partner with firms that will help raise our profile, such as Healthcare City (which Médis co-founded), ColorADD – advocates for more inclusive communication with people who are colour-blind, ANF – a business partnership representing unknown market innovators and Universidade Nova – specialists in training, development and recruitment.

Does the onset of digitalisation mean Ageas will have to rethink its business models, the technical support it gives to the 'client journey' and its relationship with consumers? Is there likely to be an Uber in the insurance world?
At Ageas we have digital and digitalisation – two different things – at the core of our strategic priorities. *Digitalisation* is the road to developing processes and improving efficiency, *Digital* is a driver to grow business by improving the customers and distributors' experience and being easily accessible to both, plus being relevant as a service provider. Both digitalisation and digital are on the top of my agenda as CEO, and I am constantly challenging the organization to embrace innovation and digitalisation/digital.
We are presently developing health and life projects which will transform the insurance experience into an emotional one, so yes, we are already writing the future of our business models, and I am sure Ageas will make a difference and be recognised as the main player in this area. If Uber in the insurance world is going to appear somewhere, strictly speaking this would be great. Uber connects those who need to move from one place to another with those who have a car and can fulfil that need, offering a seamless digital experience, with the customer at the very centre. Uber is, in that sense, a broker. Brokers have existed in insurance since its beginning so Uber is an inspiration of what a future broker might be. This would be a giant step towards customer centricity, but not a disruption. Generally speaking, Uber may well be viewed as a disruptor by an industry with legacy mentalities, but it will happen. Where, when and how, nobody knows, but we are looking forward to it. Our feet are in the present, but our eyes are always on the future.

How have you managed to meet the requirements of the three pillars of the Solvency II Directive? Are there any elements you would like to change and what has been most relevant?
Ageas Portugal Group started to develop a Solvency II Programme in 2009. Six work streams inputted to the three pillar areas and they ensured a reliable, safe and timely transition to the new solvency regime. The goal of the project, developed in line with the Ageas Group, was to meet the Directive requirements and to proactively integrate risk management into all company processes. The transition from Solvency I to II covered capital management, product design and profitability, investment strategy and regulatory requirements. Internal resources with strong management and technical skills, actuarial and risk management experience, and the support from Ageas Group, were key to accomplishing this successful implementation.

Ageas Portugal has strong capital ratios and a wealth of knowledge and experience – competitive strengths not easy to find, particularly in the Portuguese insurance market. It is one of the best prepared insurers, ready to face the challenges of this new competitive environment.

What business processing challenges are posed by the distribution directive and regulations surrounding European data protection?
Before anything, we need to understand that the distribution directive should be applied nationally. The main goal of this directive is to harmonise the playing field for everyone selling insurance. Furthermore, we should consider the concept of distribution; pre-contractual information and other related points of potential conflict of interest. General data protection regulation applies directly – because it's a regulation and not a directive, standardising data protection in all European Union countries. Both will affect the market – our main business processing challenge will be balancing them!

Financial services providers tend to favour a single brand. Why does Ageas use several brands in Portugal and would you consider using one? Can you tell us about the choice of colours for the Ageas logo and what they mean?
Ageas is a believer in market autonomy and partnerships – in management and brands. The rationale is simple: if there are strong local brands, why change? This is the case with Médis, a reputable, established brand, and Ocidental, who enjoys a very positive reputation. On launching the new Ageas Seguros brand our thought process was equally simple: we needed to break with former stockholder (AXA), retain the corporation's identity for its wide-ranging services, products and distribution channels (essentially agents, consultants and brokers) and seize this opportunity to introduce the Ageas brand more forcefully to the market (taking into account the Group has been in Portugal for more than 10 years and intends to keep growing here). We thought it would be right to adopt the main brand, Ageas and introduce a sector identifier Seguros (insurance). So Ageas Seguros was born. We were also motivated by the fact that this brand conveys the essence of our business: lines connecting and representing our dynamic and wider network of partners, their energy and diversity. Lastly, we wanted to bring some colour to the Portuguese insurance world. Even with its logo, the brand stands out with a spectrum of colour forming part of its identity.

How do you see the insurance industry – insurers and brokers – evolving?
Today the market is positive, boosted by price increases caused by a lack of profitability in mandatory lines of business. However, in the near future the technological evolution and more demanding costumers will lead to consolidation among insurance companies and brokers. The survivors will be those who are already preparing to respond to customers in a fast, clear and effective way using more than one distribution channel.

Even more important will be the capacity for innovation; people will search for new products motivated by new necessities, so insurers must be able to market effectively, and distributors, whether agents or brokers, must offer consultancy services that increase consumer loyalty. In the near future, motor and house insurance will be commodities and the role of the insurance industry must reach new levels – retirement products, home assistance, servicing, prevention and risk analysis and the ability to deal with natural events, will be the main competitive differentiators, together with how we manage the challenges of our ever-evolving climate and population.

"
Ageas Portugal has strong capital ratios and a wealth of knowledge and experience – competitive strengths not easy to find, particularly in the Portuguese insurance market. It is one of the best prepared insurers, ready to face the challenges of this new competitive environment.

Ageas Seguros building in Lisbon

> "
> **I believe there are still too many insurance companies active in the Portuguese market and they will find it difficult to comply with the multitude of new incoming national and international legislation.**

What have you learned from Portuguese insurance companies?
I believe there are still too many insurance companies active in the Portuguese market and they will find it difficult to comply with the multitude of new incoming national and international legislation. The insurance industry set a great example when supporting victims of the terrible fires last year, but to prevent future catastrophes, we should lobby the authorities for infrastructure changes. Improving national insurance literacy will be beneficial for everyone and it's important our industry publishes the high number of claims directly paid to customers, dispelling the myth that insurance companies do not pay claims. People always complain when a claim is rejected, usually because they did not want to pay for the cover at the beginning, yet few publicise claims that were immediately paid by the insurer. Those who do not get paid always take centre stage.

Ageas and MDS formed a partnership many years ago. How has this relationship developed? What do you value most in MDS and why is it different to other players?
Our two companies have a committed and long-standing relationship, both in retail and projects, yet over the years, we've evolved.

Ageas has become the second insurance provider in Portugal and is looking for new opportunities; MDS has become an international broker and is the country leader. Today MDS has a complete supply chain, enabling them to respond to all customer needs, no matter what sector. Clearly we have the same kind of DNA and we hope to develop our partnership further. We are in the market for the long--term and believe such partnerships add value to both parties. We are in the same sector and are in no doubt that MDS is a central player who will work effectively and continue to grow with Ageas.

Only brokers and insurers with this capacity will be able to cope with the new and intensive challenges coming our way. There is no escape, so we must be aware and prepared to handle them. •