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Allianz delivers very solid Combined Operating Ratio

Allianz Holdings plc, the holding company which owns Allianz Insurance and LV= General Insurance (LV= GI), announces its interim results for the six months ending 30 June 2021.

Allianz Holdings

	HY 2021	HY 2020	Variance
Gross Written Premium	£1863m	£1981m	-6%

Operating Profit	£169m	£179m	-6%
Combined Ratio	91.7%	92.7%	-1.0pp

Financial and strategic highlights:

- Success of joint venture with LV= results in robust COR for the half-year at 91.7%
- GWP and Operating Profit impacted by Covid-19, competitive market conditions and the run-off of certain portfolios
- Allianz Insurance has made payments on 87% of accepted Business Interruption claims related to Covid-19, double the market average
- Motor claims frequency is returning to pre-lockdown levels but premiums are at a five-year low
- Allianz and LV= continue to invest in community engagement and grassroots sport, including rugby and cricket

Jon Dye, CEO, Allianz Holdings said: “I’m proud of what our business has delivered for the first six months of the year. Our half-year results show a very strong Combined Operating Ratio, underlining the solidity of Allianz Holdings and our balanced portfolio of commercial and personal lines business. Four years after the announcement of the joint venture with LV=, these figures demonstrate that the integration has resulted in our business being in an incredibly strong position and this success has enabled us to take the next step in our journey with the creation of Allianz Commercial and Allianz Personal. This simplified structure will align our business to the distinct needs of our customer groups.

“Our people have worked tirelessly this year and I’m incredibly proud of their hard work and commitment.”

In the first six months of the year, Allianz Holdings delivered a very solid Combined Operating Ratio (COR), with an improvement of 1% to 91.7% (HY 2020: 92.7%), emphasising the benefit of a balanced portfolio of commercial and personal business. Gross Written Premiums (GWP) were moderately down on last year by 6% to £1.86bn (HY 2020: £1.98bn), primarily due to the continued impact of Covid-19, some extremely competitive conditions in certain markets as well as the run-off of certain portfolios, while Operating Profit fell slightly by 6% to £169m (HY 2020: £179m).

Allianz Insurance

	HY 2021	HY 2020	Variance
Gross Written Premium	£913m	£967m	-5.6%
Operating Profit	£44m	£72m	-38.9%
Combined Ratio	96.7%	95.6%	+1.2pp*
AZI Commercial COR	97.4%	110.1%	-12.7pp
AZI Personal COR	94.1%	90.4%	+3.7pp

* When the CORs are not rounded up, the difference between HY 2021 and HY 2020 is indeed 1.2 percentage points.

In the first six months of the year, Allianz Insurance saw GWP decrease by 5.6% to £913m (HY 2020: £967m), while the Operating Profit fell by 38.9% to £44m (HY 2020: £72m), and the COR deteriorated slightly to 96.7% (HY 2020: 95.6%).

Within our commercial lines of business, the overall performance has improved. Although overall GWP is down slightly by 6% to £617m (HY 2020: £656m), driven mainly by the continued impact of Covid-19 on the economy, we are starting to see new business increase, as companies are progressively getting back to their pre-pandemic activity levels. In June 2021, we saw a clear uptick in enquiries and broker engagement compared to the same month last year and this is expected to continue. As a result of fewer Business Interruption claims, the COR has also significantly improved for commercial lines, with a 12.7 percentage point improvement to 97.4% (HY 2020: 110.1%), with the most positive developments being seen in Engineering, Construction and Power, which reported a very strong COR performance over the first half of the year.

Our motor fleet products and services have responded well to our customers' changing needs during the last 18 months and this will remain a focus for the future, as society continues to change the way it travels due to evolution in vehicle technology as well as new ways of working.

Within the Allianz Insurance personal lines business, overall GWP decreased slightly by 5.1% to £296m (HY 2020: £312m) and the COR increased by 3.7% to 94.1% (HY 2020: 90.4%), due to the negative impact of motor books which

are in run-off. The Petplan, Allianz Musical Insurance and Home & Legacy businesses – which now form part of Allianz Personal – have all performed well, with Petplan in particular continuing on its strong growth path, helped by the increase in puppy and kitten ownership. Profitability in Allianz Legal Protection also continued to improve following the recent strategic review.

On the claims side, the settlement of Covid-related Business Interruption claims has continued apace. Our claims teams have now issued a final or interim payment in more than 87% of accepted BI claims, compared to a market average of just 43%, a true demonstration of supporting our customers in their moment of need.

Our continuous investment in outstanding claims service also saw the launch of a new digital platform that helps motor repairers procure green parts from our salvage agent and, in a new upgrade for our Claims Hub, present position trackers now allow brokers to follow the progress of their claims live. This claims service is part of our dedication to broker service and has resulted in us being recognised by the Gracechurch Service Quality Marque for the fifth year in a row, which is a unique achievement.

Our ongoing commitment to the broker channel is further underpinned by our partnership ethos, as illustrated by many initiatives from the Allianz Sports Fund to Mental Health First Aider courses for brokers to a new Broker Apprenticeship programme and LinkedIn learning licenses for brokers.

In March, we celebrated the second anniversary of our charity partnership with Mind. Our colleagues have raised £815,000 to support mental health services for children and young people and we are on track to reach our target of £1m over three years. In May, our Inner Warrior rugby camps for women and girls returned, under the Rugby Football Union’s outreach programme that we sponsor. And in June, we took part in the International Women in Engineering Day (INWED).

LV= General Insurance

	HY 2021	HY 2020	Variance
Gross Written Premium	£950m	£1014m	-6.3%

Operating profit	£125m	£107m	+16.7%
Combined ratio	87.0%	89.7%	-2.7pp

Steve Treloar, CEO, LV= GI, said: “We’ve had a positive start to the year and I’m pleased with our overall performance. The strength of our products combined with the exceptional service we pride ourselves on delivering to our customers has resulted in us delivering good results. I’m also very proud of the steps we’ve taken to support communities through our partnerships with both the England and Wales Cricket Board and Family Action. The combination of supporting our customers and also having a positive influence on society continues to be our main priorities. There is a lot to look forward to in the second half of the year and the outlook for our business remains positive.”

In the first six months of the year, LV= GI saw GWP decrease slightly by 6.3% to £950m (HY 2020: £1014m), while the Operating Profit rose by 16.7% to £125m (HY 2020: £107m), and the COR improved to 87.0% (HY 2020: 89.7%).

Because of lockdown, Q1 2021 saw fewer people on the road resulting in a reduced level of claims frequency and a subsequent improvement in the profitability of our motor book. To reflect this, we continued to pass on savings to our customers both at new business and renewal. As restrictions relaxed in April, the number of cars on the road increased exponentially and as a result claims frequency has been rapidly heading towards pre-pandemic levels and this is expected to continue. Having said that, premiums are at their lowest level for five years according to the ABI and we expect the motor insurance market to remain incredibly competitive for the foreseeable future.

With people still spending an above average amount of time at home, claims levels were consistent with previous years but the benign weather created less fluctuations and a quieter claims period compared to the first half of last year which has benefitted the overall operating profit.

Our ability to continue offering good products and outstanding customer service saw us ranked the top insurer by the Institute of Customer Service in its biannual UK Customer Satisfaction Index for the fifth consecutive time, and What Car? named Britannia Rescue the best breakdown partner in its annual reliability survey.

In April, as part of our ongoing commitment to improving our social impact,

we launched a new ethical standard for our branded bodyshop repair network – Green Heart Standard. The first of its kind in the car insurance industry, it will ensure suppliers within our network meet our social responsibility goals and enhance their green credentials.

Our investment in grassroots sport, via the £1m #Funds4Runs initiative with the England and Wales Cricket Board (ECB), continues to support key areas where access to cricket has been limited because of the pandemic. So far, over £350,000 worth of grants have been provided to cricket clubs and communities, and our ‘In With Heart’ tour is travelling the country this summer to showcase how the investment is supporting different parts of the cricketing pyramid.

We have also partnered with Family Action to support their national helpline FamilyLine, which provides practical and emotional support to families. Over the next three years our aim is to raise £1 million to support the charity, through corporate donations, fundraising and charity matching.

Outlook

As we look ahead to the future, the focus for commercial lines will be on ensuring we continue to support our customers through our extensive network of broker partners. Having a dedicated commercial business, with a UK-wide footprint, will place even greater emphasis on broker relations and we remain committed to ensuring we provide them with an excellent service and great products.

Meanwhile, within personal lines, the focus will primarily be on ensuring we’re ready to successfully implement the Financial Conduct Authority pricing reforms at the start of 2022.

Jon Dye concluded: “As we look to the remainder of the year, our priorities continue to be on supporting our colleagues, our customers and our communities and I am tremendously impressed by the efforts of our people to deliver excellent service in what has been exceptional circumstances.

“For our customers, brokers and intermediaries our objective is simple – to provide all of the support we can to help them navigate through the continuing uncertainty and to be successful in the new normal of a post-

Covid world. This will drive our approach as we continue to build our flexible working model and our new product and service solutions.”

About Allianz Holdings plc

Allianz Holdings plc is the non-regulated holding company which owns the principal insurance operations of Allianz SE in Great Britain.

About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with more than 100 million* private and corporate customers in more than 70 countries. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing around 790 billion euros on behalf of its insurance customers. Furthermore, our asset managers PIMCO and Allianz Global Investors manage 1.7 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we are amongst the leaders in the insurance industry in the Dow Jones Sustainability Index. In 2020, over 150,000 employees achieved total revenues of 140 billion euros and an operating profit of 10.8 billion euros for the group.

*Including non-consolidated entities with Allianz customers

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

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markets (in particular market volatility, liquidity, and credit events), (iii) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates, most notably the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions including and related integration issues and reorganization measures, and (xi) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

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The Allianz Group assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.

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