



**PRESS RELEASE**  
**Paris, 30 April 2020**

## **BUSINESS GROWTH AND IMPROVED FINANCIAL STRENGTH IN 2019**

<u>KEY FIGURES, GROUP</u>	<u>KEY FIGURES, FRANCE</u>
<b>EARNED PREMIUMS: €17.4BN</b>	<b>11.5 MILLION CUSTOMERS AND MEMBERS</b>
<b>NET INCOME: €858M</b>	<b>10.7 MILLION VEHICLES INSURED</b>
<b>EQUITY: €16.0BN</b>	<b>8.1 MILLION HOMES INSURED</b>
<b>SOLVENCY RATIO: 406%</b>	<b>3 MILLION BENEFICIARIES OF HEALTH INSURANCE</b>

### **Thierry Derez, Chairman and Chief Executive Officer, commented as follows:**

“Our results in 2019 were satisfactory and in line with targets. Against the backdrop of an unprecedented crisis, with devastating health, economic and social effects, the Group’s robustness is essential as never before. It fuels the strong commitment of all Group entities to our members and customers, ensuring that we are able to build for the future, guided at all times by our core mutualist values.”

### **Business growth in France and in international markets**

**In 2019, the Group’s earned premiums rose 2.8% to €17.4 billion.** Insurance activities in France accounted for 88% of the Group’s business, with earned premiums up 2.1% to €15.2 billion. Earned premiums generated by the Group’s international subsidiaries reached €2.2 billion.

<b>Earned premiums</b> <i>€ millions</i>	<b>2018</b>	<b>2019</b>	<b>Change</b>
Property and casualty insurance	9,291	9,623	+3.6%
Life, health and protection insurance	5,629	5,616	-0.2%
<b>Total insurance, France</b>	<b>14,920</b>	<b>15,239</b>	<b>+2.1%</b>
<b>Total insurance, International</b>	<b>2,006</b>	<b>2,161</b>	<b>+7.7%</b>
<b>Total insurance activities</b>	<b>16,925</b>	<b>17,400</b>	<b>+2.8%</b>

**In France**, property and casualty insurance grew 3.6%, driven mainly by continued strong development in commercial lines. The Group also made further headway in the health and protection market, with earned premiums up 5% to €2.4 billion. In savings and pensions, Covéa has maintained its strategy to ensure stability for technical reserves of euro-denominated investments, in a context of persistently low interest rates.

For **international subsidiaries**, earned premiums amounted to €2.2 billion, an increase of 7.7%, representing 12.4% of the Group's business. The subsidiaries in Italy and the United Kingdom, Covéa's main operations outside France, were the key contributors to this growth.

- **Property and casualty insurance: consolidation of Covéa's market-leading positions in France**

In the **personal lines market**, where earned premiums grew nearly 2% to €5.8 billion, Covéa has consolidated its market shares and its **No. 1 position in motor and home insurance**.

- In motor insurance, the Group's earned premiums were up 1.2% to €3.8 billion. Covéa has maintained its place as France's No. 1 insurer in this segment, with 10.7 million vehicles insured.
- In home and other private risks, the Group recorded growth of 2.9% in earned premiums, to €2 billion. With more than 8 million homes insured, Covéa is France's leading player in this segment.

With earned premiums **in commercial lines** up 7% to €3.3 billion, the Group has continued its expansion in this segment while also growing its affinity business. Covéa has thus consolidated its **No. 2 position in this market**.

**In legal protection**, Covéa has maintained its position as the market leader, with a 17% market share, corresponding to earned premiums of €247 million.

- **Life, health and protection insurance: expansion in the health and protection market**

**In health and protection**, Covéa recorded a 5% increase in earned premiums to €2.4 billion. This growth was driven in particular by the group insurance segment, which experienced a rise of 9% in premiums, boosted by inward reinsurance activity. Earned premiums generated by individual policies were up 3%, with the health and protection markets contributing to this growth.

**In savings and pensions**, the Group continued its strategy of maintaining stability in its euro-denominated investment technical reserves so as not to dilute returns paid to policyholders in the current low interest rate environment. This resulted in a 2% decline in gross inflows for euro-denominated policies to €2.7 billion. Inflows on unit-linked policies were down 13% compared with 2018.

- **International insurance business: growth in Italy and the United Kingdom**

Earned premiums generated by the Group's international subsidiaries amounted to €2.2 billion, compared with €2.0 billion in 2018. In the **United Kingdom**, Covéa Insurance continued its expansion, with earned premiums up 4.8%, primarily as a result of portfolio growth in the protection segment and in commercial lines. In **Italy**, premiums registered by Bipiemme Vita were up 11%, with euro-denominated and unit-linked savings products making a significant contribution to this growth.

- **Claims: steady volume during the year**

As in previous years, a number of natural events occurred in 2019, including intense storm activity from June to August and a turbulent end of the year, marked by several acute climate-related phenomena. The Le Tiel earthquake in south-eastern France, along with the windstorms and flooding experienced throughout the south of the country, especially in the Var administrative department, were among the more notable events.

### Net income: further improvement in technical fundamentals

**Net income (Group share) totalled €858 million at 31 December 2019.**

<i>€ millions</i>	<b>2018</b>	<b>2019</b>	<b>Change</b>
<b>Net income (Group share)</b>	<b>940</b>	<b>858</b>	<b>-82</b>
Of which France	899	856	-43
Of which international	41	2	-39
<b>Combined ratio, France</b>	<b>98.0%</b>	<b>97.3%</b>	<b>down 0.7 points</b>
<b>Average return on financial assets</b>	<b>3.1%</b>	<b>2.7%</b>	<b>down 0.4 points</b>

**In France**, net income (Group share) amounted to €856 million, compared with €899 million in 2018. Technical fundamentals improved further in 2019, while a lower level of capital gains was recorded for the equity portfolio, in line with the Group's strategy aimed at strengthening the portfolio's resilience.

**In non-life insurance**, the combined ratio improved by 0.7 points to 97.3%, mainly due to more favourable loss experience in personal lines and lower overheads.

**In life insurance**, the underwriting margin improved, thanks in particular to a positive change affecting contractual loadings.

Despite a lower level of capital gains, investment performance remained on a strong footing, with an average return on assets of 2.7%. This allowed for the continued offer of rates to policyholders at a high average relative to the market and strengthened the Group's profit-sharing reserve.

Net income contributed by the Group's **international subsidiaries** came to €2 million, compared with €41 million in 2018, a year that included a non-recurring income item relating to the sale of the Swinton brokerage business in the United Kingdom.

## Balance sheet: improved financial strength

€ billions	2018	2019
Group equity	15.2	16.0
Financial investments (realisable value)	105	111
Unrealised capital gains	10.6	14.0
Solvency ratio	384%	406%

The Group's combined **equity**, the guarantee of its commitments made to members, amounted to **€16 billion**.

The fair value **of the Group's financial investments amounted to €111 billion**, with €14 billion in unrealised capital gains. To bring its long-term investment strategy to fruition, Covéa relies on the expertise of both Covéa Finance, its investment management company, and Covéa Immobilier, its property investment arm.

**The solvency ratio of 406%** reaffirms Covéa's financial strength and illustrates the Group's capacity for enduring resilience. In accordance with regulatory requirements, it integrates the profit-sharing reserve, which accounts for 18 points of the ratio.

On 27 May 2019, **Moody's** awarded Covéa Coopérations a Financial Strength Rating of Aa3, with a stable outlook.

On 21 January 2020, **S&P Global Ratings** raised the Financial Strength Ratings of Covéa's rated companies from 'A+' to 'AA-', all with a stable outlook.

***The financial statements will be submitted for shareholder approval at the Annual General Assembly on 30 June 2020.***

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