

In Focus: Aviva Canada

AVIVA



Disclaimer

Cautionary statements

This document should be read in conjunction with the documents distributed by Aviva plc (the 'Company' or 'Aviva') through The Regulatory News Service (RNS). This announcement contains, and we may make other verbal or written 'forward-looking statements' with respect to certain of Aviva's plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives. Statements containing the words 'believes', 'intends', 'expects', 'projects', 'plans', 'will', 'seeks', 'aims', 'may', 'could', 'outlook', 'likely', 'target', 'goal', 'guidance', 'trends', 'future', 'estimates', 'potential' and 'anticipates', and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the announcement include, but are not limited to: the impact of ongoing uncertain conditions in the global financial markets and the local and international political and economic situation generally; market developments and government actions (including those arising from the evolving relationship between the UK and the EU); the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; changes in interest rates that may cause policyholders to surrender their contracts, reduce the value or yield of our investment portfolio and impact our asset and liability matching; the unpredictable consequences of reforms to reference rates, including LIBOR; the impact of changes in short or long-term inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events (including the impact of Covid-19) on our business activities and results of operations; the transitional, litigation and physical risks associated with climate change; our reliance on information and technology and third-party service providers for our operations and systems; the impact of the Group's risk mitigation strategies proving less effective than anticipated, including the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; poor investment performance of the Group's asset management business; the withdrawal by customer's at short notice of assets under the Group's management; failure to manage risks in operating securities lending of Group and third-party client assets; increased competition in the UK and in other countries where we have significant operations; regulatory approval of changes to extension of use of the Group's internal model for calculation of regulatory capital under the UK's version of Solvency II rules; the impact of actual experience differing from estimates used in valuing and amortising deferred acquisition costs (DAC) and acquired value of in-force business (AVIF); the impact of recognising an impairment of our goodwill or intangibles with indefinite lives; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events and malicious acts (including cyber attack and theft, loss or misuse of customer data); risks associated with arrangements with third parties, including joint ventures; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in tax laws and interpretation of existing tax laws in jurisdictions where we conduct business; changes to International Financial Reporting Standards relevant to insurance companies and their interpretation; the inability to protect our intellectual property; the effect of undisclosed liabilities, execution and separation issues and other risks associated with our business disposals; and the timing/regulatory approval impact and other uncertainties, such as diversion of management attention and other resources, relating to announced and future disposals and relating to future acquisitions, combinations or disposals within relevant industries; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US, Canada or elsewhere, including the implementation of key legislation and regulation. For a more detailed description of these risks, uncertainties and other factors, please see the 'Risk and risk management' section in Aviva's most recent Annual Report.

Aviva undertakes no obligation to update the forward looking statements in this announcement or any other forward-looking statements we may make. Forward-looking statements in this report are current only as of the date on which such statements are made.

This report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

Agenda

Welcome and introduction

Amanda Blanc – Group CEO



Aviva Canada

Jason Storah – CEO, Aviva Canada

Colin Simpson – CFO, Aviva Canada



Q&A

Delivering on our priorities

Our strategic priorities

- ✓ **Focus the portfolio**
- ✓ **Financial strength**
- 🎯 **Transform performance**



➤ **SIMPLIFY, DIGITISE AND AUTOMATE**



➤ **DRIVE TARGETED GROWTH**



➤ **POWER UP THE AVIVA BRAND**



➤ **BUILD ENGAGING, DIGITALLY LED CUSTOMER EXPERIENCE**

Aviva Canada

- **Core market** for Aviva
- Strong and **well-positioned business** in an attractive insurance market
- Significant opportunities for **sustainable and profitable growth**
- **Substantial contribution to Group** profit and cash
- Benefiting from and providing further **Group synergies** – both capital and operational
- Clear plan underway to further **transform performance**

Today's session

- 1** Canadian insurance market
- 2** Overview of Aviva Canada
- 3** Our strategic priorities



Canada is an attractive insurance market...

Large market

Population 31m (age 18+)

8th largest General Insurance market globally (\$69bn 2020 GWP¹)

Large, affluent middle-class and the most educated workforce in the world²

Stable growth prospects

2nd highest real GDP growth outlook of G7 countries²

c.5% insurance market growth³ supported by immigration

Stable political and economic environment with strong US trading relationship

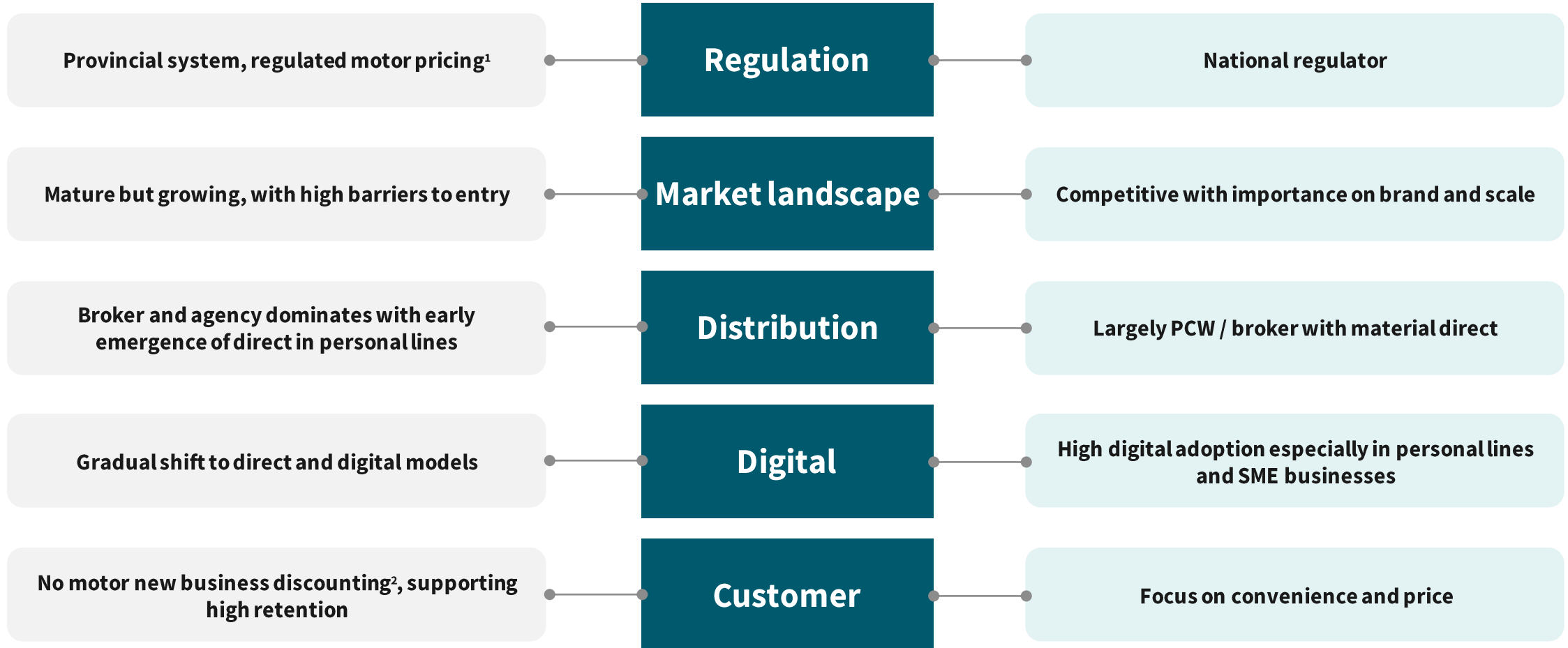
Structurally attractive

Strong market dynamics incl. barriers to entry, consumer buying behaviour

Stable prudential regulation

Intermediated insurance distribution resulting in higher retention

...That has some unique characteristics



Notes: 1. In certain provinces; 2. Excluding Quebec

Overview of Aviva Canada

Strong strategic position (2020)

#3 position
with 8% market share and 2.4m customers

\$5.6bn GWP
with a growth rate of 5.8% CAGR¹

94.7% COR²
9% expense ratio and 15.1% Operating ROE³

Strong intermediary relationships

83% GWP through brokers and 16% RBC partnership³

Leading technical capabilities

in claims, specialty personal lines and surety



2020 winner of People's
Choice Technology award



2021 Insurance Business Five
Star Home Insurance award

Financial contributor to the Group

✓ **43% of total GI cash remittances** in 2020 (10% of total)⁴

✓ **57% of total GI operating profit** in 2020 (12% of total)^{2,4}

✓ **60% SII diversification benefit**

✓ **Combined reinsurance purchasing power**

Top three player in a growing market

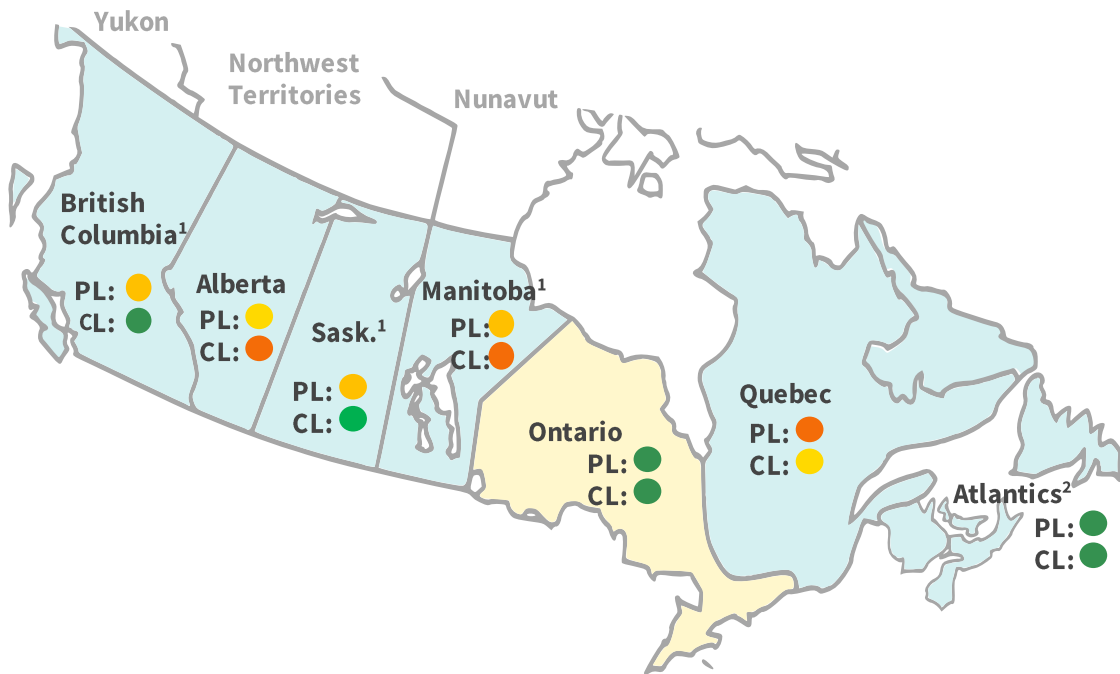
	Business mix	Market share 2020	GWP 2011 - 2020 CAGR Incl. acquisitions	Average RoE (10 years) ¹ Canadian IFRS	Acquisitions ²	
					Notable acquisitions	Acquired mkt. share
intact		15.0%	9.6%	11.2%	RSA, AAA, JEVCO, GUARANTEE	11.1% ³
RSA		4.5%	3.5%	8.0%	IGAN Insurance Company, L'UNION CANADIENNE	1.2%
Desjardins		8.3%	13.5%	10.6%	StateFarm	4.0%
AVIVA		8.2%	5.8%	9.4%	RBC	2.0%
Top 3		36.0%	9.3%	-		
LLOYDS		5.8%	8.8%	n/a		
Wawanesa Insurance		5.8%	5.9%	4.9%		
the co-operators		5.7%	6.0%	9.3%		
TD Insurance		5.7%	4.9%	2.9%		
economical INSURANCE		4.1%	5.7%	3.6%		
Northbridge <small>FAIRFAX company</small>		3.3%	10.5%	5.8%		
Allstate		3.1%	9.4%	18.3%		
Top 10		69.4%	7.6%	-		

Source: Data extracted from MSA Research

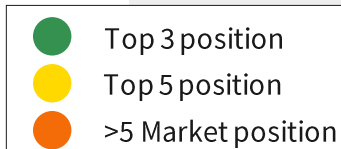
Notes: 1. Including acquisitions; 2. Since 2011 and >\$100m; 3. Excl. RSA equals 6.6% acquired market share

National presence, broad offering and strong market positions

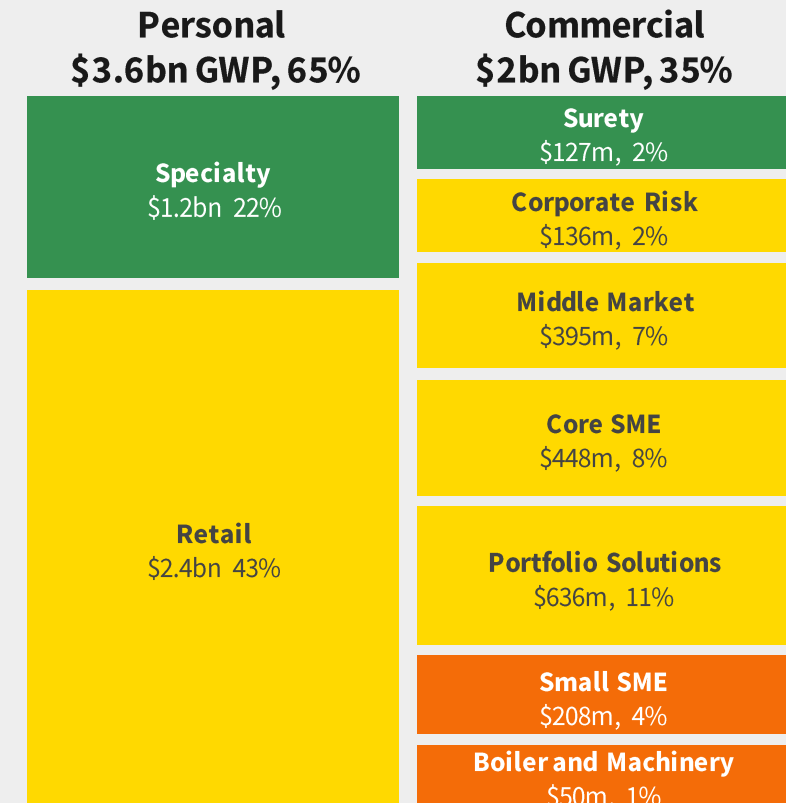
Canada-wide presence



- Presence in all major provinces supporting geographic diversification
- Aviva holds a top 3 PL position in Canada's largest province (ON) along with strong CL positions in ON, BC, Quebec and Atlantic provinces



Broad product mix




We have a strong partner in RBC

Background to the partnership



- Exclusive 15-year partnership following acquisition of RBC's insurance business in 2016 (5-year extension agreed in 2019)
- RBC is #1 and most valued brand in Canada
- Largest partnership across the Aviva Group

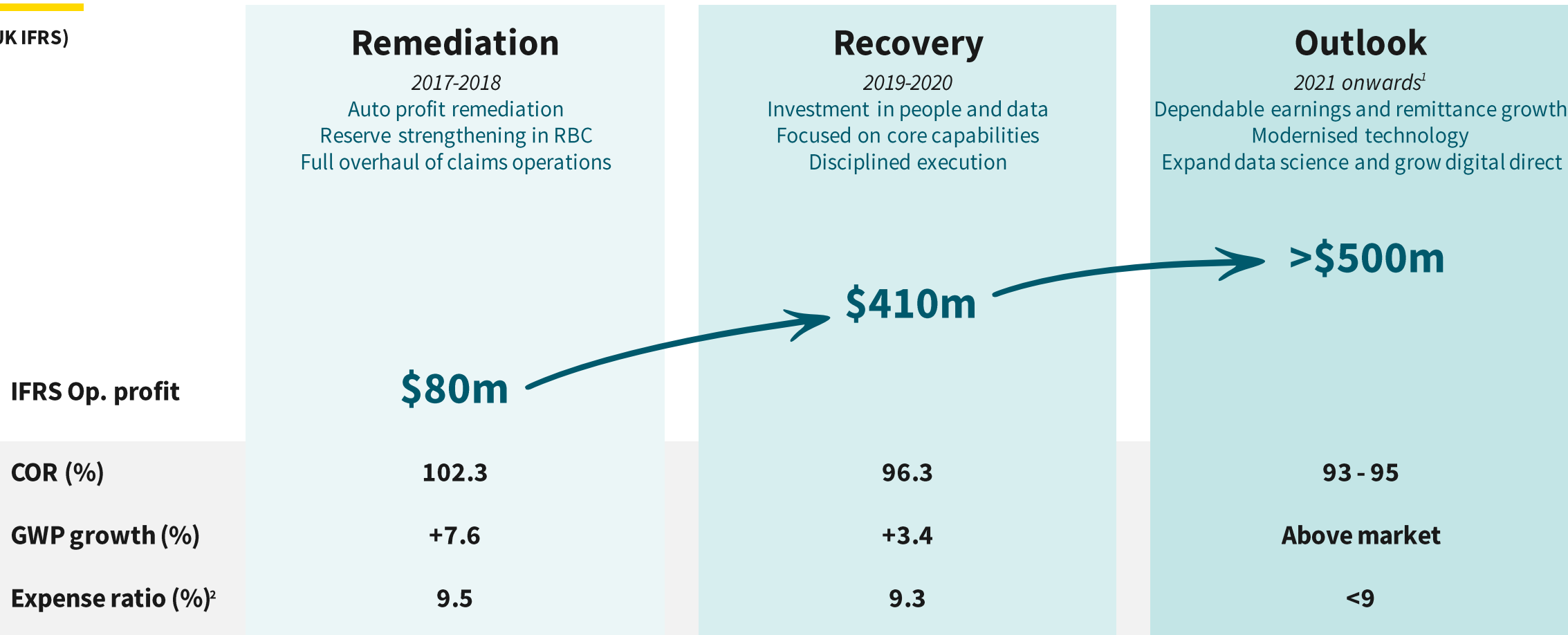
Strategic outlook

-  Enhanced risk selection through **pricing sophistication** and **targeted marketing**
-  Distribution evolution through **digitisation**
-  Growth in segments where **RBC has strategic advantages**
 - Wealth Management – target high net worth
 - Groups – expand home and auto
 - Lifestyle products – incl. boats, RVs and motorcycles

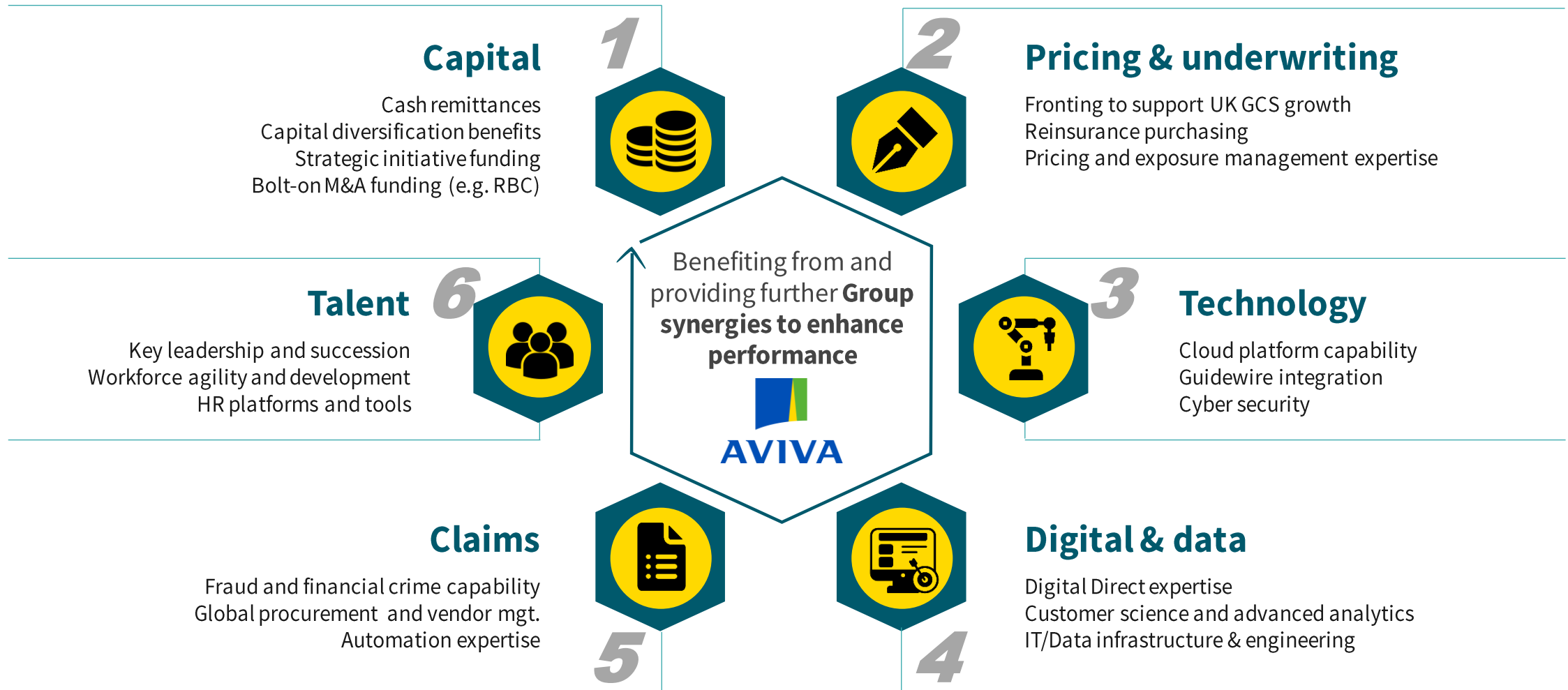
Recovery complete, growing earnings and positive outlook

Aviva Canada

(UK IFRS)



Strong mutual synergies with Aviva Group



Our strategic priorities

1

**Deliver sustainable
growth**

2

**Invest in industry
leading capabilities**

3

**Transform the service
experience through
digitisation**

4

**Disrupt the market
with innovation**

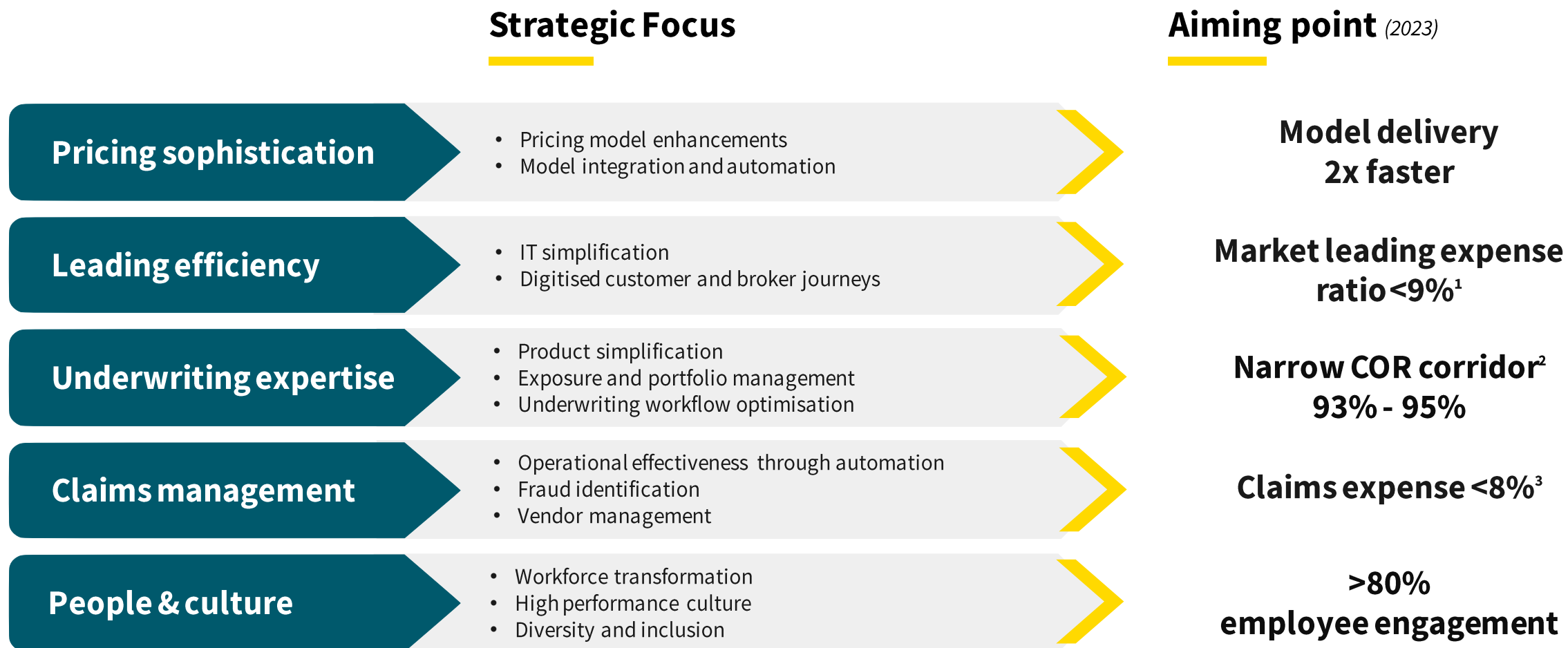
Be the undisputed choice for our customers, our distributors and our people

1 Deliver sustainable growth

	Optimise for Value	Position for Growth	Accelerate to Diversify
2020 GWP:	\$2.9bn	\$2.6bn	\$170m
Portfolio:	PL Retail PL RBC SME Small	Specialty PL SME Core & Mid Market GCS Programs & Portfolio Solutions Surety	GCS Corporate Risk PL Direct
Strategic Focus:	Market growth, Sustainable profit and cash	Strong growth, Strengthen capabilities	Fast growth, Opportunistic
Performance Corridor¹:	3 – 5% CAGR COR 94% - 96%	5 – 10% CAGR COR 92% - 94%	> 10% CAGR COR 95% - 99%

Scale direct, grow specialty PL & core, middle market and large commercial

2 Invest in industry leading capabilities



Optimise core capabilities as a clear point of differentiation to the market and our customers

3 Transform the service experience through digitisation

Where we came from

Increasingly digital operations

Last 3 years

- ✓ Quote and buy online for some journeys
- ✓ SMS and chat, less telephony
- ✓ Paperless documents, digital marketing
- ✓ 3rd party API integrations
- ✓ Basic data infrastructure

Digital self serve

2023 and beyond

- 🎯 Digital purchase, serve and claims journeys
- 🎯 Sophisticated fraud analytics
- 🎯 Telematics, digital direct
- 🎯 Digital settlements/payments
- 🎯 Cloud, robust data infrastructure

Where we are going

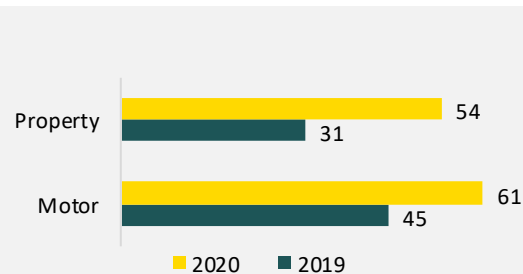
Claims digital touch points

↑ 47%



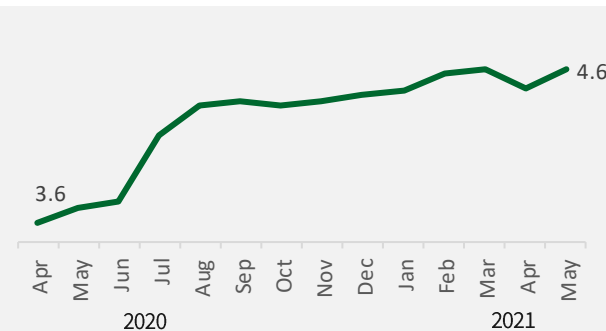
Claims TNPS

↑ Property - 23pts ↑ Motor - 16pts



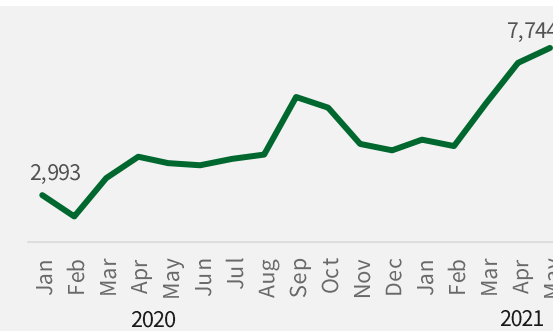
Broker UW call satisfaction (out of 5)

↑ 28%



Monthly chat usage

↑ 159%



Proof points to date

4 Disrupt the market with innovation

Strategic focus

Data science

Build the leading data science and analytics practice in Canada to create differentiation in a commoditised market

Claims settlement

Set a new industry standard for claims experience through fast and fair claims settlement in under 24 hours

Digital direct

Make insurance easy with the best digital experience in Canada, empowering customers through transparency and expert advice

Aiming point (2023)

3% uplift in GWP
1pp COR improvement

24hr settlement
60% for Motor
40% for Property

>10% of GWP¹ by 2026

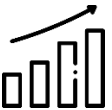





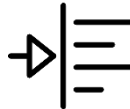


Create a competitive advantage that accelerates growth and delivers an unmatched experience

We have clearly defined measures of success

Grow Aviva franchise

Transform service experience through digital

Deliver shareholder value

Organic growth	Grow digital direct	Growing operating profit	Modernise & simplify technology	Operational excellence	Superior customer outcomes	Narrow COR corridor ³	Dependable cash remittance	Industry leading returns
								
Above market growth	>10% of GWP by 2026 ¹	>\$500m per annum	15% reduction in legacy applications	<30% distribution ratio <i>(normalised for CPC²)</i>	>60% Claims NPS; Top Quartile Broker NPS	93% – 95%	>\$1bn cumulative <i>(2021 – 2023)</i>	>15% SII RoC

A key part of the Aviva Group, creating superior value for our customers and shareholders

Key takeaways



Strong and well-positioned business in an attractive insurance market



Market leading capabilities



Significant Group synergies that provide local competitive advantage



Decisive actions underway to drive sustainable growth and increasing returns to shareholders

