

Press release

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Fortis (Insurance UK) reports record premiums

Fortis announces proposed new name: "ageas"

Financial Highlights:

- Record level of Non-Life Gross Written Premiums (GWP) which increased by 6 per cent to GBP 805 million (2008: GBP 760 million).
- Continued profitability despite difficult market conditions and severe weather events: Non-Life Profit Before Tax and Interest of GBP 29 million (2008: GBP 76 million).
- Strong capital position of GBP 332 million, in excess of 2.6 times the minimum capital required by the Financial Services Authority.
- Continued good progress for the protection business with New Annual Premiums reported at GBP 15 million (2008: GBP 3 million) and growth in market share, which by Q4 had reached 4.3% among Independent Financial Advisers.
- Total Broker Income for retail businesses up 5 per cent to GBP 100 million (2008: GBP 95 million).
- Non-life combined operating ratio after investment income of 98.9 per cent (2008: 92.2 per cent).

Fortis

Fortis House
Tollgate
Eastleigh
Hampshire
SO53 3YA

Operational Highlights:

- Approximately 600 new jobs announced in 2009 to support business growth.
- Continued expansion into the commercial lines market with the launch of new products, including Fleet and enhanced e-trading capability, increasing broker access.
- 35 per cent growth in commercial lines business.
- 85 per cent of brokers now using four or more Fortis products.
- GBP 500 million partnership with Tesco Bank on track to launch in Q4 2010. The new partnership will add 1.5 million motor and household customers to Fortis UK's customer base, bringing its total number of customers to approximately 7 million.
- New partnership with Toyota (GB) PLC and Aioi Motor and General Insurance Company of Europe Limited providing branded motor insurance products in the UK.
- Most efficient insurer at handling motor claims for the sixth consecutive year and most efficient insurer at handling household claims (Datamonitor, 2009).
- First ever general insurer to be awarded the Gold Standard 2008. Retained in 2009.
- Winner of innovation and other awards for Fortis' protection propositions.

Announcing the 2009 year end results, Barry Smith, Chief Executive, Fortis UK commented: *“Despite the challenging market conditions affecting the industry throughout 2009, we have delivered record levels of premium income and are encouraged by the progress we are making in the broker market. We have completed significant deals including the largest insurance partnership in the UK with Tesco Bank, which will accelerate our development in 2010 and beyond. We are now actively recruiting for approximately 600 new jobs to support our continued business growth.*

Furthermore, today we mark a new chapter in our history with the announcement of Fortis’ proposed new name, “ageas”. If Fortis shareholders approve the new name at the end of April, we will be looking to introduce it into the UK by Q1 2011.”

2009 Performance:

Fortis (Insurance, UK) today announced another robust performance in 2009, supported by record levels of premium income and the continued successful implementation of the company’s multi-product and multi-distribution strategy. Fortis reported profits before tax and interest of GBP 29 million against a background of difficult economic conditions and rising claims inflation in the motor insurance market, which continues to be an industry-wide issue as a result of increased third party injury and third party damage costs. In addition, Fortis also experienced an increase in claims resulting from severe weather events and escape of water damage.

Non-life GWP was recorded at its highest ever level in 2009 of GBP 805 million (2008: GBP 760 million). It also benefited from a strong capital base, with GBP 332 million reported in 2009, or 2.6 times the minimum capital required by the FSA.

Throughout 2009, Fortis delivered significant growth in its commercial lines business with GWP increasing 35 per cent to GBP 102 million (2008: GBP 75 million) as a result of its strategy to broaden both distribution and its product range within the market. The company extended its relationship with Post Office Financial Services, launching a new commercial lines proposition in September. Significant progress was also made in the delivery of Fortis’ commercial product suite through electronic trading platforms including PowerPlace and, more recently, Acturis. Momentum is expected to continue in 2010, as Fortis further builds on its commercial product portfolio through the full launch of a fleet proposition and as software houses develop their commercial platforms, putting Fortis in a leading position in terms of commercial e-trading.

Fortis' continued development of its household portfolio led to an increase in GWP of 22.7 per cent to GBP 208 million (2008: GBP 170 million). Private car GWP was reported at GBP 414 million (2008: GBP 459 million), reflecting Fortis' continued focus on achieving profitability in the current difficult market conditions. In response to these conditions, Fortis is continuing to put corrective measures in place such as rate increases. Non-Life combined operating ratio after investment income was reported at 98.9 per cent (2008: 92.2 per cent). In line with the company's low cost ethos, Fortis maintained its leading position as the 'most efficient insurer at handling motor claims' for the sixth consecutive year¹ and also achieved 'most efficient insurer at handling household claims'².

Fortis also achieved rate strengthening across its travel book, which has offset foreign exchange fluctuations. Travel GWP was reported at GBP 49 million (2008: GBP 50 million), impacted by a decline in the number of people travelling due to the economic downturn.

Strong progress continues to be made with the protection business, with reported New Annual Premiums of GBP 15 million. The company provides cover to over 63,000 customers (2008: 11,600 customers) and by the fourth quarter of 2009 attained a market share of 4.3 per cent of the Independent Financial Adviser (IFA) market from a standing start in July 2008. Having celebrated its first year of trading in July, Fortis has continued to make rapid and significant inroads with a number of specialist IFAs, nationals and networks, extending coverage in the overall protection market to over 18,000 advisers. This distribution progress has continued in 2010 and by half year, it is planned that Fortis UK's protection products will be available to the whole of the IFA market.

In the highly competitive retail environment, Fortis sustained growth in Broker Income delivered across its main retail businesses, RIAS and Fortis Insurance Solutions. Revenues increased by 5 per cent to GBP 100 million (2008: GBP 95 million), with particularly strong performance from RIAS, which was ranked in the top two car insurance providers in the UK for customer communication, helpfulness, value for money and performance as voted by 20,000 *Auto Express* readers in the 2009 'Driver Power' survey. RIAS itself has over a million policies in a growing market segment.

¹ Datamonitor published 2004-09 - based on the top 10 largest motor insurance providers by GWP based on 2003-08 data

² Datamonitor published 2009 - based on the top 20 largest household insurance providers by GWP based on 2008 data

Rebranding

Fortis Holding, Fortis UK's parent company, has today announced the proposed new name for the Group, "ageas". The proposed change follows the disposal of Fortis Holding's banking assets and its sole focus as a global insurance company. The UK business makes up one of its four key regions, along with Belgium, Continental Europe and Asia.

The proposed new name will be presented to Fortis shareholders at the end of April for their approval. If this approval is given, the rebrand will be implemented in a controlled way in the UK with the plan to complete the process by Q1 2011. Further updates will be given during 2010.

Strengthening the senior management team:

Building on Fortis' growth strategy, the company further strengthened its senior management team in 2009 with the appointments of Mike Urmston as Non-Executive Director of Fortis Life UK, Julian Hance as Non-Executive Director of Fortis Insurance, and Anthony Lewis as Director of Commercial and Pricing of Fortis Insurance Solutions, together bringing significant industry expertise. Most recently, Fortis announced the appointment of Andy Watson as Managing Director, UK Retail, emphasising the increased significance of Fortis' retail businesses to its multi-distribution strategy and an ambition and confidence to grow these businesses further.

Award-winning service and propositions:

Fortis has long been recognised for its customer service ethos and innovation, and 2009 was no exception. Fortis consistently achieved a top position for service in broker nominated surveys in 2009 including those from the Institute of Insurance Brokers, Professional Broking and Insurance Age.³ Fortis was also awarded the Incisive Media 'Gold Standard for Insurance' for the second consecutive year, having been the first ever general insurer to achieve this accolade in 2008. It remains the only general insurer to win this award.

Fortis' commitment to customer service was further evidenced by its 'world class' position in financial services with Age Concern customers in the 2009 UK Customer Satisfaction Index conducted by the Institute of Customer Service and with 100% of Age Concern travel customers who have made a claim with Fortis saying that Fortis handled their claim in a fair and reasonable manner⁴.

³ IIB Insurer Service Survey (April 2009), Professional Broking Sentiments Survey (May and October 2009), Insurance Age (May 2009)

⁴ Age Concern Insurance Services claim handling survey December 2009 - conducted by Critical Research.

Furthermore, Fortis achieved an overall 97.5% satisfaction rate in a survey with over 38,000 of its protection customers⁵. The survey demonstrated that customers were extremely satisfied with the company's documentation, communications and application process and highlighted that the underwriting questions were clear and easy to understand.

Innovation of both products and systems developed by Fortis was also recognised. The company won the Protection Review 'Innovation Award' for its Real Life Cover proposition; 'Most Effective Insurance Initiative or New Product' at the *ifs* Financial Innovation Awards; and was triple 'e' rated for term assurance, critical illness, income protection and protection menu (YourLife Plan) by the Finance and Technology Research Centre.

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Notes to editors

About Fortis

Fortis (Insurance UK) is a leading provider of award-winning personal and commercial lines insurance solutions in the UK. Fortis UK provides both non-life and life products, distributed through a range of channels including brokers, IFAs, intermediaries, affinity partners and the Internet, as well as through its retail strategy via its wholly or partially-owned companies (RIAS, Fortis Insurance Solutions, Affinity Solutions Ltd, Text2Insure and InsureTECH Systems).

Insuring in the region of 7 million customers and working with a range of partners, Fortis is recognised for delivering consistent and high-quality customer experiences. It employs almost 3,000 people with a head office based in Eastleigh and others in Belfast, Bournemouth, Gloucester, Haywards Heath, London, Redditch, and Stoke-on-Trent.

Fortis Holding is an international insurance company with a heritage spanning more than 180 years. Ranked among the top 20 insurers in Europe, Fortis has chosen to concentrate its business activities in Europe and Asia, which together make up the largest share of the global insurance market. It is an undisputed leader in the Belgian market for individual life and employee benefits, as well as a leading non-life player through AG Insurance. Internationally, Fortis has a strong presence in the UK, where it is the third largest private car insurer. The company also has subsidiaries in France, Germany, Turkey, Ukraine and Hong Kong. Fortis has a strong track record in developing partnerships with key distributors in different markets and successfully operates partnerships in Luxembourg, Italy, Portugal, China, Malaysia, India and Thailand. Fortis employs more than 10,000 people and has annual inflows of around EUR 15 billion.

Fortis's assets include a 75% stake in AG Insurance; 100% of Fortis Insurance International; a 45% stake in Royal Park Investments; and other financial assets and liabilities of various financing vehicles.

Press Contacts:

Paul Lynes	Fortis UK	T: 023 8031 3152 M: 07786 061537	E: paul.lynes@fortis-uk.com
Natalie Shale	Fortis UK	T: 023 8035 2754 M: 07786 034757	E: natalie.shale@fortis-uk.com
James Leviton Peter Russell Clare Dundas	Finsbury	T: 020 7251 3801	E: UKFortis@finsbury.com

⁵ The Fortis Life customer satisfaction survey of 38,000 customers, received a 3% response rate, equating to 1,100 responses.

