# 30 Voices on 2030

## The future of insurance

KPMG in Belgium
**kpmg.com/be/insurancevoices**

# Introduction

At KPMG, we are grateful for the opportunity to write this publication on the future of the insurance sector in 2030 through the visionary lenses of CEOs and business leaders.

This report is a spin-off from the 30 Voices on Financial Services (FS) report that we made in collaboration with Febelfin / Financial Forum.

We took the opportunity to dig a bit deeper into the vision for the insurance sector, and more specifically into the challenges and opportunities for the insurance and pensions sector, while keeping the more generic FS/Banking Voices report fully intact and relevant.

In a rapidly changing world, projecting ourselves into the future and imagining how our world and our businesses may look is a real challenge.

Who would have predicted 7 years ago that our world would be shaken up by a global pandemic with millions of deaths, with businesses and countries locked-down for months, and forever changing the way we live, work, and do business?

Who would have predicted that we would once again have a horrific war in Europe; that there would be a global scarcity of commodities, inflation would hit the ceiling, and interest rates would be back to levels we had almost forgotten?

The answer is very simple: systems are unstable and even small initial changes to the system may have unpredictable, even large, effects.

The crux is that the insurance industry is relevant thanks to the existence of uncertainty, and as such, increasing uncertainty accentuates the relevance of this industry even more!

As our Belgian Nobel prize winner Ilya Prigogine rightfully stated: "The future is uncertain, but this uncertainty is at the very heart of human creativity." And that same creativity can pave the road to being either relevant or obliterated in 2030.

Still, if the future is a long tunnel down which we can only peer dimly, the light coming from the end does at least provide some illumination. And 2030 is close enough to start shedding some light on - especially with the help of some of the industry's most inspirational and imaginative leaders. We have turned to these far-sighted Voices, with expertise from across the insurance sector, for this report. Each of our interviewees provides a unique view of what to expect in 2030.

Their views differ in many interesting ways and while not all topics were discussed in the same level of detail with all participants, certain themes unite them. Above all, they expect the boundaries between financial services - as well as with other industries - to become increasingly blurred. Sector convergence has already begun, enabled and driven by new technology and innovation, but that is set to continue at pace. Concepts such as embedded insurance, the platform ecosystem and the data economy may render traditional providers decreasingly relevant, although all players foresee that distribution through brokers and consolidated broker networks will remain important, albeit that the role of these actors will fundamentally change.

Our Voices also speak as one on the imperative to leave the world in a better place than we found it. They expect the environmental, social, and governance (ESG) transition of recent years to evolve and expand - ensuring that insurance companies drive positive change. That may include climate change mitigation, but also social justice, equality, diversity, and fairness.

The Insurance sector has de natura always played a significant role as the organizing body of solidarity, and this role will only increase in the coming years.

Elsewhere, many of our interviewees sense a power shift. They anticipate data driving new business models and undermining existing ways of operating. But crucially, they also expect customers to recognize and enjoy clear benefits as they grant access to their data to trusted partners and businesses. Availability of more granular data will also help insurers to anticipate needs of individual customers and the challenges that our society faces - the demographic evolution is a good example.

Of course, not every prediction made during the course of this research will come true - and you will have your own views about where we are heading. But that's the point: our aim with Voices On 2030 is to stimulate debate; to shed some light on the future without pretending to have all the answers. I hope you enjoy reading this report and please do share its insights far and wide.

In the meantime, KPMG thanks everyone who agreed to give their time and share their expertise for this project. Every interviewee had fascinating insights to contribute and we're grateful for their collaboration.

Now it is your turn to think about what comes next, because in essence and in the words of the ancient Greek statesman, philosopher, and military leader, Pericles:

"The key is not to predict the future, but to prepare for it".

We wish you a thought-provoking walk on your path towards 2030!

**Olivier Macq**

Partner, Head of Financial Services,
KPMG in Belgium

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# Predictions for 2030

It's 2030, and the insurance industry is still undergoing continued, major transformations. The industry has expanded beyond traditional sectors, leading to the coexistence of various business models, including scale players, specialized niche players, embedded insurance and trusted/love brands. Regulatory changes and the need for increased investments in systems development have forced insurers to focus, make choices and prepare for the changing business model landscape.

Operating models have evolved with an increased presence of service providers that can cover different parts of the value chain and smart choices are made in line with a company's view on where it has a 'right to win'.

In response to the evolving needs and expectations of customers, insurance solutions have adapted and become more personalized. The use of intelligent automation (AI) has brought increased transparency in the main insurance processes and has led to improved customer satisfaction when settling claims. Furthermore, data-based segmentation and pricing has resulted in more prevention and smart utilization of insurance.

Insurance brokers are more consolidated and have transformed into specialized risk managers, estate and wealth managers. They increasingly take charge of more parts of the insurance value chain and play a critical role in the industry's evolution, alongside other established channels.

Data and AI are important engines of change in this decade, but their use has given rise to questions about appropriateness which the sector needs to address. Insurers have used all their levers to be catalysts in the transition towards Environmental, Social, and Governance (ESG) goals.

Finally, renewed collaborations between insurers, reinsurers and the government have enabled the sector to address the insurability of new risks, including climate-related risks, leading to a more robust and sustainable insurance sector.

In conclusion, the insurance industry is poised for significant change in the next decade. And while it may not necessarily be seen as a revolution, it will still be a major evolution fueled by changing customer needs and technology; with all the related opportunities and risks. As the industry adapts to these changes, it will continue to play a critical role in providing security and protection to individuals and businesses alike.

# Pillar 1:
# Insurance in 2030: a brave new world?

**The insurance world expands to sectors beyond the traditional ones**

**Choice between scale, niche player or love brand**

**Different business models co-exist**

**Big tech has not taken over the insurance world, it is fully intertwined with the current economic system**

The fight over who owns the insurance value chain and who will have primacy over the customer relationship has been fought resulting in different winners. In 2030, no "one-size-fits-all" insurance model prevails: some insurers have chosen to be mainly risk carriers and leave customer relationship and customer service to more and more consolidated brokerage groups, while others create close connections with end customers with or without the assistance of brokers. Moreover, a few clear trusted and agile winners have emerged as the dominant platform providers with a convergence between the insurance and other sectors, initially set up on a needs basis (e.g. mobility, living and health). A universe of traditional providers, fintech, utilities and manufacturers now cooperate within partnerships beyond insurance models to provide hyper-personalized and rewarding experiences to customers. No single firm "owns" the customer, and the insurance CEO of 2030 is now required to be an orchestrator of partnerships in the data driven ecosystem.

Amongst the winners, there are three sustainable business models in 2030: scale players, specialized niche players and trusted love brands. At the core of the industry, large dominant firms who have seen their size increase by acquisitions and exploiting their internal strength, derive competitive advantage from the sheer scale of their balance sheets and capacity to conduct business end-to-end. Necessary technology investments as well as the cost to comply with new regulations have led to continued consolidation of the insurance market. This is the case for active insurers as well as for those players who specialize in consolidating and managing back books. On the periphery, others seek to own specialized segments of the market that are highly profitable and deliver value to their customers. And insurers that have learned to develop strong consumer brand affinity survive by proactively engaging with partners to deliver the services their loyal customer base demands.

In the early '20s, big tech were seen as potential new entrants and data rich competitors in the insurance market. Today in 2030, they have not taken over the insurance world, but are fully intertwined with the system and insurers keep innovating by engaging in partnerships with them.

As the customer and their expectations have changed, the economics underpinning the insurance industry have shifted substantially. Customers will increasingly only pay for services that they really need and when they need them. New business models, revenue sharing arrangements, subscription-based services and embedded covers now generate up to 25% of the revenue of an insurer. This is still a brave new world for many, where adaptability and innovation are imperative. Product Innovation is also imperative due to new risks (e.g. climate change related risks and cyber risks), and changing needs due to increased longevity.

In this new reality, radical simplicity prevails. The days of monolithic organizations are almost over and the notion of product personalization by improved use of available data does not necessarily mean increased complexity, if and when some conditions are met.

Without a doubt, the simplification journey that institutions have embarked on has not been easy. Many roles no longer exist, others have evolved or are new, and firms have had to tightly balance the need to address cost and efficiency with the broader needs of their customers, employees, distribution partners (e.g. brokers), communities and other stakeholders.

# Pillar 2:
# The 2030 insurance customer: more than ever in the driver's seat

**The customer is in control of every step in the process**

**Data-based hyper-segmentation and pricing leads to more prevention and smart use of insurance**

**Subscription-based lifestyle bundles proliferate anticipating consumers' needs**

**Insurance solutions are absorbed into immersive customer journeys**

The insurance industry has, by nature, always had an important societal role as solidarity is the essence of its existence. This is even more so in 2030, since the consumer is more socially and environmentally conscious than at any other point in history. In this reality, earning and maintaining a license to operate is dependent on having a clear social and commercial purpose that extends beyond serving the immediate needs of the customer to solving even deeper societal challenges our communities face.

One of these challenges is data privacy. With the application of the General Data Protection Regulation (GDPR), consumers became more data-aware and discerning in what data they share, with whom, how and for what purpose. Trust emerged as the key differentiator. Protecting customer data and valuing their privacy is non-negotiable.

In return for trusting firms with their data, customers expect from their trusted partner to act as a personal assistant, and to offer products and services that deliver correct pricing, added value and satisfy - amongst others - their financial planning and pension needs, as life expectancy increases and needs evolve. Customer experience in 2030, therefore, is characterized by convenience, tailor-made services and offerings that seamlessly integrate and enable the lives of customers, simultaneously in the real and the virtual world (metaverse). The customer is in control and high-end advice is still available for niche products and services.

On the road to those frictionless customer experiences, the insurance industry has done away with traditional boundaries and embraced platformization to enable the orchestration of a broad range of services and capabilities, via a standardized "building block approach". An increasing number of activities in the policy life cycle are now absorbed into broader and more immersive customer journeys.

Weeks long approvals and long claims settlement periods are redundant today as the process of settling claims becomes part of a much broader digital customer journey that seamlessly incorporates intelligent automation and artificial intelligence (AI) at large. Aside from speed, full transparency of the process with status updates and track-and-trace drives customer satisfaction.

# Pillar 3:
# Smart technology and data, data, data

**Core systems landscape rebuilt/simplified with multiple value chain players**

**Data is the currency of growth**

**One-to-one insurance solutions come true**

Data were the battlefield of the last decade. Making data available and convincing customers and partners (i.e. brokers) to share data was not an easy task. Legislation slowly caught up to rightfully address concerns to protect citizens and their privacy. Insurers have always been masters of data and, during the ‘20s, access to a lot more data paved the way for an upsurge in bespoke pricing and effective prevention. The availability of much more data resulted in an increase in AI-supported one-to-one solutions, leading to a new group of “non-insurable” risks, for which the sector - as well as the government - needs to find a solution.

In 2030, the technology infrastructure of the insurance industry has been extensively rebuilt. Legacy systems were far too expensive to maintain and were unable to facilitate data. Addressing core systems through investments and acquisition was the key enabler to achieving far-reaching digitalization.

Insurance-as-a-service and outsourcing of some parts of the insurance value chain activities like claims handling, are common practice now and service companies have popped up like mushrooms over the recent years. Balance sheets were cleaned up and non-core portfolios which required too much capital, IT developments and management attention have largely been sold to specialist providers, leaving room for innovation and forward-looking strategies.

But it hasn’t been smooth sailing for firms. While PSD2 for insurance and the GDPR have made more customer data available, the sector has had to learn through trial and error. The savviness of customers to manage their data was put to the test. Legislation, regulatory action and test cases have created a balance between accessing customer data and accountability for their use, including what kind of logic is applied to making decisions based on this data.

The ability of insurance providers to offer personalized pricing has also been turbo-charged by the Internet of Things. By way of wearables, in-home/car sensors, apps and If This, Then That (IFTTT) services, the consumer now has the power to share more about themselves with their service providers – if and when they get more in return. The risk that the client may hold asymmetric information (data they possess but which they may not be willing to share) is a risk insurance companies have to deal with.

Securely accessing insurance products and services has evolved. Digital identity, biometrics and behavioral technologies, augmented by AI security profiling, are used to provide constant, real-time user identity validation.

As the blending of the physical and digital worlds continue, financial services providers have found that machine learning and AI ultimately decide what offers should be considered and when they should be considered. They are, in effect, marketing and targeting services to our digital twin. The human, however, remains in the loop, certainly at the crucial moments in life.

Greater availability of external - as well as internal - information about the relationship with and the performance of insurance brokers and other channel parties have also helped to increase commercial effectiveness, improve profitability of the channels and make decisions going forward.

# Pillar 4: Ceci n'est pas un courtier d'assurance

**Brokers have not disappeared but are the phygital front-office of the insurance companies**

**Brokers have turned from product providers into risk managers, estate and wealth managers**

**Embedded insurance caters for growing part of non-life retail insurance needs**

**Bancassurance remains a steady channel for retail products**

**Corporate insurance is delivered by consolidated brokerage groups or MGAs (Managing General Agents) that take over parts of the insurance value chain**

During the early '20s we saw different models competing aiming at combining the ease of use and trustworthiness for consumers, with a particular focus on satisfying Generation Y.

No 'one-size-fits-all-model' survived but different models co-exist. Bancassurance is still an efficient channel for retail insurance needs. But the once predicted "death of the insurance broker" never came true. On the contrary: Belgian brokers thrive in 2030, better than before.

Their entrepreneurship and agility to adapt to a new world allowed the insurance sector to successfully ride the waves of changing generations and customer needs.

In the ever-evolving digitized context they are the "digital with a human face": digital where possible, Face2Face where needed and appreciated. As a result, brokers that could not or did not feel the need to change, became obsolete and got consolidated into larger groups which have become the digital interface of insurers and gradually took over an increasing part of the insurance value chain.

Over the years their bargaining power vis-à-vis insurance companies has radically increased. Today, their growing underwriting capabilities and power have brought the industry to the brink of questioning who the actual master of the value chain is.

The large corporate insurance market is mostly in the hands of still expanding brokerage groups, but the picture is different for retail insurance: while non-life covers are increasingly targeted by direct writers and get more easily offered with or included in other products, the market shares of life and investment products are growing for brokers. Their role has profoundly changed: from once being insurance salesmen, they have evolved towards estate and wealth managers, and to risk managers for retail customers and SMEs.

In a world where brokerage groups gain power and embedded insurance grows rapidly, insurance companies have made choices: they have become lean product providers/risk carriers and/or they have been able to create emotional connections with end customers. By exploiting increasingly available data they are finally able to offer the right product to the right client, to prevent risks from happening and to solve the consequences of claims (instead of reimbursing them in many cases), allowing them to consolidate their relevance.

# Pillar 5:
# Insurance written with the 'A' of Assurance

**A (re)new(ed) partnership between the government and the insurance sector laid new foundations of insurability**

**Insurers have lead the transition to a zero-emission economy**

**Regtech has enabled near-real-time supervision and influenced a shift in Smart regulation and RegTechs have enabled near-real-time supervision and influenced a shift in enforcement**

**Trustworthy and appropriate use of data and AI have confirmed the public's trust in the industry**

Trust in the insurance industry was under pressure in the '20s. Climate change and its related consequences (e.g. extreme weather conditions such as storms and floods on one hand and extreme drought on the other) and new major and/or difficult to insure risks (e.g. cybersecurity and medical liability) endangered the insurability of certain risks, causing doubts with the public about the trustworthiness and the role of the sector. A new deal between the sector (insurers and reinsurers) and the government was necessary. A good start was made in the aftermath of the floods in the early '20s when insurers assumed their societal role by reimbursing more than they were legally obliged to.

With the support and communication of Assuralia and other sector federations, a new collaboration between the different actors in the sector (e.g. insurance companies, reinsurers and the government) laid the foundation for the insurability of climate-related risks and other new – difficult to insure - risks.

The reputation of the sector and trust of the end customer improved a lot the moment insurance companies and their channels made products, subscriptions and claims processes more transparent and easy to understand for retail clients.

Interestingly, consumers are not the only group to whom companies need to prove their social purpose. Stakeholder and social engagement have become a mode of operation for the industry with firms being judged by the actions they take to address climate change, how they treat vulnerable customers, and how they address inequality in society.

Luckily, the insurance industry has a long history of assuming its social responsibilty by mutualizing risks. Moreover, the longer term vision of (especially) life insurers and their long term investment horizon, has helped the insurance industry to accelerate the transition to a zero-emission economy.

As privacy violations, unintended biases, discrimination and inappropriate customer outcomes fueled a wave of consumer mistrust in AI, the industry made significant investments in designing trustworthy AI to support, amongst others, pricing and claims management processes.

The wave of digital transformation that accelerated through the 2020s revolutionized regulators and their capacity to supervise market participants. The regulatory burden moved to "smart regulation" as regulators became more proactive thanks to new technologies and regtechs, allowing them to monitor the activities of firms in near-real-time. The mission of the sector's regulators remains the same in 2030: to ensure that the Belgian financial sector earns the trust of Belgian consumers. Conscious of their dependency on consumer trust, firms have also deployed the capabilities of regtech partners to protect customer data and enhance their capacity in areas such as automated Know Your Customer (KYC)/Customer Due Diligence (CDD).

# Pillar 6: Transition towards a new, sustainable and more equitable world

**Insurance long term thinking and capital usage has been a lever in the transition to sustainability**

**ESG criteria are embedded in client acceptance, pricing and investments**

**S and G, not just E — the backlash on social issues is over: customers want justice and equality**

In 2030, trillions of longer term investments of insurance companies are still a critical enabler of greater sustainability. However, the ambitious targets set by climate change conferences such as COP26 and COP27 remain out of reach. The war in Ukraine derailed international cooperation and extended the lifecycle of carbon-emitting power generation resources. And resistance against environmental reform in some countries slowed the transition.

Nevertheless, progress has been made. New emerging risks caused by climate change in the '20s and the difficulties to find adequate reinsurance, increased the sense of urgency. Environmental considerations now play a significant role in many decisions made by insurance companies and shape the agenda for the future. This is reflected in both commercial imperatives and the sector's values.

Insurance companies are increasingly using Environmental, Social, and Governance (ESG) criteria as crucial standards in their client acceptance processes. The reputational risk of supporting climate-negative businesses is too great and the sector now understands that investing in greener assets does not necessarily mean lower returns.

In the war for talent, which is still being fought today, developing a clear and positive ESG identity is condition sine qua non for insurers. Together with a transparent governance and an increased balance between professional and private life, it has become an important element of the employee value proposition.

Today, the consensus over climate change mitigation is strongly supported. Insurance companies have well defined the way forward towards a complete net-zero future. Many of them, who had set 2030 as an objective to reach zero-emission, have realized that objective, while for some there is still work to be done.

This embrace of environmental themes - whereby the insurance sector has been used as a lever - has been accompanied by a much broader consensus on social themes. Consumers are making their views clear, demanding that insurance businesses are inclusive and embrace and support equality on gender, race, sexuality and more. The insurance sector have a societal responsibility to accompany clients in their transition with an attention to the most vulnerable population.

On the social side - despite the increased availability of data - there are also types of insurance for which insurers use less data for pricing, or for profiling with the purpose of inclusion. Healthcare insurance is a good example, as the government demands that insurers extend coverage to people who previously did not have access to this type of insurance.

Thus, for some policies, insurers are currently moving from private to social insurance. And not just for pensions or healthcare, but also for climate risks, where everyone gets basic coverage, with little differential pricing; everyone should have access to some level of service, including from the insurer.

The insurance sector has used many levers to be a catalyst to the transition towards ESG goals, and so has the pension funds sector: their boards were able to direct investments for the long term savings of their affiliates towards ESG-proof assets.

Today, as ESG is considered one of the most important drivers in financial services, the industry and its customers realize that they must cooperate to achieve their goals. Policy makers are finally working together on the challenges the world faces.

# What now?
# Mapping the path to 2030

**Opportunities lie ahead for the insurance sector to shape the marketplace of tomorrow. Here are five actions to take now:**

1

### Identify the business models you will target.

There is no single model for success, but in a marketplace where ecosystems and platforms are set to proliferate, now is the moment to define which routes to market your business will pursue. What strengths do your business currently possess — or can quickly be acquired — and what is the best way to leverage them? What technical hurdles stand in the way of your preferred business models? Identify the ingredients for reaching operational excellence. Don't be afraid to experiment: an iterative approach to transformation will likely produce better results than a big-bang transformation.

2

### Plan with purpose.

As stakeholder expectations evolve, your organization will likely have no choice but to embrace ESG. Every stakeholder group will probably demand it — and regulators and policymakers may increasingly mandate it. However, don't think too narrowly by defining your ESG goals in the language of the minimum standards required for environmental, social, and governance compliance. Rather, put mission and purpose at the center of your business to win the hearts and minds of customers, employers, and other key stakeholders.

3

### Develop your data strategy.

The ability to collect, store, manage, and parse data — and do so with trust and consent — may be integral to much of your business' success in the years ahead. How will you build data competences that match the scale of your ambition? Which partners should you work with in order to build out these competencies and leverage the power of the ecosystem? Time is running out to close the gaps in areas where you are currently falling short. Focus on how data can bring you ever closer to the customer — and then keep them close as their views and needs change over time.

4

### Re-think your distribution strategy.

How will you reach, retain, and delight your end-customers? Insurance brokers may have an important place, but their power, role, and ambitions may have changed. How will you react to accommodate this? Will you create emotional connectivity with your end-customers? How? Think about the choices you may soon have to make.

5

### Set your innovators free.

With so much uncertainty about what lies ahead, give your business room to try different things. Create a dedicated innovation hub within your business and give it the resources it needs to seed new thinking across the organization. Don't be deterred by failures; these provide the learning opportunities that can ultimately help deliver success.

# The insurance industry is relevant thanks to the existence of uncertainty, and as such, increasing uncertainly accentuates the relevance of this industry even more!“

**Erik Van Camp**
Partner, Head of Insurance
KPMG in Belgium

# We'll go all the way for the protection of the citizen

**Vincent Van Peteghem**
Deputy Prime Minister and Minister of Finance
BE Government

**In the financial world, the government is and remains a regulator. It has been particularly active in recent years on ESG and on the protection of citizens. That is how, Vincent Van Peteghem, Belgian Deputy Prime Minister and Minister of Finance, in charge of coordinating the fight against fraud and CEO of the National Lottery, sees the sector.**

Keeping the financial sector healthy is a permanent balancing act. That's how it was in 2000, that's how it is today in 2030 and how it will continue to be in the future. There are the interests of banks, the interests of citizens and the interests of governments and other organizations at play.

Even the concerns of governments and other organizations are not always aligned. For example, the ECB only wants there to be very large and strong banks that can compete with U.S. banks. But that is sometimes at odds with local markets and regulations. It's the diversity of having local and large banks that is the real strength of our financial sector. It is most important that banks continue to offer the finance that companies and clients need.

The British economist Mervyn King once said that banks are global in life and national in death. When they are strong everybody wants to be part of them, but when they are in danger, every-body looks at the local government to save them.

We now have a European banking union, but it is clear that it has not solved all the problems or worked out how to maintain the delicate balancing acts. The task is and remains converging the diversity between member states. Only then can you solve the complexity of the banking sector. That also explains why there are not exclusively large European banks today.

> **"Because the financial market evolves in small steps, local financial institutions have been able to adapt to the new needs"**

## Consumer protection

As a government, our task has not changed. The core task remains consumer protection. In the case of the financial sector, this means providing a framework within which banks can operate. This creates a permanent field of tension with the banking sector. After all, it sometimes sees itself hin-dered by the government framework. But the banks also have a role to play. It is a question of what their mission package is, what risks they have to protect.

Is it correct that banks are responsible for following KYC (know your customer) standards and anti-money laundering disclosures? Yes, because the banking and insurance sector is not a sector like any other. It adds value to the economy through financing and insurance. That gives it a special place in the ecosystem, making it well positioned to gather this kind of information.

### ESG qualifier, not a winner

By setting the framework, the government can be very directive, and we have seen that in recent years on ESG. True, the ESG framework does not yet touch every fiber of every financial institution, but the changes in recent years should not been understated. In the early 2020s, regulation in this area had quite an impact. We used the financial sector as a lever.

The banks and insurance companies certainly played a big role in this, but they were not alone. The government and citizens also made great strides. And there is also more than regulation: citizens began to demand more and more transparency and steps in this area from the various players. ESG is a qualifier, not a winner. It's an Olympic minimum, not a way to differentiate you from others.

By the way, it is thanks to our directive in 2022 and the fact that we required every shop, every café and every liberal profession to start using a digital payment method, that we were able to eliminate the use of cash.

### Belgian players have adapted

It is clear that the financial sector has changed significantly over the past decade, but it has always happened in small steps. Those small steps have also allowed Belgian banks to adapt to the chang-ing landscape. They have adapted to PSD2, which was a solid challenge for certain players. They have adapted to the changing expectations of customers, who expect more proactivity and a more automatic response to their needs. And they have adapted to the rise of fintech.

### Belgium as a financial center

The question is whether Belgium is a financial center today. Brussels is still the European capital, it is a logistics center and life is good here. Our country is also attractive on the financial market, and we absolutely must keep it that way.

This means helping our local companies grow in abundance: through our focus on innovation and a strong start-up community. Organizations like Fintech Belgium, but also large international players that have grown here, such as SWIFT and Euroclear, help ensure this.

### No CBDC yet

Finally, big tech and crypto currencies have caused a lot of discussion about the digital euro over the past decade. The European Central Bank was a big proponent of a CBDC or central bank digital currency, but meanwhile it is still not there.

### About the interviewee

Vincent Van Peteghem is Belgian Deputy Prime Minister and Minister of Finance, in charge of coor-dinating the fight against fraud and the CEO of the National Lottery. He holds a master's degree in Management of Public Sector Organizations and first started an academic career. After a doctorate and a year as a postdoctoral researcher at UGent, Van Peteghem moved to the EDHEC Business School in Lille, where he was professor of Operations Management and later Director of Education-al Innovation.

Meanwhile, Vincent Van Peteghem also became politically active, both locally in his municipality of De Pinte, and at the federal and Flemish levels as a member of parliament. In 2020, he made the transition to the federal government.

> “In taking action on ESG, we used the financial sector as a lever”

**Mária Kamenárová**
President
Actuarial Association

# From private to social insurance

**In 2030 risks still need to be quantified, figures interpreted, and management advised based on these analyses to make the best possible business decisions. Therefore, actuaries are still a crucial component in the insurance world. And what strikes us today, based on more data than ever before, is how risks have continued to evolve.**

Climate and sustainability risks are today, in 2030, no longer merely emerging, but well documented. With the necessary tools, we monitor, evaluate, assess, and price these risks in depth. The active population today also knows how better to deal with climate risks and consumes fewer products that are harmful to the planet. That also includes insurance products.

There are also new risks, such as new diseases, against which people need insurance. Or more than ever: cyber risks. We already knew these in 2022, of course, but today we experience more organized attacks. And that brings us to an important point.

## Not everything can be insured

Not all risks are insurable in 2030, for example: major cyber-attacks. Why not? When you insure people or businesses against something, you group similar risks together, make everyone pay a premium and compensate those individuals and businesses that are victims of the risk. But that requires risks to occur randomly. If they arise through „organized action against society," insurance no longer works.

So we had to find other ways to respond to those risks. Either we accept them, avoid them, or mitigate them. Technology, such as artificial intelligence, which has been fully deployed today, helped identify a reply to these risks. For example, how do you offer the right insurance to the right customer through distribution channels? Or how do you determine not to offer certain products to certain people? The only question is: how far do we go in using AI and data?

## Sometimes use more data, sometimes less

By using today's technology, we gather more data than ever and price risks are calculated more precisely than in the twenties. But the use of data and AI is becoming more and more regulated. Something I support, by the way: your data should not be used against you. It should be used to your advantage. So, in certain cases, insurers are allowed to use data to price risks more precisely – but certainly not always. For example, not to charge health insurance premiums at a higher price to people we know are at greater risk of becoming ill. Over the past few decades, we have seen some unethical use of data and AI, but ethical rules have emerged from the lawsuits that followed, which we use today to check whether the solutions proposed by AI are ethically acceptable.

> **"Your data should not be used against you, it should be used for you"**

There are also types of insurance, for which insurers use less data for pricing, or for profiling with the purpose of inclusion. Healthcare insurance is a good example, as the government demands that insurers extend coverage to people who previously did not have access to this type of insurance.

Thus, for some policies, insurers are currently moving from private to social insurance. And not just for pensions or healthcare, but also for climate risks, where everyone gets basic coverage, with little differential pricing. And I support such an inclusive approach. Indeed, everyone should have access to some level of service, including from the insurer.

> **“Actuaries are ideally placed to check whether AI proposes ethically acceptable solutions”**

### Why are we moving toward social insurance?

Three letters, ESG, are determining this move. Environment (E) is already very present. We've come a long way in approaching the Environment over the years. But today, Social (S) and Governance (G) risks carry much more weight. Not coincidentally, these are the two areas that are the most regulated in 2030. Governance risks are the opportunities to protect against data abuse, a subject I referred to earlier in this article.

Social risks today come mainly from demographic evolution. Aging puts pressure on pension and healthcare systems. That is why the government is calling for insurance to be more widely available. And insurers are seizing their opportunity. This is our natural habitat - certainly healthcare - that we focus on, devising customized products.

### One thing didn't change

Actuaries are still absolutely necessary. For pricing, reserving, monitoring balance sheets, managing risk, finance analysis, claim handling, among others, but also to check whether AI is being used to make ethical choices. The Actuarial Association of Europe wants to make it clear to the European institutions that European actuaries have all the necessary skills to provide these services in 2030. This situation is a result of up-to-date training and better selection criteria than ever for recruitment.

And, as always, we continue to adapt to new trends and the needs of our stakeholders. We continue to identify, explain and propose solutions for new risks. This has been our role as actuaries for 100 years, and will remain so.

### About the interviewee

Mária Kamenárová is president of the Actuarial Association of Europe, an organization that aims to be a strong partner of the European institutions, offering objective, independent and professional advice on all matters of interest to actuaries. This is a field in which Mária can draw on a great deal of experience. She has been involved in risk management and actuarial fields for many years. Mária is currently risk manager at Swiss Re and president of the Slovak Society of Actuaries.

# “Insurers must adapt to be future proof - prioritize customer-centricity, efficiency and agility. Enhance connection with clients, intermediates, and partners through optimized front and back-offices. Innovation is crucial in a constantly changing economy and increasing regulation. Time to act is now”

**Filip Troch**
Director, Digital Transformation
KPMG in Belgium

Bart De Smet
Chairman
AGEAS

# There have been many evolutions in insurance, but no revolution

**Trends come and go, also in the insurance sector. You can never follow them all and you don't even have to. What is important, is to carefully pick out the trends that are of interest to your company and that will give you a competitive advantage. For Bart De Smet of Ageas, that is a good part of the job of a skillful leader.**

> **"AI really enabled us to anticipate potential customer needs and plays a major role in pricing, underwriting and claims handling"**

I remember that in a strategic exercise we did in 2012, we identified the driverless car as one of our top priorities. As an insurance company, we were of course very interested in how that technology would evolve and, at the time, everyone was convinced that driverless cars would be a reality very soon. Almost two decades have passed and the breakthrough of the driverless car has still not happened. It is a good example of how technological changes are often much more than about technology alone. What about affordability? When will such a car come within the reach of the average citizen? What about the surrounding infrastructure, such as connectivity? Not to mention all the legal and regulatory prerequisites involved. To put it bluntly: making predictions is rarely a science.

### Artificial intelligence

What we estimated quite well, is the impact of artificial intelligence, a trend that itself is based on a combination of technological progress and changing consumer behavior. This has really enabled us to anticipate potential customer needs. AI also plays a major role in pricing, underwriting and claims handling. After a car accident, for example, the damage is filmed, and that footage is analyzed by computers. This not only helps in fighting fraud (has the damage already been reported?), but also in handling the claim. The system itself will suggest whether the car should be repaired, or the part should be replaced and at what cost. The speed and quality of the settlement of cases are thus much higher than before.

AI therefore has its merits, but it also has its weaknesses. The information bubble it brings is very real, it influences opinion forming and creates polarization in opinions, for example in the way newspapers and websites use catchy titles. My daughter-in-law never gets to read articles on the pension debate. Technology thus influences people's own thinking and creativity, which is why legislators and society itself should pay very close attention to it.

### Partnerships

It is also clear that the importance of ecosystems, partnerships and collaborations is much greater, now that competition is fiercer and more scattered than ever. As an insurer, you have to offer a much broader customer proposal than just "pay a premium in exchange for a sum of money when you have a claim." The service is so important, because people don't want the hassle of dealing with an insurance company. Thanks to tech evolution and changing customers' preferences, the "as-a-service" models flourish. Traditional banks and insurers are focused on one or multiple roles: as niche financial players, participants in an ecosystem, or as "banking/insurance as a service" providers. Banking companies are progressively transforming into digital service providers, sometimes operating within the context of one or more ecosystems enabled by technology companies and their customers.

### Blockchain

As a sector that deals with a lot of paper, blockchain might play an important role in insurance one day. We are keeping an eye on it, but I have not yet seen the big advantages. In distribution – the role of blockchain is still marginal. The predictions that blockchain would turn the entire distribution model upside down have certainly not come true.

Which does not mean that nothing has changed in distribution, far from it. Physical distribution with a broker remains incredibly important, but its role has changed. Just collecting premiums and drafting contracts is no longer enough. He or she must become a kind of risk manager for the customer, making him aware of potential risks and the ways to protect against them. Then, when the customer is convinced, we switch to a fully digital process.

### Evolution, not revolution

In recent years there have been many evolutions in insurance, but no revolution. We have not gone through a complete disruption like, for example, the taxi sector or the hotel business. Not even all the efforts in insuretech have triggered this. Sure, there are many good tech initiatives for certain parts of the value chain, but they often lack the scale to become all encompassing. And that is when cooperation becomes meaningful: they have the technology, we have the clientele and provide the underwriting capacity. What I learned in the last few decades in this business is this: in order to survive you must be a "smart contrarian." There is no need to jump on any trend that comes by. Sometimes it is better to stay in your lane and follow your own course.

### About the interviewee

After his studies at KULeuven, Bart De Smet (1957) has spent his entire career in the Belgian banking and insurance sector. He held management positions at, amongst others, Argenta, Nationale Suisse and ING Insurance, before he moved to Fortis Insurance Belgium (AG Insurance) in 1998, where he was a member of the executive committee. In June 2009, he became CEO of Fortis, which was renamed Ageas in April 2010. In October 2020, he was appointed non-executive Chairman of the Board of Directors of Ageas.

> **“Physical distribution with a broker remains incredibly important, but its role has changed”**

# Our industry has regained its attractiveness

**Cedric De Vleeschauwer**
General Manager
Alan Belgium

**At Alan, Cedric De Vleeschauwer was a pioneer in online health insurance. While others have followed his example, his pioneering spirit has provided market leadership. According to De Vleeschauwer, four pillars form the model on which insurance in 2030 is based.**

Customer centricity is one of the four pillars on which the insurance world is based today, in 2030. Not coincidentally, it was also one of Alan's pillars at its start in Belgium in 2020. Back then, chatboxes, in particular, provided fast interaction with an average response time of 30 seconds. Today, not only are we much faster, we also use all the quickest means of communication available.

Customer centricity, of course, also means fast refunds. That was an issue for the market in 2020 and still is an issue today, in some cases. For Alan, again, it is nothing new. Ever since we started in Belgium, we've paid back most of our policyholders' expenses the same day. We achieved our 100% ratio back then within 72 hours - now it's even faster.

Despite the fact that customer centricity has become a core element of all insurers, we still have a long way to go as a sector. I am therefore convinced that it is one of the fundamentals that will continue to be a differentiator for us in the future.

## Data helps automation, tailoring and prevention

To achieve this high degree of customer centricity, technology and data have played important roles. Data and technology are therefore the second pillar of the insurance world in 2030. They are not an end in themselves, but an important means that lead to something valuable. It is not data for data's sake. And, of course, there's no data without consumer consent.

Data help automate processes in insurance. Whereas eight years ago the share of automation in the entire flow was about 30%, it now totals 80 to 90% of the entire process. Onboarding a new customer remains manual, but after that you can gradually introduce more and more automation. The customer also favors this.

Of course, over the past decade we've received help to increase that level of automation. Since hospital bills, doctor's bills, and third-party bills are all digitized, that automation is easier.

Automation isn't the only benefit that data provide. They are also used to prepare a tailored offering, based on prevention, which you receive immediately as a prospect. After all, the more accurate the data related to a customer's health, the more personalized the prevention initiatives you can propose to them become.

### Health partner

The concept of prevention indicates that insurers today are not just insurance companies. Prevention is the third pillar in the insurance world. A lot of insurers want to have a bigger impact. With Alan, this was the case from the start. We have never positioned ourselves as a health insurer. We defined ourselves as a health partner.

Technology also helps here. From the beginning, we had a medical chatbox with doctors, psychologists, and therapists for our customers. Those who wanted a personal conversation could go to the app for a video call. For mental health we also soon had an app with Alan Mind. That is how you go from health insurance to health benefits.

That was, and is, a much-needed evolution because insurance is becoming more and more of a commodity. Third parties can also contribute to this. They can plug into your platform with their services, an evolution we have seen grow in recent years.

### Market leader

A final pillar is the pricing model, which was hopelessly behind in 2020. Now it is strongly based on that of SaaS companies, with a very simple pricing model, where you choose from a number of options. Either we provide those options ourselves, or go through third-party providers.

Actually, the situation now is as we predicted it would be, eight years ago. We had never estimated the circumstances of the industry over such a long period of time. Although we think very long term, usually planning with a window of 1-2 years. And even then it is just planning, certainly not a guideline to which we adhere adamantly. After all, you evolve according to an iterative process, to new technologies, etc. Each step takes you somewhere you have not been before, allowing you to make fresh decisions and take new steps. This way of working has ensured our position as market leader with several million clients.

### Middle-man

Besides the pillars, there is the distribution model. When Alan entered the market in 2020, the direct distribution model was fairly revolutionary. Now it is much more established, but not the only model.

Brokers are still around and will continue to be, but you feel that today, in 2030, they need to clearly demonstrate their added value. That could be in pointing out the gaps in your insurance portfolio. After

### About the interviewee

Cedric De Vleeschauwer is General Manager for Belgium of Alan, a French online insurer that has also been operating on the Belgian market since 2020. Alan now has several hundred customers and tens of thousands of insurance holders in its portfolio. De Vleeschouwer does not have a background in the insurance world, but he comes from the world of startups and scaleups, with experience at Showpad, Netlog and his own startups Recrooter and Proudfield, among others.

**“Whereas the share of automation in the entire flow was still about 30% eight years ago, we have now reached close to 100% of the entire process.**

**Insurers today are no longer just insurers. We have positioned ourselves as a health partner right from the start ”**

Hein Lannoy
CEO
Assuralia

# Our industry has regained its attractiveness

**Closer cooperation at all levels: with a government that has confidence in the sector and a combined effort between the various parties in the system. This includes closer cooperation between insurers on non-competitive challenges. This sense of partnership has helped Belgium ensure its position as a financial center in 2030. That is what Hein Lannoy, Assuralia's managing director, aims for.**

It was always an opportunity, but now it has finally come true: Belgium is internationally known as a financial center. Not illogical, we have always had well-performing financial companies, motivated people and universities with a good track record that prepare new talent.

But it was not easy. The major breakthrough was the establishment of a strong partnership with the government. It did not look good for a while. Because of the financial crisis, the banking and insurance sector was in the doldrums, and the government paid close attention to it, but things have improved in recent years.

Societal risks – such as cyber risk – are directly related to this evolution. In our specific roles representing the government and the insurance sector, we realized that it was to our mutual advantage to trust each other and closely work together. Also important: the government has now understood that insurance is essentially about mutualizing risks. The principle of solidarity can only be a limited factor in the concept of private insurance.

### Limits of insurability

The government became the one that created opportunities and that provided legal certainty by creating a clear framework based on a level playing field within the European Market. If the obligations for each party are clear and the guidelines provide an explicit demarcation. This makes the difference, on the international market, between looking away and looking towards you.

I am talking about the reinsurance market in particular. This is a market that is global and driven by international players. In the early 20s, they wanted to leave Belgium. The uncertainty was too big for them. As a result, we had reached the limits of insurability. Thanks to the cooperation with the government, we managed to turn the tide.

### Business as usual

However, the fact that cooperation with the government has led to a flourishing market does not mean that the business model has changed radically in recent years. Moreover, it still looks exactly the same as it did 10 years ago. Belgium has always been atypical in distribution and that is no different now. A strong network of brokers still ensures that the share of direct insurance is limited.

The balance between insurers and banks is also still the same. Bank insurance services are still not conspicuous in non-life. This is of course the result of the strong banks we have in Belgium. Their comprehensive and very user-friendly apps give them a major advantage.

However, insurers and banks are working better together, and there is consolidation in both markets. Both are the result of the fact that margins have been under severe pressure in recent years. It is and remains a quest for efficiency.

Finally, the classic playing field, including insurers, pension funds and mutual funds has not evolved either. They are and remain the various pillars on which the system in the European Union is based. On this topic, but also on others, we probably expected to see a faster evolution, but we must realize that such things happen slowly. Essentially, it is all about trust. Consumers and governments must trust a new system before they give up another.

### Blockchain disruption

What has thoroughly shaken up the market, however, is the increasingly far-reaching digitization. Blockchain in particular had a major impact on the insurance market. Because it has found ways to thoroughly reduce the energy consumption required for this system, it has caused quite a bit of disruption in the market. It is now much easier to rapidly exchange data in complete safety.

Whereas Metaverse has had a limited effect on the market. It occasionally caused alienation. It's a virtual world, which adds complexity to our sector. After all, we had enough challenges in real society. Fortunately, the European regulations have become a bit more flexible by allowing both blockchain and metaverse applications to be used.

### Assuralia creates common language

In this new world where partnerships are hugely important, there is still room for Assuralia. The need for dialogue in our sector has not gone away. In the event of a claim, there is always exchange of information with a competitor. In addition, ongoing digitalization has enabled us to play our role in standardization even more. We still create the language between insurers, allowing them to communicate with each other.

With all these building blocks in hand, Assuralia has been able over the past decade to work on strengthening its image and making the sector more attractive to the general public. Underneath the dusty image, a self-confident sector emerged. It is an industry that is fully aware of its social responsibility and communicates it clearly and transparently. STREAMER

Assuralia still creates the language between insurers so that they can communicate with each other.

### About the interviewee

Hein Lannoy is Managing Director of Assuralia, the professional association of insurance companies. He has been in this role for more than two years now. Previously, Lannoy mainly worked at various supervisory bodies such as, the former Banking and Finance Commission and its successor FSMA. He was also Director of Consumer Protection and Economic Regulation in the cabinet of Deputy Prime Minister Kris Peeters (in the Michel government). Hein Lannoy is also currently a member of the board at the FEB (Federation of Belgian Enterprises) and chairman of the board of both the Fund for Urgent Medical Assistance and the Ombudsman for Insurance.

**“We had reached the limits of insurability. Thanks to cooperation with the government, we managed to turn that tide”**

# The insurance industries and governments need each other

**Dorsan Van Hecke**
CEO
Athora Belgium

**"During the twenties, insurance companies faced the challenge of simplifying themselves. The cost of doing business had grown, but the business itself had not. To survive they actually had to oversimplify their business"**

**The twenties marked the end of free money and low interest rates. In that context, the social dimension of the insurance business was growing, but the industry was also looking for a way to simplify itself. From that position and in partnership with governments, a real transformation awaits in the thirties, says Dorsan Van Hecke, CEO of Athora Belgium.**

In the past decade, the insurance industry has not yet undergone a fundamental switch. Not from the distribution or from the regulatory side. However, in the thirties, which are now beginning, I do expect the industry to be shaped by the fundamental evolutions of the last decade. The years of free money and low interest rates are definitely gone and currently the insurance industry plays, and will continue to play, a much more prominent role in dealing with solidarity. The social dimension of our business has already undeniably gained importance in 2030. Countries with high debt ratios have been experiencing problems financing their social security. Insurers, therefore, have a role to play in providing a safety net.

### Leveraging the insurance industry

One option would have been to reduce the role of the industry by increasing the country's commitment to raising additional resources through financial institutions and taxes. However, it turned out to be fundamentally better to see the insurance industry as part of the solution. Better cooperation was sought in consultation with the states and government leaders. We needed each other tremendously. Insurers require a strong state to remain solvent, as they are amongst the first debtors. And states need strong insurers to continue lending to them. The interplay between states and financial institutions is crucial. The same goes for the banking sector, by the way. Insurers remain the organizers of solidarity, while an over-personalization of insurance solutions for clients impairs the idea of solidarity. Everyone should be able to get protection and that was exactly the subject of the dialogue we had and still have with the government. It is a change that affected the positioning of the industry, but it was also a change that was badly needed to keep the financial system credible in the long run.

In this evolution, federations like Assuralia and Febelfin played a very important role. They encouraged mutual understanding. Although we must also be honest: the transformation came about out of necessity. A good example is pensions. The inflation that started in the early part of the twenties taught us that inflation doesn't inflate your pension outflow. Awareness grew for the need to create more employee benefits plans. As the cost of living went through the roof, the safety net revealed bigger and bigger holes. States had no choice but to leverage the private players.

### The need for speedboats

In parallel with this evolution, insurance companies faced the challenge of simplifying themselves during the twenties. To survive they even had to oversimplify their business. The cost of doing business grew, but the business itself did not. Premiums did not keep up with the increase in costs, so insurers needed additional value from the risks they insured.

At the same time, customer demand changed and getting returns no longer appeared to be enough. Expectations grew: instant access via smartphone, digital solutions, etc. The models changed, but the insurance industry remained conservative and stuck to its traditional model. Although drastic change was needed, the insurance sector remained a big tanker, whose course was difficult to change. But insurtech and companies in research and development also characterized the twenties. They became speedboats alongside the big tanker, who hoped to tap the potential for change.

For a long time, the insurance industry kept working with old definitions and was blind to emerging changes: insurance as a service, fully embedded, etc. The old canvas no longer reflected reality. Think of the online broker, where you can do everything yourself. Brokerage remains the largest distribution channel, with consolidation and digitalization at light speed. There will be more online brokers, but brokers will also dare to opt for a physical presence.

Online offering has increased undeniably over the past decade: there was too much offering that brokers did not want to do. Pure online business also saw the emergence of traditional players, but it was slow and there was a good reason for that: the elasticity of the market. Earning a premium of 300 euro for which you had to spend hours interviewing and filling out piles of paperwork; it is only logical that something so time consuming moved online.

### Capital allocation

These changes played out against a backdrop of market consolidation. Capital allocation had to be rethought. Where do I put my money and in which model can I provide the most value to my stakeholders? But where one party puts their money can be different from where another puts theirs, and that is where consolidation opportunities lie. A European company that wants to enter an Asian market might decide to sell one of its European subsidiaries to free up capital and deploy it somewhere else. This is an evolution that we didn't just see in life insurance, but has manifested itself in a variety of industries.

### About the interviewee

Dorsan Van Hecke has been the CEO of Athora Belgium since 2018. Athora Belgium is part of the Athora Group, a specialist in offering solutions to the European insurance and reinsurance market that has been active on the Belgian market for 120 years. Athora specializes in savings and investment insurance for individuals and the self-employed. Dorsan Van Hecke built his career at Delta Lloyd Life between 2008 and 2015 and joined the-then Generali Belgium in 2015 as Director Life. In 2017, he became Chief Distribution Officer before assuming the role of CEO of Athora Belgium in 2018, following Athora's acquisition of Generali.

> **"We had reached the limits of insurability. Thanks to cooperation with the government, we managed to turn that tide"**

# Insurance companies are more than ever focusing on the essence of their core business, in terms of product lines they will keep, value chain activities that they are better at than other players, and distribution channels where they can make the difference"

**René Vanrijkel**
Director Advisory, Insurance Sector
KPMG in Belgium

**Jef Van In**
CEO
Axa Next

# Personalization, standardization and automation

**A higher number of products, a wider range of customization and a new customer-first mindset: these are some of the big levers that have, through a gradual process and with the aid of technology, disrupted the insurance industry. But at the same time, tried and true models such as the traditional broker model have proved remarkably resilient, says Jef Van In of AXA.**

In the last decade, insurance companies have faced two major, ongoing challenges, and these challenges have been the driving force behind the industry's disruption. The first is the customer journey. Customers expect to be in control of every step of every process. This is not only true for our business, it is equally true when they take their car to the garage, take out a newspaper subscription or when they do their shopping online. Every interaction must be intuitive and digital. This is a difficult exercise, especially for companies that did not make the digital switch in time.

The second big challenge is manpower. Or rather, it's the lack of manpower. For a very long time, insurance was a tailor-made business, which inherently meant that it involved a lot of manual interventions. These operations are becoming increasingly difficult to manage because we simply don't have enough people to do them. Especially with the sudden shortage on the labor market, the enormous pension wave we are going through and an aging population, this is a pressing problem.

### Standardization and automation

The solution to this problem is, in my opinion, standardization and automation. Compared to ten years ago, we must be able to do the same work with as many or fewer people. For the customer, this means that our services will become more and more modular and standardized. Our products and the associated conditions become simpler. The banking sector had already done this exercise much earlier on. The days when you could choose from 25 different credit cards are long gone. It is better to make one product that you can easily modulate than 27 separate products.

Standardization makes it much easier for insurers to automate their entire value chain. A second advantage is that it is also easier to offer your products through multiple channels and turn them into a kind of commodity, especially in retail insurance. Besides the advantages, there are also challenges. This evolution forces insurers to pay more attention to their brand and their brand values. Customers must put trust in your brand; it's up to insurers to live up to this.

## “Just because something is technologically possible does not mean there is a valid business case ”

I would like to zoom in on two technologies that have played a very important role in this evolution, and these are AI and blockchain. AI has brought an incredible revolution to our industry. The power to quickly find out what both your customers and your employees want is an incredible advantage. At AXA, we’re putting a lot of effort into this. Blockchain, in turn, has meant a huge push towards ease of use and customer experience. Gone are the days when you had to go to four different parties with three different documents after filing a claim. All the paperwork is now authenticated in a blockchain where all parties can read and fill in exactly what concerns them (and nothing else).

### The broker model is not broken

It is not only insurers who are forced to take thee steps. The same applies to brokers. They too must digitize and standardize if they want to remain competitive. They still have their role to play, by the way. The death of the insurance agent has been reported since the 1950s, and it is completely exaggerated. At first, we were going to sell insurance by letter, then by phone and then via the internet. Eight decades later, we are still working with brokers. It proves that this is a very resilient model.

In the same way, I also see that it remains quite difficult for new players to profitably break into the insurance market. Insurance (as banking) is a typical replacement market in Western Europe. This also means that customer acquisitions are very expensive and that existing players fight like hell to secure their positions. Insurance is also a typical business where scale is very important. For newcomers, it is very difficult to generate that scale quickly at an acceptable price. Not only is the cost of building your own platform high, but there are also all the regulatory requirements you have to meet.

### About the interviewee

Jef Van In got his degree as a Commercial Engineer from the KULeuven and received an Executive MBA from the Flanders Business School. In 1993, he started his career in commercial and institutional banking at ING Bank Belgium. In 2011, he joined the AXA Group to become CEO of AXA Bank Europe. From 2013, he also became CEO of the AXA CEE region insurances. In July 2016, he was appointed CEO of AXA Belgium and Chairman of the Board of Directors of AXA Bank. Since March 2022 he is Group Innovation Officer at AXA and CEO of AXA Partners & AXA Next.

### Business model

Many observers in recent years have also been convinced that insurance companies and banks would expand their scope beyond insurance and start selling all kinds of other offerings. I do not see that happening. From a purely economic perspective, you must make choices in your business model. Just because something is technologically possible does not mean there is a valid business case. As an insurer, you always have to ask yourself the same questions: Is this scalable? Can I build a portfolio with this? Is there efficiency in the value chain? If that is the case, then go for it. If not, stay away from it. That does not mean that you should never make choices. At AXA, for example, we made health one of our top priorities years ago, and it is one of the core issues that we have been working on in recent years.

## “The insurance agent is not dead! ”

**Henk Janssen**
CEO
Baloise

# The emotional connection remains crucial

**The consequences of the energy crisis. The war in Ukraine. The COVID-19 pandemic: they were concrete illustrations of the world we lived in over the past decade, which we so often referred to as a VUCA world. What is certain is that, even in 2030, we still have to keep adapting to major changes and ever-new challenges. And as Darwin said: the winners of tomorrow will be those who adapt best to the changing environment. This also applies to insurers like Baloise. But how have we and our environment changed? Henk Janssen provides an answer.**

Looking at the number of active insurance companies I can tell you that there have not been many new entrants in the market, primarily because of the increasing regulations you have to comply with. On the contrary, over the past few years we have seen a wave of consolidation in the market. We saw, and still see, this evolution even more strongly among insurance brokers, most of whom Baloise works with. This consolidation resulted in the creation of large brokerage groups.

One of the driving forces behind this consolidation was the ambition of these brokers to accelerate their digitalization, with a special focus on the interaction with the end consumer. Traditional insurers, given their old legacy systems, were often technological laggards, which put them at risk of losing these prized clients.

> **"If your house is burning, you want to talk about it today, too"**

As a result, insurance companies were faced with the prospect of becoming mere risk carriers without any customer contact. This can work as a business model, but only if you are a master at implementing it properly, otherwise you easily become interchangeable.

This meant that Baloise had to make an existential choice: do we want to position ourselves mainly as a risk carrier focusing on those large broker groups? Or do we only offer insurance products through brokers that also allow us to have specific interactions with customers? Or, depending on the segment, do we do both? Before I reveal what we chose, let me first make something clear.

### The human touch remains incredibly important

Over the past decade, I didn't believe the insurance world would become completely digital, and I still don't believe it today, in 2030. At Baloise, we've stated for a long time: "digital when possible, always human." Even the strongest believers, who confidently claimed that everything would digitalize, are coming around to our philosophy. Because the human touch remains incredibly important.

Today brokerage is still successful in Belgium, something we have strongly had faith in for more than a decade. One of the main reasons for this is linked to the character of the Belgian consumer. Briefly: lots of Belgians are very attached to their home region and live (and die) within a 20 kilometer radius of where they were born. They take out insurance policies with a broker (for example, a former school friend), whose parents were also their parents' broker.

I didn't see that model change during the twenties. The world was certainly not becoming more structured. Quite the opposite, chaos was increasing. People want to belong somewhere. And people feel most comfortable with a company represented by a familiar face. That could be the local real estate agent and/or Baloise. That emotional connection remains crucial – even today, even for insurance.

Market share of the broker distribution may have been reduced a bit, as insurance is now being sold in other ways, such as embedded insurance. But the broker is still our face to the market. So the question is:

**How do we make sure that - today in 2030 - we can retain our brand in the market?**

We do this by mainly choosing the second option i.e. offering insurance through a broker who also allows us, as the insurer, to maintain customer contact. Once that contact has been established we must offer the right things at the right time and create an emotional connection with the end-customer.

To get that connection, you have to know your end-customer. To do that, data can help tremendously. Fortunately, in recent years we have made important steps forward in terms of technology and data use. Today, regulations are also allowing more, without emulating Chinese state practices, where citizens are given a social score.

Thanks to technology, we can now turn over a lot of technical insurance work to AI. Above all, what we must do, as insurers and as brokers, is communicate and provide service. Because even today, in 2030, the human interface remains important. If your house has burned down, if you want to save for your retirement, among other things, you want to talk to someone about it.

And that's where there has been huge improvement in recent years. Baloise has seized this opportunity by offering more. Not just paying out life insurance policies, for example, but also offering grief counseling. We didn't do it in the past. Nor were we expected to. But today we do. Against that evolutionary background we are also fully committed to ESG and transparency about our fees – also a must.

That's how we became a loved brand, with the broker wanting to sell our products and the customer wanting to buy them. Because yes, people still believe in solidarity today. Especially with those who are not responsible for events such as natural catastrophes. Solidarity has not disappeared. And neither have we insurers and brokers. More than ever, we are connected to each other and to the customer.

### About the interviewee

Henk Janssen is a seasoned veteran of the insurance world. He worked for most of his career in the Netherlands, including at OHRA, Delta Lloyd and the Dutch Association of Insurers. Since 2004, Henk has lived and worked in Belgium. In 2016, he took over as CEO at Baloise Insurance, previously known as Mercator Verzekeringen. Henk is a Dutchman with unique insights into both insurance and Belgians.

Marc Raisière
CEO
Belfius Group

# The banks of 2030 are those that are prepared for the arrival of new entrants

**Marc Raisière is familiar with both the insurance and banking worlds and analyzes their evolution. For the former, he responds to the challenges of aging, mobility and home protection against a backdrop of climate change. For the latter, digital technology is making its presence felt in retail as well as in asset management, along with the support of bankers who bring real added value to their clients.**

We have to keep in mind, both for the banking and insurance sectors, that we always overestimate the impact of major developments in the short term and underestimate them in the long term. This is the case with digital and technology, which has allowed us to better anticipate customer needs.

Digital tools and applications have revolutionized the banking industry and continue to do so with data, technology and artificial intelligence. Today, in 2030, branches still play a very important role with customers by adapting to an increasingly aging population. Communication must be simple enough for all customers, while knowing that some products are more complex than others, such as pension savings, for example. The human touch is still present. Since 2022, both insurers and bankers have developed the model beyond insurance and beyond banking.

## The challenge of aging

As far as insurance is concerned, the major challenge is linked to aging. The sector must provide an answer to the question of financing retirement. In addition, insurers must also be ready to deal with the issues of mobility and home protection in the broadest sense.

We are living and working longer and longer, but the increase in working time is less than the increase in lifetime. Therefore, managing and building up retirement assets is an extremely important business in periods where public pension schemes are increasingly under pressure as a result of a progressively aging population. Financial planning is a crucial activity for the affluent middle class. Wealthy people can benefit from the advice of private bankers and wealth managers. For the rest of the population, we have gradually moved to a pay-as-you-go system, accompanied by a capitalization system.

> **“Digital and technology enable better anticipation of customer needs”**

### Technological ecosystem

Currently, for both mobility and home, we are evolving in an ecosystem where technology plays a central role to further assist the customers. Mobility is different and car insurance has been totally revisited because people don't move around like they did a decade ago. Insurers have adapted. This type of insurance, which used to depend on the vehicle, now depends on the person.

As far as the home is concerned, climate change with its share of disasters (floods, drought, fires) worries clients, who fear they will no longer be insured. The risks are multiplying, premiums are rising and the bancassurer has taken on the role of risk manager. Customers increasingly want to be reassured or advised by specialists. The importance of bancassurance, with distribution being an important factor, has increased.

For corporate, additional risks have emerged over the past years – such as cyber security – and force insurance companies to adapt their product offering accordingly.

### Data industrialization

Coming back to the banking sector, digital processes are being deployed more in retail for everything beyond banking. For Belfius, insurance is not beyond banking, it is our business. On the other hand, the number of partners in other areas has increased and contributed to the strengthening of our ecosystem, both in mobility and home protection.

For corporate banking and business banking, we have achieved an extremely advanced industrialization of corporate data. However, we still need to meet the entrepreneur at some point, because it is he or she who will ultimately convince us to issue a loan. But our bankers are already much better informed and the entrepreneur is accompanied from a 360° digital point of view, as is also the case in retail. This makes it much easier for the CEO and CFO. Bankers like us are investing massively in this target.

### Emergence of the GAFAs

In private banking and wealth management, asset management is industrialized using robots that understand the context, the issues and provide possible answers. In addition to this industrialized solution, we developed more important methods of communication and expertise with people especially in a world where complexity and uncertainty are increasing. Our bankers and pension managers bring real added value to the clients.

During crises, banks and financial institutions have proven their resilience. Beyond market concentration, local banks will continue to exist because each country will ultimately defend its own interests. There is no revolution in our sector except for the emergence of the GAFAs (an acronym for the tech giants Google, Apple, Facebook and Amazon). We are able to compete with other banks, but much more challenging are the GAFAs or the type of company that has such a large volume of customers, such trust with their customers and considerable financial resources.

### Accompanying clients

As far as ESG is concerned, it is our societal responsibility to accompany our clients in their transition. As a strongly Belgian-anchored bankinsurer, with the Belgian federal government as sole shareholder, we are also very attentive to the more vulnerable, for whom the costs of the energy transition are greater.

We are more concerned than ever about remaining a winning company with a strong brand and to continue offering a working environment where employees feel good. This is what allows us to continue to be attractive on the job market and to continue to retain competent people. In addition, Belfius continues developing diversity because it brings richness and other perspectives in key discussions and debates.

### About the interviewee

A graduate in mathematics and actuarial sciences, Marc Raisière has spent most of his professional career in insurance at Fortis AG and then Axa, both in Belgium and abroad. He became CEO of Belfius Insurance in 2012 before being appointed CEO of the Belfius Group two years later. He was elected Manager of the Year in 2016.

> **“As far as insurance is concerned, the major challenge is linked to aging. The sector has to provide an answer to the question of how to finance pensions”**

# “Will bigtechs significantly disrupt insurance? Different elements signal a more integrated collaboration within the ecosystem, with regulation playing a significant role“

**Dave Remue**
Director, Head of Fintech
KPMG in Belgium

Annie Courbet
Managing Director
Brocom

# The diversity of clients is reflected in the diversity of brokers

**Anno 2030, the broker evolves in a more digital ecosystem in which their relational role remains an advantage. The insurance market continues to grow, with the need to protect consumers from new emerging risks. More broadly, we are witnessing a consolidation of the sector, which is divided between generalist and specialist players, say Patrick Cauwert (Feprabel), Annie Courbet (Brocom), and Erik Weekers (FVF).**

**Annie Courbet**

Today, in 2030, the trends of recent years are confirmed. On the one hand, there is an increased consolidation among the players in the sector and, on the other hand, we see the emergence of niche players. We live in a somewhat binary situation: firstly, generalists who cover all services included the corporate segment, and secondly, specialists in one field that are more retail-oriented. We also see diversification with new players such as GAFAM, embedded insurances and more digital players. Growth is limited but supported by new consumer needs.

> **"Growth is limited but supported by new consumer needs"**

> **"In 2030, the broker is hyperconnected while retaining the relationship"**

Brokers are increasing their market share and they remain leaders. Along with sales and advice, the service part of their role is the broker's added value. Word-of-mouth remains a privileged channel in the relationship between the broker and their client, but both the pre-sales and after-sales phases use more and more digital tools. Today, we have to offer a smooth experience from the "search" through to "claims". And I would add that the broker has an even more important societal role than in years past.

From the customer's point of view, the broker is more accessible and organizes their relationship through different digital channels such as social networks, websites, and platforms. This integrates both aspects: digital and physical. Today, in 2030, the broker is hyperconnected while maintaining their in-person relationship with clients. On the one hand, they are adapting to the new, more digital generations, and on the other hand, they keep servicing an older clientele. The two models, both classic and new, will co-exist.

## We continue to develop a culture of innovation to seize new opportunities. With their spirit of openness, it is the brokers who make the ecosystem. ”

### Patrick Cauwert

We are part of an evolution, not a revolution. Consolidation is slow and only a few fintech experiments survive. Insurance is a specific business that requires know-how and people. Partnerships can be formed between companies and manufacturers, but I am still perplexed about embedded insurances. We continue to develop a culture of innovation to seize new opportunities. With their openness, brokers are the ones who make the ecosystem.

In consolidation, we see that the larger offices are buying the smaller ones, more so than smaller offices merging. This is logical because profitability is immediately present in the first case, which is not true in the second. One point is important: as the brokerage profession is subject to access to the profession, we make sure to continue to attract young talent.

## We must not neglect the risk of losing market share in life, especially because of compliance ”

We must be careful not to neglect the risk of losing market share in life insurance, particularly because of compliance. More broadly, we have to adapt to new regulations at both Belgian and European level. The strength of the brokerage business is its non-homogeneity. Each insured person, individual and/or entrepreneur, has a broker in his or her environment who looks like them. To understand someone and help them, you have to be like them. We can see that

**Patrick Cauwert**
CEO
Feprabel

brokers' portfolios, especially the smaller ones, resemble their clients. That's why we need young talent to attract new customers.

## Brokers are adapting and insurance is still needed more than ever because there are constantly new risks emerging that consumers want to protect themselves against ”

### Erik Weekers

There has always been talk of the end of brokers, but today we are still growing. Brokers are adapting and insurance is still needed more than ever because there are constantly new risks emerging that consumers want to protect themselves against. Digital is still becoming more important, but the relationship remains and this physical presence is a plus for the broker.

Consolidation is present and it is a challenge for federations. Brokers group together more and more, but federations must also support small brokers. Our business is very heterogeneous, brokers work for individuals as well as for large companies. As a federation, we have a responsibility to help the smaller brokers remain profitable and meet the challenges of digitalization and regulation. Last but not least, in order to attract new talent, we carry out many activities with young people and we see that they are interested. It's a long-term job.

Brokers and the industry still need to be more efficient. When it comes to digitalization, we see that brokers are simultaneously becoming more and more connected, while remaining tailored to the specific needs of their clients. But fundamentally, brokers continue to adapt as they have always done, and the core business remains the same. The diversity of clients is reflected in the diversity of brokers. Smart regulation must develop to find a good balance between regulation and consumer protection.

### About the interviewees

**Patrick Cauwert**
Active since 1984 as a broker, Patrick Cauwert joined Feprabel in 1998 as Secretary General and became CEO in 2008. Feprabel is the Federation of Insurance Brokers and Financial Intermediaries of Belgium. Its role is to represent and to defend the interests of these professions.

**Annie Courbet**
A graduate in economics from UCL Mons, Annie Courbet has spent most of her career in the banking sector. Since 2017, she has been Managing & Marketing Director of Brocom, a marketing platform that brings together 2,300 Brokers, the 2 Broker Federations, and 17 insurance companies whose aim it is to promote and consolidate the position of brokerage in the insurance market.

**Erik Weekers**
Erik Weekers has a long relationship with the insurance sector. He started his career in 1991 at Belfius and, over the years, built his experience at companies like AXA and Vivium. In January 2023, Erik Weekers became CEO of FVF. FVF is the Federation of Insurance and Financial Intermediaries and represents two-thirds of the Flemish brokers.

**Erik Weekers**
CEO
FVF

**"A broker who works with individuals is not the same as one who works with a business"**

**Laurent Feiner**
CEO
Decavi

# Insurers remained strong, if they knew how to adapt

**Between 2000 and 2022, the number of insurers had already declined. Looking back from 2030, that trend only seems to have intensified. More than ever, the Belgian market is in the hands of only a few insurance companies. They remained strong because they knew how to adapt. But how, wonders Laurent Feiner.**

Over the past decade, insurers faced competition from unexpected quarters, for example, from technology companies outside the industry. Companies like Amazon suddenly allowed people to compare fire insurance policy offerings. This was a prime example of a company you never thought would ever compete with traditional insurers.

On top of that, the insurance industry went through a crisis in the early 2020s, including the COVID-19 pandemic and the flooding in Wallonia in July 2021. All this raised awareness among insurers today, anno 2030, of the need to be there for their policyholders, and the need to adapt to remain relevant. The objective being not just to compensate damage, but also prevent and resolve it, through all kinds of services.

## More and more prevention

On the one hand, the insurance sector has increasingly become one of prevention, both for companies and individuals. Something that already started in 2022, for example with free coaching, to increase the well-being of employees to prevent burnout. Or with Liberty Rider, an app proposed by a few insurers (Ethias, P&V, Vivium) with a GPS that warns motorcyclists about dangerous turns and automatically notifies the emergency services if they lose their balance and overturn with their motorcycle.

Prevention has become increasingly important in recent years. Everyone gains. The insurer has to pay less compensation, policyholders suffer less damage the company remains operational.

On the other hand, policyholders only take preventive measures after they have suffered a significant loss. To encourage them to apply a prevention policy, without having first experienced a loss, you have to nudge them in the right direction. Today in 2030, insurers are taking steps so that contracts stipulate a guarantee becomes invalid if the insured party has not taken certain preventive measures.

## More and more assistance

Insurers have also become more and more socially engaged in recent years. They have become a very important part of the solutions to many social problems we face in 2030. Climate change, an aging population, etc. To this end, companies offer all kinds of assistance services, the first examples of which we already saw in 2019, such as Doctors Online by AXA, a service that allows you to have a doctor's consultation through video.

At the same time, insurers are increasingly offering help to repair damage with services, the first of which we saw emerge recently. There is Respo Repair Solutions, in close cooperation with AG Insurance, where a repairer comes to fix any damage after a claim. Other examples are Jaimy by Belfius and Fixiteasy by P&V, two digital platforms that put private individuals in touch with professionals for renovations and repairs.

The reason we see many more such services today in 2030 is because insurers are in demand. They want to attract new customers and retain existing ones. They also look to reduce costs and no longer have to play on price. They hope to differentiate themselves as insurers with services that the competition does not have.

### The right products to the right customers

More than ever, to stay strong as an insurer, you must also offer the right products to the right customers, with insurance policies that best fit their needs. To do this, insurers have had to use quality customer data in recent years, without falling into hyper-segmentation, where they no longer want to cover the less-attractive risks.

Therefore, we have had to set limits on customer segmentation and the use of data, using regulations to create a level playing field on which competition could play optimally. The only problem was that insurers, policyholders, and brokers already had to comply with so many regulatory requirements by 2022. What we needed was smart regulation.

### Not against, but together with the broker

How does the insurance broker fit into this whole transition, I hear you thinking. Well, he or she still plays a crucial role in the ecosystem of services offered by the insurer. But the broker has also had to adapt significantly. In life insurance, for example, brokers became more and more of a wealth advisor. Non-Life, in turn, became so comprehensive that brokers no longer know all insurance possibilities. Although they are independent, most of them work only with a few insurers.

Finally, insurers have learned to better communicate what they can offer their clients. For years, for example, they focused only on the returns on their life insurance policies. While those policies offered many other assets, for example, they cover different risks. In 2030, insurers will explain many more aspects of their offer. To achieve that they will use all channels and platforms on which their customers are active. Yes, even via TikTok and in the Metaverse, if their customers are looking for information there.

### About the interviewee

Laurent Feiner is a financial journalist, who has been writing for Trends since 1987, specializing in the insurance sector. In 1991, he founded DECAVI, an organization that has been informing insurance professionals about the insurance industry through newsletters, market studies, and a variety of events. The organization also presents the DECAVI Insurance Trophies to recognize the best products offered in various categories of insurance.

> “What we needed was smart regulation”

# For newcomers, distribution remains the most difficult challenge

**Tom De Troch**
CEO
Federale Verzekering

**Eco systems, new entrants, and greater risks are driving consolidation in the insurance market. But Federale Verzekering is still sailing its own course today in the year 2030, and in doing so, is proving its agility, according to CEO, Tom De Troch.**

The step towards more digitalization is the most important evolution our profession has gone through in the past 10 years. In the early 2020s, insurance was still very much a „people business", where face-to-face contact was very important. During Covid we saw a movement towards digitization, and now we distinguish two major components: the start-up of an insurance contract is still face-to-face - often through a broker, bank-channel, or direct distribution - but the service afterwards is almost 100% digital.

## Impossible to follow everything

Meanwhile, the market has also experienced much-needed consolidation. This has created some very large players, with a lot of decisions being made abroad.

But even for big players it's impossible to keep up with everything that happens and develop everything that is possible. Insurtech has developed at lightning speed, and that speed is too fast even for the big players.

Now, the new tools provided by insurtech face a major difficulty: it's not as easy as expected to bring them to many customers in a smooth way. Distribution gives these providers headaches. I'm convinced that new and existing players will find each other in the future. The newcomers need distribution, the established players can make good use of the new tools to future-proof their offerings.

## New entrants with varying degrees of success

As if that was not enough, big tech has also made attempts to become active in our market in recent years, although we had estimated their impact to be greater a decade ago. In the end, our country turned out to be too small a market for players like Google, with too many regulations.

The attempts made by these players, as well as many others, mainly fit the model where insurance is embedded when you buy a product. Think of a smartphone that is accompanied by insurance. Again, regulation called a halt to the exponential growth of this in recent years, although there certainly remains a market for it.

That market also exists for systems that enable financial products without passing through the existing banking world. I'm thinking, for example, of Mozzeno, which came into existence back in 2016 and connects investors and borrowers directly, without the intermediation of a bank. Anno 2030 it is quite successful.

### Insurer, stay insurer

In this rapidly changing market, Federale Verzekering has made important and clear choices in recent years. On the one hand, as a relatively small player, we limit ourselves in our response to new evolutions. We are certainly not a forerunner in this area. On the other hand, we have made sure that our internal kitchen is well managed: we have a high-performance data warehouse, with a new back-office on which our operations and our products run. We plug it into existing initiatives, whether this is a collaboration with a bank or with a newcomer like Mozzeno.

The growth we are experiencing by plugging into all kinds of initiatives is similar to the one we achieved in the late 2010s with a number of acquisitions. Federale Verzekering is significantly larger than it was in 2022, also in number of employees, although it's mainly about very different and new (digital) profiles. Our distribution model still includes offices and hubs, but they are increasingly located in the places where a lot of people go. These are no longer city or village centers, but shopping centers and the like.

To be clear, what we have not developed are ecosystems in which we would execute our activities in the phases before (prevention) and after insurance (assistance). For example, with our clients who are victims of a fire, we will make sure that we propose prevention, but our partners will put in place prevention solutions. We will make sure that recovery happens in no time, but we will not execute the recovery for our clients ourselves. For this, there are specialists with whom we work and we stay as the insurer, plugged-in for the insurance part.

### Climate and cyber increased risks

Finally, I would like to take a moment to reflect on the evolution of risks. These have increased significantly in recent years. Among other things, climate change is causing more flooding. Those risks have long been part of fire policies, and rightly so. But fortunately, the government also realizes that the risk must be sufficiently spread. It has increased the legal caps on intervention for the insurer, so the government is aware that they are also risk carrier.

Cybersecurity is another risk that has drastically increased. Here too, the government now understands that there is a role for it in the top layer: basic insurance is provided by insurers, for larger damages there is reinsurance, and in the case of cyber conflicts, for example, the government also takes responsibility.

The sharply increased evolutions have made the layer of reinsurers more important. More than ever before, they are a basic buffer to maintain the insurance system. And in the future, their role will only increase.

### About the interviewee

Tom De Troch is well versed in both prevention and insurance. He spent a large part of his career at Mensura and its predecessor Assubel, where he held numerous positions and gradually made the switch from prevention to insurance (more specifically Mensura GVK). In 2012, he joined Generali as Director of Operations before moving to Federale Verzekering in 2014. Since May 2021, he has been CEO at the cooperative with strong roots in the construction sector.

**“The increased risks of climate and cybersecurity have made the government realize that they too have an important role to play in spreading the risks ”**

# “The insurance sector should fully embrace its strategic role in enabling the sustainability transition. It is absolutely critical that even more investments are channeled towards decarbonizing economies“

**Michael Wagemans**
Partner, Head of Sustainability
KPMG in Belgium

**Alessandra Guion**
CEO
Fintech Belgium

# Power to the consumers!

**In 2030, finance is all around. Financial service providers are everywhere. Just think of the microcredit that you can easily take out, or payment services in accounting tech or loans that your real estate agent can offer right away. Moreover, the customer is always at the center. He is in charge. The dream of fintechs has come true, says Alessandra Guion.**

Suppose you see a property for sale. Then you scan its QR code, after which you immediately see the value and all the details of the property. But you also get instant access to data you need to take out a loan. In barely ten seconds, thanks to open data, embedded finance and your electronic identity.

Today, in 2030, you can find financial services like this everywhere, in numerous sectors, decentralized. At its core, however, there is still a centralized system, with banks and insurance companies that continue to play their role. They still guarantee secure payments and sufficient liquidity. Thus they have become the warrants of the centralized system.

## Customer is always central

The customer always stands at the core. Today the customer has all the power and easy tools to exercise that power – to take financial actions. It is frictionless, fast, transparent, cheap and secure. And not necessarily anonymous: thanks to government certificates, the customer can confirm their official digital identity.

So, the customer remains in charge. Their interests remain paramount. But does the customer also have control over their data? In theory, yes, thanks to the European GDPR. But, are people really capable of that? Something we need to keep in mind: GDPR, which made people very afraid to share their data, almost killed AI, which is based on data, in Europe. But in fact, the resilience and creativity of fintechs saved it.

> “GDPR almost killed AI in Europe ”

Many consumers were also in danger of missing the train of financial inclusion and the digital gap. And then there is the power of AI, which threatens to lead to dehumanization. Ten years ago, in the early 2020s, financial systems, where you could not override AI when it made a wrong decision, already existed. And today, we are still working hard at FinTech Belgium to raise awareness about this, in collaboration with the European Commission. But this risk still persists.

### How did we arrive at the situation today?

How did we get to this hybrid combination of financial systems we enjoy today, where the customer is at the core of our industry's priorities? Well, fintechs, banks, insurers and regulators realized at one point that the best way to achieve this new reality was to work together. A reality we now know as embedded finance, where finance was transformed into a commodity, a product big tech and other industries could plug into their core products and services.

All this was done to enable the solutions I mentioned at the beginning of this article. But also, for example, wallets, in which customers store both their centralized and decentralized financial products. And the offering in the Metaverse helped banks and insurance companies rehumanize their services. For example, by letting customers advise each other in virtual bank branches, with the best advising customer being rewarded with NFTs (non-fungible tokens).

The past decade also saw the creation of many new financial jobs. Not only data scientists, but also, for example, specialists in the ethics of data and AI. There are new experts, who finance their activity with the micro-credits I mentioned earlier and work safely together worldwide within Decentralized Autonomous Organizations.

What about the problem of consumers who no longer dared to share their data? Well, they were convinced by the fintechs. Their solutions, which for instance offered so many advantages and opportunities, like decreasing costs, saving time, making better-informed decisions, getting rewarded with NFTs, that they persuade consumers to share their data anyway. This was a great common effort between fintechs and banks, both gaining from it.

### Made in Belgium

The reality that fintechs have always pursued is today, in fact, very close to reality. Partly because we have been working on just that in recent years through FIRe, our innovation hub dedicated to digital finance. Under the motto: „Connect, collaborate and innovate." We brought all financial institutions, fintechs, big tech and sectors that want to offer financial services together to the table.

This collaboration has an international scope because our market has some strong assets. Belgium is small, but at the same time very diverse, a great crossroad of cultures, languages and trade. That makes it ideal for testing innovations and immediately expanding into different countries. Moreover, Brussels is the Capital of Europe, which means you are close to the European policy makers with whom we work very closely through the European Digital Finance Association we founded back in 2019.

With these arguments we were able to attract investors. But at the same time, we had to convince our fintechs that Belgium was only the first step. They needed to think bigger, beyond our borders.

> **"Belgium became more than ever a pole of attraction for fintechs, and we are proud to count several unicorns among us now"**

The biggest challenge, however, remains finding enough talent. The workforce has to be adaptable, resilient and digital savvy. So we, at FIRe, have focused strongly on education, making sure that students are attracted by and ready for digital finance, and that employees themselves are constantly learning, again by connecting and collaborating to create new products and value.

### The result?

Belgium has become more than ever a pole of attraction for fintechs. A place where they can grow and prosper. You can find a lot of great resources in Belgium, from talent to investors, amazing universities, innovative incumbents and fintechs thanks to collaboration with the regulators, and we are proud to count several unicorns among us now.

### About the interviewee

Alessandra Guion is General Manager of FinTech Belgium, a non-profit organization that unites and promotes fintechs active in Belgium. Alessandra has more than 20 years of experience in communication, management and innovation. As such, she continues to build FinTech Belgium into a very dynamic ecosystem.

Koen Van Loo
CEO
SFPI-FPIM

# A dark and disturbing fairy tale

**While new players are eating up market share from the traditional banking sector, a state-owned bank is still operating in our country to ensure basic banking services for the most fragile social classes. At the same time, more and more sectors are becoming unfundable because of ESG requirements and increased KYC (know your client) requirements, and some insurance is completely unaffordable due to climate change. What the world looks like in 2030 does not always read like a fairy tale, says Koen Van Loo, the CEO of the FPIM.**

Of course, banks are operational in 2030. Are these the same players as in 2022? Not at all, those who missed the digital train are long gone and forgotten. Some existing banks have made that revolution themselves; others have adopted the „buy and build" strategy, while others have joined forces with competitors from completely different worlds, such as telecom companies or energy suppliers. At the same time, of course, there has been an influx from the technology sector, and we have gone through a wave of consolidations, resulting in fewer large banks. So yes, the banking landscape looks very different than it did ten years ago.

This disruption has also ensured that banks are offering a much more combined product proposal. In their apps, you don't just do your banking, you also pay your cell phone and electricity bill to name just a few. Who plays first fiddle in this respect (the bank or the telecom operator?) is by no means a foregone conclusion. That battle is still raging.

Because banks are entering into partnerships with completely different players, the value chain is also expanding. Whereas traditional banks saw the bulk of their income depend on interest rates, in the new world there is much more opportunity for cross-selling. Banking and insurance are a given, but now we also have banking, insurance and telecom, as well as banking, insurance and energy.

> "Those who missed the digital train are long gone and forgotten"

## Chat

For the end user, there is good news: banking apps are much more fun to use than ever before. The user experience has improved by leaps and bounds. In your bank app, you are part of a community, you link your identity to your account, you use avatars and you chat with like-minded people; you would almost start using it for fun. These kinds of apps also reach a much larger audience than just young people and tech-savvy users. Older people use them too, if only to keep in touch with their children.

At the same time, the business model of banks is still very much based on classic banking services (although divisions like payments, investment banking and trading are being divested as much as possible or left to niche players). That is a requirement of the governments and the regulators, since compliance rules and capital requirements have also become increasingly stringent. Neobanks are being pushed to offer classic banking services, which they see as a hindrance much more than an advantage.

As far as corporate finance is concerned, we see more and more sectors being excluded by banks, due to stricter ESG rules and increased KYC requirements. Fossil fuels, the diamond industry and even soccer, banks no longer want to (or can) deal with these industries, so they have moved to other parts of the world, where the rules are less strict. ESG also played a role in making some cryptocurrencies acceptable. There are digital currencies that are used as a regulated form of financing by all banks, but only because they are much less energy intensive than, say, Bitcoin.

### Haves and have-nots

But 2030 also has its dark sides. Belgium and Western Europe are going through many changes that are causing serious social tension: the digital divide, the gap between the haves and have-nots, the switch to a green society that will cost a lot of money, the affordability of pensions, just to name a few.

One of the consequences is that there is still a state bank operating in our country in order to give access to basic banking services to every class of people. That bank will also receive an endowment from the government for that purpose. At the same time, by 2030 we also have had a new financial crisis on our hands (making that of 2008 pale in comparison) and there will be strong tensions within the Eurozone. At least one, and probably more, countries have followed the example of the British and gone their separate ways. Deglobalization is a reality, and we are moving towards a world that consists of smaller, geographical blocks that evolve at different speeds. For a small, open economy like Belgium, this is bad news.

### Social disruption

What doesn't help is the climate change we are going through. It is leaving heavy marks on the insurance market, for example. Insurance for farmers is becoming extremely expensive. Insurance for houses that could flood or are in areas with many forest fires: idem. These phenomena cause social disruption and make the "E " in ESG increasingly difficult to reconcile with the "S". In addition, bailouts (as in 2008) are almost impossible for governments. With the first financial crisis, the COVID-19 pandemic and the Ukraine war, the states have already made huge financial efforts; from which they still must recover.

### About the interviewee

Koen Van Loo has been the CEO of the Federal Holding and Investment Company (FHIC) since 2006. In this role, he oversees some eighteen billion euro in assets owned by the Belgian state, including banks Belfius, BNP Paribas, the insurer Ethias, bpost and Proximus (the latter two since 2024). Van Loo studied TEW (applied economics) at KULeuven and began his career as a deputy advisor at the Centrale Raad voor het Bedrijfsleven. In 1999 he became a cabinet officer for then Finance Minister Didier Reynders (MR). In 2000 he was promoted to advisor and in 2003 to head of cabinet.

**"Belgium and Western Europe have gone through a lot of changes that brought serious social tensions"**

# Technology is a gamechanger, also for us as a regulator

**"A politician needs the ability to foretell what is going to happen tomorrow, next week, next month, and next year. And the ability to explain afterwards why it didn't happen." That is a quote by Winston Churchill, to make the point that looking back in 2030 is easier than looking forward in 2022. But there is one thing I had already dared state in 2022: technology changed the game. The financial sector digitized at lightning speed, and that changed a lot.**

**Jean-Paul Servais**
President
FSMA

Most importantly, technology changed a lot for the FSMA itself. Data management and analytics are key in 2030, as they are for us regulators, because the flow of financial data keeps increasing. To fulfill our mission, we need to be able to analyze those data. Hence, we established a data analytics service in our organization in the early 2020s. This innovation also improved our credibility, because from then on, we could always offer hard numbers.

At the same time, digital tools have allowed us more than ever to proactively look for financial breaches ourselves, without having to wait for complaints. For example, through Web scraping, we can extract and analyze structured information from websites. For example, in the early 2020s, we mapped the insider transaction reporting, to verify that this reporting was done correctly.

We also monitor more diverse market players than before, such as providers of bitcoin ATMs based in Belgium, cryptocurrency exchange platforms and storage wallets for cryptographic private keys.

At the same time, the FSMA is fully open to those who need to rely on them from a legal aspect. These companies today do not always have the reflex to contact us. That is why we have set up the FinTech contact point together with the NBB. So that they become optimally informed and understand that we do not stand in the way of new development.

### Not purely digital, but 'phygital'

In addition, technology was obviously a gamechanger for retail. The day banking apps came into being, they already thoroughly changed the way we arranged our finances. And when the COVID-19 crisis broke out, everything changed completely.

Those who invest today, for example, want access to financial services anytime, anywhere. New investors especially use the very accessible trading apps for this purpose. What they then invest in often depends on what they read in apps, on websites and through social media.

But digitization also had its limits, I believe. While we saw a trend towards fewer bank branches in the early 2020s, today I see a balanced combination of digital and physical touchpoints. We still rely on physical intermediaries. Fewer than before, but still, it's not because only they can fathom contracts, but because they continue to be a reliable source of advice. For insurance distribution, we have witnessed a decrease in the number of brokers, but the broker channel has maintained its importance in 2030.

## The mission remains the same

The FSMA's mission remains the same in 2030: to ensure that the Belgian financial sector earns the trust of Belgian consumers. This is possible if those intermediaries can advise on simple banking and insurance products. And the simpler the products are, the greater the trust.

To obtain and accelerate the necessary change, we, as regulators, must also dare take initiatives. Sometimes even without a legal basis, if it would take too much time to obtain one. Consider, for example, our moratorium on the distribution of particularly complex structured products. In other cases, we advocate a legal basis.

The concept of "layering" for the readability of disclosures and General Terms and Conditions for insurance contracts, advocated by the FSMA, was included in a European directive when Belgium presided over the Council of the EU in 2024. People today read much faster on digital media and have a short attention span. So we helped Europe ensure that disclosures are now divided into three layers, with information you must know, information you should know and information that's nice to know. Yet more proof that the FSMA is not some bureaucracy that merely applies rules, but also takes action, for the consumer.

## Part of the solution

Driven by society, banks and insurers have, more than ever, become part of the solution. Now they have to come up with solutions in the area of climate change. Something they are actually capable of doing that: by orienting capital flows, banks can be a crucial driving force in the climate battle.

ESG-compliant investments have become an important, mature and profitable segment. And this evolution is not the consequence of a financial crisis, but driven by market demand from mainstream investors, who care how financial institutions do business and with whom. The "Average Joe" wants ESG compliance; it's up to us as a financial industry and financial supervisors to provide that. Such a positive agenda, that's fantastic.

### About the interviewee

Jean-Paul Servais has been chairman of the Financial Services and Markets Authority (FSMA) since 2011. From 2007 to 2011, he also chaired the FSMA's predecessor. At the same time, Servais is vice chairman of the International Organization of Securities Commissions (IOSCO), and chairs the Monitoring Board of the IFRS Foundation.

**"With digital tools, we can proactively look for financial breaches ourselves"**

# Customer experience is everything today. Everything.

**Ine Cops**
Enterprise Account Executive
Google Belgium

**Long ago, in 1994, Bill Gates of you-know-what-other-company said „Banking is necessary, but banks are not". That is largely true today in 2030, at least as far as physical bank branches are concerned. Banks today are completely digital. And more than ever completely focused on the customer experience with great service. But banks can't deliver that alone. How does Google help them today, in 2030? We asked Ine Cops.**

First, let me explain the role banks play today, anno 2030. Banks are amongst other service providers, part of an ecosystem, that address customer's needs or pain points. This can be as a trusted orchestrator working with other companies and organizations - inside and outside the financial sector - or as an invisible contributor to a value chain. For example, let's look at the way people buy houses in 2030. You first want to know how much you can borrow, so you start searching for mortgages online and click on an ad from a bank. You create a profile and provide the chosen bank with access to your other financial institutions. The bank consolidates all data and, based on your financial situation, pre-approves a mortgage, recommends houses and offers virtual tours. Applying and signing for the mortgage is done completely digital and super-fast, without any fuss.

Today, banks are digital, continuously reimagining and packaging compelling propositions to give their customers the best experience, no matter how high the expectations are. Banks that do not put customer experience at the center of their strategy will not survive. But you don't necessarily have to be a big bank to do that, niche banks can also survive today. And the bank advisor is here to stay to deal with complex questions alongside a human-like digital assistant that handles most of the standard topics.

> **"Banks that do not put customer experience at the center of their strategy will not survive"**

### Collaboration is key

To be able to embrace emerging technology and remain flexible to adopt evolving business models, banks collaborate increasingly with fintechs. Fintechs help develop innovative solutions that allow banks to quickly assume their role in the ecosystem, despite their legacy IT. And that brings me to our role as Google.

### Google's role in 2030

Google has a unique place to play in this story. We have nine products with over one billion users each - and deeply understand how to make products that seamlessly integrate into customers' lives.

Our role in the industry is to support financial services providers to enhance their services using our AI and machine learning capabilities and solutions to create better experiences for their customers.

We offer capabilities to easily build your own models or you can use our pre-trained models. For example, our Contact Center AI solution improves customer service with AI that understands, interacts and talks, already in use by banks in 2022. Our Document AI, which interprets documents such as paychecks, can quickly grant mortgages.

> **We enable banks to take on their new role, with the right technology**

### And what about our data?

Let me make it clear: „Google will never sell any personal information it collects from end users to third parties," CEO Sundar Pichai said. Enterprise customers of Google Cloud, such as banks, own their data. This data can be enriched with Google Trends (for example: what are the most popular retail items people searched for across this area?) and other public data sets available in Google Cloud.

Consumers today, in 2030, are more in control about what happens to their personal data in Web3, which runs on blockchain networks. Alphabet, Google's parent company, has already invested tremendously in Web3 companies. Google Cloud aims to become the Web3 development platform of choice. In the next couple of years, we want to achieve more standardization in blockchain applications, and thus increase trust in them.

Moreover, consumers today have a really well-defined European digital identity. Banks could play a complementary role by providing additional identification services through their own tools and data, compliant with all legal and regulatory standards.

The role of the financial regulator has only become more important, especially to monitor data privacy, cyber security and enforce Environmental, Social, and Governance (ESG) provisions. Also vis-à-vis fintechs, if they scale up. Google helps companies to analyze data and report to the regulator in real time. In 2030, regulation is more outcome-based. In other words, it's focused on the results, rather than having to go through all the requirements, thanks to more readily available data and AI.

### Google helps banks flourish

And then you might be left with that one question. Does Google itself want to become a bank in the next few years? Google has no interest in becoming a bank but we think we can help banks with their transformation. Let other banks flourish? Absolutely! With the very best customer experience? Bring it on!

### About the interviewee

Ine Cops joined Google Cloud in October 2020 as Client Executive in Financial Services in Belgium. She is responsible for driving Google's technology agenda and innovation culture enabling financial services customers to accelerate their digital ambitions. Before Google, Ine spent seven years at IBM in several Technology Sales roles helping Financial Services customers innovate and get insights from their data. Ine started her career as a Business Consultant at Accenture managing strategic projects in different industries.

"The insurance CEO of 2030 is now required to be an orchestrator of partnerships in a data-driven ecosystem "

**Koen De Loose**
Partner, Head of Risk & Regulatory
KPMG in Belgium

**Johan Thijs**
CEO
KBC

# Banking is a blend of analog and digital, courtesy of the level playing field

**Data lead to knowledge, but woe betide anyone who betrays the customer's trust. According to Johan Thijs, CEO of KBC Group, in 2030 a financial institution is a faithful assistant and a trusted partner. Thanks to a level playing field, it is also one in the digital domain.**

"We need banking. We do not need banks anymore." Bill Gates' statement in 1997 was prophetic. Whereas in 2000 financial institutions were the only ones to offer banking and insurance products, and they limited themselves to that, the situation in 2030 is completely different. The seeds for this were planted mainly in the early 2020s. This is when other players, such as those in fintech, entered the market; while at the same time, banks and insurance companies started to diversify their product and service offerings.

What is very important here is the level playing field that the government has provided to players in fintech, big tech, even the baker around the corner. At a certain point, anyone could offer financial services, without having to comply with the applicable regulations. Those regulatory gaps have since been closed, with the focus on consumer protection, particularly notable.

## Blend

Today, the financial sector is primarily a blend of the analog and digital worlds. On the one hand you still have physical banks, the central bank and the euro, but on the other hand there is also an ecosystem that is digital and where the digital euro is central. The fact that the central bank released its own digital currency brought structure to the digital landscape.

Many have tried before; just think of Meta. But because the fully virtual and non-tangible world did not have that structure, these initiatives failed to take off or crashed.

## Digital euro not the sole right of central bank

Now, the CBDC, or digital currency of the European Central Bank, does represent a significant change in the global ecosystem of finance. After all, it allows central banks to address consumers directly for the first time. Banks used to be the obligatory middleman; that is not necessarily the case anymore.

However, this does not mean that financial institutions have been sidelined. Part of the traffic of the digital euro goes through the central bank, another part through the banks. And it is the financial institutions that still have the lead when it comes to loans and the like. More than that, they have the opportunity to issue their own blockchain-based currency, tied to the digital euro.

## Kate Coin as a taster

On that front, the launch of the Kate Coin by KBC, in the summer of 2022, was a nice taster. It was the KBC's own digital currency, which, however, could only be used in a so-called "closed loop environment."

The digital euro has ensured that this type of currency could be widely used.

This does not mean that the advantage of a closed loop environment has disappeared in all cases. It still proves its usefulness with regard to subsidies, for example. We can hardly imagine that there was a time when companies received subsidies relating to, for example, social economy, but where there was no limit to what these subsidies could be used for.

### Level playing field in terms of data

Financial institutions that do not offer these kinds of applications have not necessarily disappeared, but they are invisible to the consumer. Your services are offered as a kind of white label by other partners in the financial chain. If you want to avoid that, you have to offer extra things. A multi business model is a conditio sine qua non for those who still want to be in direct contact with end customers.

It is useful to start from the focus of the customer, who wants to manage his financial processes as frictionless as possible. Whereas in 1980 a financial institution was very reactive, in the early 2020s it became important to use data to find out when someone was about to buy a house in order to offer the right products in advance. Today, that's not enough. Now you sell a product with the financing included.

Fortunately, in order to give financial institutions the opportunity to expand in this area, a level playing field has also been established in the area of data. This is where the successors to PSD2 played a major role. These directives gave big tech access to financial institutions' data, but the opposite situation (i.e. financial institutions' access to big tech data) was not the case. Fortunately, the successors to PSD2 have put a stop to that.

### Trusted partner

However, this does not mean that we should not be careful with data. Consumers assume that you won't damage their trust in that respect. So ensuring that no traces of data transactions remain is a minimum minimorum. Only if we can guarantee this do we remain a trusted partner and advisor.

This role as advisor has become increasingly important in recent years. Customers are no longer in contact with us via their cell phone, tablet or PC, but via our assistant. This assistant helps, based on trust and geared to the lifestyle of our customers.

In 2022, KBC assistant Kate sent a message to some 120,000 customers asking whether they had suffered any damage during a storm. They could report the damage via Kate in one to two minutes. After a month, just about all claims had been settled. Back then that was a feat, now it is the standard. And only for those who can offer this standard is there still room.

### About the interviewee

Johan Thijs holds a Master's Degree in Applied Mathematics and Actuarial Sciences. At the beginning of his career he worked as an actuary for ABB Insurance, where he became Senior General Manager Non-Life Insurance after the merger with KBC. Since 2006, he has been a member of the Management Committee of the Belgian Business Unit. Since 2009, he has been a member of the Executive Committee of KBC Group, taking on the role of Group Chief Executive Officer as of 2012. Johan Thijs is also Chairman of Febelfin, the umbrella organization of financial actors, and is also active in business organizations VBO and Voka. The Harvard Business Review placed him several times among the top 10 best CEOs worldwide, and Trends named him Manager of the Year 2018 in Belgium.

**“A multi business model is a conditio sine qua non for those who still want to be in direct contact with end customers”**

**Amélie Breitburd**
CEO
Lloyd's Europe

# We now better understand the need for mutualization across the planet

**Ten years ago, the "amazonization" of the insurance industry seemed an almost certain fact. Not entirely justified, thinks Amélie Breitburd, CEO Lloyd's Europe. "It is especially important that the fundamental solidarity role of the insurance industry is now better understood."**

Sometime in the late 2010s or early 2020s, the word amazonization must have first surfaced in trend analyses. This phenomenon refers to the wholesale disruption, initially occurring across retail and e-commerce, thanks to the presence of Amazon.com. In Jeff Bezos' platform business model, Amazon started competing with other third-party sellers and brands to attract customers to the marketplace and to promote its own brand. Soon many were predicting imminent amazonization for a variety of industries. This included the insurance industry, but on the brink of this century's fourth decade, reality looks different.

## From coffee to machine learning

Important trends such as artificial intelligence and machine learning have certainly grown stronger over the past few years. In our industry, they caused pricing and claim handling to strengthen. But a model that disrupts a worldwide insurance marketplace like Lloyd's has not seen the light of day. Lloyd's has succeeded in maximizing a range of key features with digital as a lever for efficiency. At the same time, it maintained the mission of ensuring a fair price, just as it did with coffee in the 17th century.

New disruptive marketplaces invariably encounter a high entry barrier in the insurance industry. The reason almost speaks for itself: our business is all about trust. Lloyd's has built 400 years of accessing licenses all over the world. Moreover, at the entrance you have a central fund. There is solidarity and trust. Everyone has to behave in the insurance industry. You get an envelope of consent at overall market level. Those are barriers to other platforms. These barriers can be overcome, true, but it is a big step between entering the market and disrupting it. That's precisely why, now in 2030, traditional insurance companies and platforms still represent the largest share of the market.

## Mutualization across the moon

The disruption may have failed to materialize, but we can still note that the reflection on the amazonization has initiated some important changes. Everyone has understood by now that it is necessary to see insurance fully global. It is important to deal with insurance in a fully cross-boarder way. We now understand the need for mutualization across the planet, even across the moon and Mars. Back in 2022, such a statement may have sounded like science fiction, but in the meantime it is clear that insurers are more than ever a key player in enabling risk-taking. Traveling to mars? Then you need an insurer, right? Not for the traveler himself, but for those who stay on earth. The sustainability efforts in the twenties are very illustrative in this context as well. Insurance companies have been mastering the investment side of ESG for some time, but we now see that great progress has also been made on the contract side, in terms of liability. Insurers have taken a central role in a transformation process where capital is directed to investments.

### Sense of purpose

In line with this, the understanding grew that the sense of purpose is a main element in the attractiveness of our industry. The fundamental solidarity role of insurance has, unfortunately, long been insufficiently understood. Insurance coverage is now better and more widely understood. If a systemic risk arises, it is important that there is wider coverage. Mutualization is a tool and brings insurers very close to the sustainability goals linked to the 'S' in ESG.

### Public-private partnerships

This brings us to a third important evolution: the shift to prevention. We see that distribution has not been squeezed out of the platform game, because it was able to adapt and demonstrate its value. Especially for large risks with low frequency, prevention is here to stay, with the support of technology and a strong understanding of the risks. Through public-private partnerships (PPPs) between insurers, reinsurers, governments and supranational organizations, government schemes have become an incentive for prevention. Insurers have supported people to get more insured by 2030. This is a core reason why our industry has remained strong despite all the amazonization predictions.

### About the interviewee

Amélie Breitburd has been CEO of Lloyd's Europe since spring 2021. Lloyd's Europe brings the scale, expertise and capacity of the world's specialist insurance market closer to its customers in Europe through a locally staffed and regulated insurer. Prior to joining the European arm of Lloyd's, Amélie Breitburd had almost thirty years of experience on the job at companies including BDO, Allianz, KPMG and Axa, where she was Executive Board Member and CFO UK and Ireland.

**"Insurers have taken a central role in a transformation process where capital is directed to investments"**

# “Insurers need to be more customer-centric, leaner, agile and better connected. But they often get lost in the complexity of constant change and fail to keep your eyes on the prize.  The time to act is now“

**Stephanie Porteman**
Director, Connected Enterprise
KPMG in Belgium


# The banking world has become a world of building blocks

**A landscape more diverse than ever, with new as well as old competitors, an increasing importance for disintermediation and hypergeneralists as employees. This is how Didier Ongena, Public Sector Lead at Microsoft Western Europe, and until recently Managing Director Belux at Microsoft, looks at the banking world. The reasons for these evolutions: data and technology.**

**Didier Ongena**
Regional Leader Public Sector EMEA
Microsoft

Capitalism is dead, long live dataism. Data are what capital has been for decades. They are the main currency in our economy. An example? A farmer can buy his seeds cheaper today if he reports data about his harvest. This helps both the supplier and the government to refine their sustainability policies.

That data are crucial is certainly true in Europe, where we have realized that by exploiting it ourselves we can evolve into a data economy. Gaia-X has been a very important step towards this. The collaboration between business, science and politics has led to a new generation of data infrastructure.

## No better car insurance company than Tesla

Such a paradigm shift naturally also has an impact on the financial sector. It is a lot more complex than it was 10 years ago. There has been a clear convergence between the financial sector and other sectors, not least the technology sector. The financial sector has broken down into a series of building blocks that you can offer separately or together: basic financial services, loans, investments, but also controlling, intermediary services, etc.

This has made it easier for non-traditional players to enter the market and claim a specific slice of the cake. Banking-as-a-service and insurance-as-a-service are well established and, in some cases, new players clearly have the best assets. Take the example of Tesla. That company has so much data about its cars and the driving habits of its drivers that it can offer the most applicable car insurance.

The fact that other players are operating in the financial sector does not mean that Microsoft has also become a bank or insurance company. Our role has been to serve as an enabler, to help other players develop themselves based on the technology we provide. We provide opportunities for co-innovation and co-creation.

> **"Cloud has provided a level playing field. It also gives Tier 2 and Tier 3 banks the scalability and innovation that is so much needed"**

### Cloud

But of course it also works in the other direction. Technologies like blockchain and bitcoin also allow traditional financial institutions to further broaden their offerings. The Kate Coin launched by KBC in 2022 was just a taste of what is possible today.

However, it looked oppressive for a while. Crypto currencies took serious hits at one point, calling the whole technology into question. But people forgot that bitcoin stands for three different things: first, it is a technology – and it has more than proven its value to us in the meantime – second, it is an asset class and third, it is a means of payment. It gives people in a lot of countries access to financial services and products. As an asset class it is a tool for extra return or risk hedging. Obviously, this can fluctuate.

### Every company is a technology company

If you want to be competitive today, you have to be a technology company. It's as simple as that. Quantum computing and 5G have accelerated and enabled so much. But one element that is even more important is cloud. Cloud has made scalability and innovation possible for everyone. Blockchain and bitcoin are cloud embedded as platform-as-a-service. This has allowed big banks to compete with companies like Google and Meta. But it has also benefited smaller players, such as Tier 2 and 3 banks. Developing applications with blockchain or artificial intelligence is so easily accessible to them now.

### Disintermediation

Another major innovation in recent years has been the concept of trustless transactions. This is what the crypto evolution has taught us. Trustless means that no third party (a bank, a person, another intermediary, etc.) is needed anymore in a transaction. This is of course due to the digital identity, which we all have. This enables a trustless environment, which by the way is not only valid for financial transactions, and more disintermediation.

### Hypergeneralists

A final important evolution has been in the profiles operating in the financial sector. Since successful financial institutions have now also become technology players, there are many more digital profiles active in the sector than there were ten years ago.

But they are hypergeneralists. This is due to the breakthrough of artificial intelligence. It is better at replacing specialized tasks. The radiologist has disappeared, but the general practitioner is still there. It's the same in the banking world.

### About the interviewee

Didier Ongena has 19 years of experience at Microsoft. He has held many positions, including that of General Manager Belux for about 5 years. On October 1, 2022, he handed the torch over to Marijke Schroos. He is currently ad interim Public Sector Lead at Microsoft Western Europe. Ongena is also a board member of Agoria.

# Climate and longevity have completely changed our industry

**Koen Depaemelaere**
CEO
Monument Assurance Belgium

> **Thanks to breakthroughs in a number of therapies, the average lifespan today has already increased significantly. Chances are that within a few years we will have an average lifespan of more than 100 years ”**

**Climate and longevity have caused disruption in the industry, but data and outsourcing have also played a role in changing the sector. That's the view of Koen Depaemelaere, CEO of Monument Assurance Belgium.**

The insurance industry has evolved significantly over the past 10 years, but it is striking that the evolutions in Property & Casualty (Non-Life) are completely different from those in Life insurance (Life) products.

In Non-Life, the climate has had a very big impact. First, there was the massive energy transition in the early 2020s. Energy was always one of the insurance industry's focal points and it changed completely in a short period of time. It wasn't so much about more risk. It was a totally different risk that was difficult to assess with the conventional methods at that time.

## Global warming leads to uninsurability

In addition, there was (and still is) the impact of global warming. This has had major implications for insurance companies. Significantly more floods, storms, hurricanes, droughts, and crop failures are occurring. These disasters inevitably led to additional claims.

By the way, the impact has not only affected insurance companies, it has also had an effect on clients. Indeed, the transformation in insurance proceeded at such speed that a certain form of uninsurability prevailed for years. After all, there was insufficient time to provide statistics. It created a never-before seen situation in insurance land, something that has not been completely remedied since.

## Average life span has significantly increased

In Life, the evolution is of a different order. Longevity ensures that everything seems to be at odds within Life these days.

For generations, longevity increased slowly. It was a continuous process, not really a transformation. However, that has changed in recent years, longevity now increases by a quarter each year.

Thanks in part to the insurance industry's investment in technology, there has been a leap in medical advancements in recent years. As a result of numerous breakthroughs in a number of therapies (especially cancer), the average lifespan has already risen sharply, and the rate of change is likely to accelerate even further. Within a few years we will have an average lifespan of more than 100 years.

Such a transformation obviously has major implications for death coverage, as well as medical coverage, lifetime savings, and investments. These are risks for which insurers provide coverage, and we certainly want to continue to respect the principle, but an uncertain factor has been added. You often take out life insurance at a young age, but what are the consequences if suddenly the expected life span increases by 20 years? How can insurers guard themselves against that? Again, it was and still is difficult to provide sufficient statistics.

### Data breakthrough

Another evolution runs parallel with Life and Non-Life, but has a totally different consequence. I am talking about data and privacy. There are more and more data available, but the way of dealing with them is totally different.

Within Life, they are increasingly protected, and rightly so. But here too there is a paradox. After all, customers do have more and more data at their disposal and can therefore make judgments about insurance based on other data. Having a DNA analysis done online for $100 can influence your decision. But insurance companies obviously can't price based on such information.

### "Triangular" relationship

Within Non-Life, data just help provide tailor-made solutions. In fact, they have also caused the relationship between customer, broker and insurance company to evolve.

Before, the broker "owned the customer," while the insurance company was responsible for price, contract, and risk. Now we have moved to a "triangular" relationship, and insurers are seeking a more direct link with their customer, where the customer agrees to share data in exchange for a discount on his/her premium. That was the absolute prerequisite for deploying data to the benefit of insurer, broker, and customer.

### Outsourcing

The last major evolution does run completely parallel with Life and Non-Life. After all, it has to do with the structure of insurance companies per se. They have downsized. They now focus on risk management, compliance, asset and liability management, financial reporting, but also on the relationship with customers and regulators. This has led to everything else – from operations to IT to HR – being outsourced in recent years. Service companies have been mushrooming in recent years. For insurance companies, it means a further focus on their core business, while accepting full accountability for the outsourced work.

### About the interviewee

Koen Depaemelaere is CEO of Monument Assurance Belgium, a specialist in Life portfolios and part of Monument Re Group. He has extensive experience in the insurance world. He was previously CEO at VanBreda Risk & Benefits and at Portima and Head of Life, Savings & Protection at Axa, among others.

**"Data have caused us to move into a triangular relationship with a direct link between insurer and customer"**

Jean Hilgers
President BFF
Director NBB

# As a central bank, we ensure that there are safeguards in place

**In an ever-changing financial system, the role of the regulator is increasing, explains Jean Hilgers, Director of the National Bank of Belgium.**

When you look at the structure of regulation, it is either the market or the regulator who is ahead of the curve. If it is the market and there are problems, the regulator has to intervene. We have seen this, notably with the 2008 crisis and Basel III. In the same way, regulation should adapt to new technologies and new uses. This is already the case in the EU with MiCA for crypto markets or DORA for operational resilience. As supervisor, we ensure that there are safeguards with prudential supervision. In climate risk, this is more the opposite, as regulators and supervisors have both been in the driver's seat.

## Shifting risks

The financial system is extremely regulated, and we are seeing a shift in risks to players other than traditional banks and insurance companies, such as family funds, money market funds, supply chain finance, private equity, etc. However, these structures present certain fragilities. The scope of regulation must evolve and be broader than only focusing on banking institutions and insurance companies.

Bancassurance has reached maturity. Banking and insurance are two very different worlds that do not talk frequently to each other and are not regulated in the same way. For the bank, there is mainly a credit risk on the asset side. As for insurance, the main risk is on the liability side linked to technical provisions. A credit risk is not weighted in the same way in the two sectors. Furthermore, the insurance sector is not integrated at the European level, because social legislation, particularly with regard to health care and pension schemes, is still essentially national.

## Consumer protection

For banks developing an organic ecosystem, the key question is who controls the relationship with the customer: the bank or another operator? Only large banks can develop their own ecosystem. The small ones do not have the necessary resources (deep pockets), profitability and scope to create that. There is therefore a risk that the latter will become less relevant on a stand-alone basis.

Big Tech, who possibly knows the consumer better than anyone else, has formed partnerships with banking institutions in the real world, as well as in the virtual world, such as the metaverse. This idea makes sense and must be regulated, keeping in mind that the rule applies for both the real and virtual worlds: Same Activity, Same Risk, Same Regulation. I would add that consumer protection in the virtual world goes beyond the financial sector.

## No consolidation at European level

Today in 2030, other players, besides the four major banks in Belgium, have been active in asset management, supply chain finance, fintech, etc. They either grew or were absorbed by other players. Within the European Union, consolidations have been taking place domestically, especially in markets where we see overcapacity, such as Germany, Austria and Italy. The other European markets are relatively concentrated and less consolidation is expected.

The prudential framework is not what is currently stopping massive consolidations at the European level, but rather other factors, such as the domestic dimension of many regulations applicable to banks, the lack of a clear business case or the political willingness of larger European countries to see mergers involving their local champions. Banks are first concerned with ensuring sufficient profitability in view of the risk profile before considering further internationalization. Finally, competition regulation also plays an important role in avoiding dominant position abuse.

### ESG: harmonization of standards

As far as ESG is concerned, the regulator has played an essential role in setting the reference framework. Institutions must first gather information and data in full transparency. Then they must develop and harmonize methodologies. Finally, some players must specialize in methodologies and related models.

If you lend to an exposed sector, you take a risk and this risk must be calculated. The conditions for granting credit, including pricing, have taken ESG-related values into account. New elements of appreciation have been integrated into the business model. For loans to sectors that are no longer served or are less served by banks, one can expect the development of secondary markets, through securitizations or other avenues. However, care must be taken to ensure that access to property for young people and the less privileged remains possible. The risk of inequality must be contained.

More broadly, new ratings and standards have been developed, but they must be harmonized, through common taxonomy, not only in Europe but elsewhere. It is a global market. The regulator sets the framework and determines the course for banks in order for them to clarify their positions.

### New supervisor profiles

Regarding the labor market in 2030, a set of events has contributed to the Employee Value Proposition PVE:

- Demographics have changed. There are fewer candidates in the market and the employer has had to provide an attractive societal offering.
- Work-life balance has become the rule.
- Flexibility is at the heart of the company. Employees should have the opportunity to advance in their careers, but also the possibility to interrupt them when they wish.
- Training has become essential.
- A pleasant working environment, combined with teleworking, has been put in place.

For supervisors, the traditional profiles of lawyers and economists have been augmented by computer scientists and data scientists. Psychologists have also been included because there is increased interest in the cognitive level, as well as in the cultural risk. In the same way that the scope of regulation has changed, the scope of supervisors has been expanding.

### CBDC: the primary role of the regulator

In 2030, we have a CBDC/digital euro, while the distribution model ideally focuses on credit institutions and payment service providers. Digital money must avoid disintermediation in order not to destabilize the financial system. With the digital signature, the digital system, the digital currency and open finance, it has been important to be particularly careful about too much digital mobility and its impact on safety and security of capital and data, while the role of the regulator is essential in ensuring adequate protections are in place. It is in this context, of increasing risks to our financial system, as well as consumer protection and safety, that the MiCA and DORA regulations, as well as TIBER – which allows us to carry out controlled and customized tests at the European level – have been implemented.

#### About the interviewee

Jean Hilgers has a degree in economics and joined CGER in 1987, where he worked in corporate banking. After working in various ministerial offices during the 1990s, he joined the NBB in 1999 as an executive director.

**“We are observing a shift in risks towards players other than traditional banks, such as money market funds, hedge and family funds, supply chain finance, private equity, etc”**

Etienne de Callataÿ
CEO
Orcadia Asset Management

# Respect is the watchword

**By 2030, the banking industry will have realized that it was going in the wrong direction, both in its race for size and in its management and customer service. Small, specialized, flexible and collaborative structures are thriving.**

We are at the end of the decade and the industry has realized that it cannot continue on the path of the first quarter century. That it can no longer ignore customer complaints and the many warnings, especially when 40% of the SMEs said in 2022 that they were ready to change banks.

## Specialization and collaboration

In terms of strategy, the mad dash for size is over. The sector has understood that it was not inevitable, but rather the result of the desire of many players to control everything: compliance services, IT systems, etc. Banks have realized that their added value does not lie in their software, but in the service they provide to their clients. The time has come to outsource to external suppliers and to collaborate with competitor-partners who share the same issues and challenges, breaking with the tradition of denigration of the past.

Furthermore, the sector is realizing that specialization is meaningful and a source of value creation for all stakeholders. This context favors the emergence of small structures that manage to attract talent thanks to a better working environment. Everyone knows each other and everyone is listened to when sharing tasks.

## Respectful HR management

More generally, the entire sector has finally modernized its HR practices. In the early 2020s, the rhetoric was still too often, hiding management strategies inspired by the 1980s.

Today, this is no longer acceptable. The entire sector has realized that the well-being of employees is vital for a company. Those employees are not necessarily looking to work less, but above all to give meaning to their work, to be respected. The German political party, SPD, had already shown in 2021 that insisting on the word „respect" could win elections.

The banks have also become aware of the damage caused by certain practices, such as individual bonuses. Every bonus creates a lot of resentment. And even those who receive a (substantial) bonus are not necessarily more satisfied or productive as a result. To be creative and dare to innovate, we need protection and trust.

Within teams, diversity is a given. There are still a few traces of the white male domination of the past in the upper hierarchy, but it is only a matter of time. Most employees today are Millenials and Gen Xers for whom gender, skin color, sexual orientation or social origins are a non-issue.

### Sincere customer service

Respect is also the watchword toward customers. Banks have realized that their digital services were still very basic in the early 2020s: they did not offer the necessary usability and the technology barrier too often felt like an impassable wall.

Customers want to keep the possibility of talking to a person, to be listened to and respected when they have a problem or a specific request rather than sailing from menu to menu.

This availability obviously comes at a cost, but pricing models have begun to evolve. Yves Delacolette, of the Deutsche Bank, showed the way more than twenty years ago, by raising account fees and passbook rates at the same time.

### The Tesla of banking

Of course, my vision is undoubtedly influenced by the success of Orcadia, and the banker of 2022 could object that even if they are dissatisfied, customers change banks relatively little. But the customers of 2030 are not quite the same as those of 2022 and legislation has facilitated banking mobility, in particular with the abolition of the 1.32% TOB (tax on stock market transactions) on the sale of Sicavs (investment companies with variable capital).

Clients are more attentive to the sincerity of ESG commitments and costs. In asset management, institutions charging 80 basis points or 1.5% management fees are now at a disadvantage. Especially since the Tesla of banking has shown that the barriers to entry in the banking sector are no more insurmountable than in the automotive sector.

### About the interviewee

Etienne de Callataÿ has been one of Belgium's leading economists for over 20 years. Having worked at the National Bank of Belgium and the International Monetary Fund, he was Chief Economist of the former Bank Degroof from 1999 to 2015. In 2016, he co-founded Orcadia Asset Management, a manager focused on responsible investment. In addition to the financial world, Etienne is also very involved in society, active in the academic world (University of Namur and UCL) and with associations, such as Les Petits Riens.

**"The sector must put customer needs and employee well-being at the heart of its strategy"**

Given the different potentially disruptive trends, clearly assessing "where to play" becomes key to thrive by 2030 "

**Wim Ilsbroux**
Partner, Strategy and Digital Transformation
KPMG in Belgium

Brigitte Bocqué
Chairman of the Board
PensioPlus

# We will always be long-term investors

**The demographic shifts that Belgium is facing pose a serious challenge to keeping our pensions affordable. Pension funds have played a capital role in that process. How has their responsibility evolved today, in 2030? What was the environmental, social, and governance (ESG) influence? And how important is technology for them? Ann Verlinden, Secretary General at PensioPlus, gives her vision.**

The current environment in which pension funds and insurers operate is primarily influenced by European directives that are further enacted into national laws by each EU Member State. Today, in 2030, topics such as ESG, due diligence and IORP (Institutions for Occupational Retirement Provision) regulations are now all firmly cast into national laws and must be approached with caution. Compared to countries like the United Kingdom and the Netherlands, Belgium is still a very small country in terms of the size of our pension institutions. Not in terms of members, though: about fifty percent of our workforce is covered by pension funds, with the rest covered by insurers.

So yes, in the past decade the sector has grown regarding the number of people who are affiliated, but the number of institutions has not. Ten years ago, all of our members were companies and sectors. They have increasingly opened up their pension funds to other institutions, for instance through group insurances. There were several reasons for this switch. The first is that companies had many more opportunities to reach a higher return through pension funds than through insurance. It also became increasingly important for some companies to involve their affiliates in pension management. This is far easier to do through a pension institution, where joint management (between employers and employees) is common.

### Accents

For employers, a fund has proven to be a better way of fulfilling their pension promise, more so than through an insurer. The latter mainly wants to sell a product, which may or may not meet your exact needs. As a business, it was also easier to place your own emphasis on particular factors through a pension fund, for example on ESG or certain social values. A fund operates with its own board of directors, which makes its own decisions on strategy and investment policy and can therefore adapt these decisions to the values of the company.

Even today I think pension funds should play more of a social role than a commercial one. In this respect, we have one foot in the non-profit sector. A pension fund's objective is not to earn big profits, and certainly not to have the profits end up with asset managers, for example. If profits are made at all, they are for the members.

> “The pension fund industry has taken a giant step forward with major investments in technology”

## ESG

I already mentioned that it is easier to stress certain values or themes in funds, for example ESG. The whole discussion in the joint committees concerning ESG has been very interesting to follow, with, for example, employees who want to accelerate the company's ESG commitment and employers who would like to decelerate. Specifically in multi-employer funds, things can sometimes get heated, especially when there are no economic ties among the companies. What ESG means for a gas producer has always been very different than what it means for a company that specializes in renewable energy. Sometimes we also saw ESG being implemented in other, unexpected, ways such as granting affiliates an advance on their reserves to implement energy efficiency measures on their properties. That trend has been around for some time and still continues to grow.

A word about our investment horizon. Of course, we've had periods with fluctuating interest rates and volatile stock markets. And naturally we constantly keep an eye on coverage ratios, which, by the way, in multi-employer funds can vary widely by compartment, from 85 to 200 percent. But it also is still very true that we are and always will be long-term investors. We don't look at the future year by year; we make projections on data like demographics, the length of our liabilities and so on. Those parameters are much more important to us.

## Technology

The pension fund industry has taken a giant step forward by making major investments in technology. This was a necessary step, if only to meet our disclosure obligations. When the Belgian Financial Services and Markets Authority (FSMA) asks us, "what about your investments in Italian bonds?", we can answer immediately. It has also inspired third parties to offer this information to the funds, so they can outsource this, if necessary. This is a situation that has existed for years in the insurance sector, and is important for affiliates, by the way, to inform them and provide them with correct data. With the help of technology, funds can add substantially to systems like Sigedis or MyPension, where the information is often too complex for ordinary citizens.

I would like to end with a reference to the war for talent that continues to rage in the sector in 2030. This plays out at different levels. The first is at the level of people involved in the entire pension system, where it is certainly difficult to find the right people. The second

**Ann Verlinden**
Secretary General
PensioPlus

### About the interviewee

**Ann Verlinden**
Ann Verlinden holds three master's degrees. One in mathematics from Universiteit Antwerpen, one in actuarial science from KU Leuven, and a Master of Business Administration from Antwerp Management School. She started her career in 1990 at JMT Consulting and, after five years, made the switch to Tower Watson. In 2012, Ann Verlinden decided to continue her career at PensioPlus, as Senior Advisor. In 2018, Ann Verlinden became Secretary General.

**Brigitte Bocqué**
Brigitte Bocqué holds a master's degree in Germanic languages from the Université Libre de Bruxelles and a master's degree in Management, Marketing and Finance from the Solvay Brussels School of Economics and Management. She spent most of her career at Suez Tractebel, including roles as Senior Vice President Compensation & Benefits, EVP Human Resources, H&S, Quality and as Group Employee Benefits Manager of Engie. Since May 2022, she has been Chairman of Pensioplus, the Belgian association of pension institutions. Bocqué is also a director at insurer Contassur, which assists five pension funds for Engie and the gas and power sector in our country.

Jan Peeters
CEO
Portima

# Collaboration is the key word

**That Portima always saw a bright future for brokers should come as no surprise. But is this still the case in 2030? What role does the insurance broker still play in it? How has the broader insurance world changed? And is the world of insurtechs thriving in the world of broker management systems, asks Jan Peeters.**

The difference is huge, when I compare it to many years ago. Between 2022 and 2030, the insurance world consolidated, in part because of new legal regulations like the Digital Operational Resilience Act (DORA). DORA required financial institutions to become more digitally resilient, which required insurers to make significant investments. This created a market with some consolidated all-round insurers. But even today, we still have a broad group of niche insurers. And then I feel compelled to ask: what about distribution channels? How have they evolved?

### They're still standing

Oh yes, the brokers are still standing. The brokerage model is the best option for all parties involved in our country. If it were more interesting for insurers to sell via agents, or directly, they would have done so long ago. And today, in 2030, the Belgian consumer still appreciates the advice and proximity of the broker.

What further strengthens the broker's position, besides of course the functioning of Brocom and the professional federations, is the cooperation between brokers and insurers. This collaboration defines Portima, given that we were founded as a cooperative consisting of companies and brokers.

### Has nothing changed in brokerage?

Certainly it has. In the traditional retail insurance market, the broker's market share has eroded slightly. Consider auto and home insurance, for example. For such products, bank insurers offered stiff competition with a digital customer experience through their app, perfectly tailored to customer needs.

But brokers remained entrepreneurs. They focused on those segments where their added value as advisors remained strong, especially among the self-employed and small businesses, where they were uniquely positioned. They made particular inroads in investing and retirement savings because a lot of people had to open their own retirement funds in recent years.

Brokers needed to continue building expertise. Particularly if they wanted to focus on certain sectors. Hence, the large brokerage firms in 2022 very actively acquired others for several years. Consequently, the number of brokers in Belgium today is significantly lower, without a reduction in the market share in premium income.

> **„Brokers focused on those segments where their added value as advisors remained strong"**

### Is the insurance broker digitizing?

As I said, the assets of the broker are their advice and proximity. But conversely, brokers now have customers who expect digital services. That is why, for almost a decade, we have offered them tools, such as a solution that allows them to quickly obtain quotes from all their insurers. This is how we help brokers digitize, while respecting their advisory role.

Here is another example of this. For the broker, it is important to talk to customers directly in order to make personalized offers to them. Today in 2030, the broker management system will provide these automatically, based on customer data. And that is only step one. The software could also specify the success rate of certain actions.

A challenge that still remains for the broker is to keep up. More than ever, they must also continue to invest in cyber security. For many brokers this was hardly the case in 2022. But in recent years, they faced greater cyber risks. So we have taken major steps to teach the broker the necessary cyber hygiene.

### Also more and more insurtechs

At Portima, our main goal is to increase the productivity and efficiency surrounding the cooperation between brokers and insurance companies. After all, this is where the greatest potential for brokers to digitize has been in recent years. But we are all but alone today in offering digital solutions.

A lot of insurtechs today are reinventing part of the value chain, accomplishing this as part of an ecosystem, connected by our management system BRIO. The market has received a solid push as a result of legislative initiatives, which have removed or lowered barriers, for example, to open data sharing.

The management platforms that survived in 2030 are those that connected the dots correctly. This is why we invested so heavily in APIs in recent years. Only today, it is no longer up to Portima to decide with whom we cooperate, but to the brokers themselves.

Nor does our platform have to cover everything itself. We publish APIs and give the market freedom to seize opportunities and build their own solutions, linked to our broker management system.

And then, of course, the question is: why did we acquire insurtech Harukey with e-GOR, their pension file management platform, in 2022? Because our own system had gaps in life insurance, while the broker needed it and custom customized development would take have taken too long.

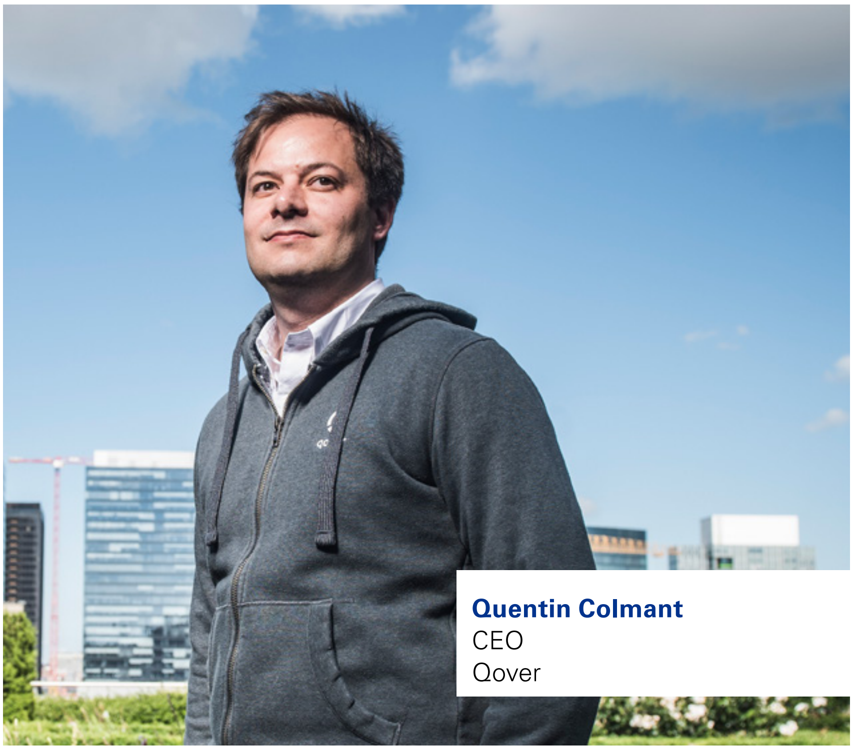
### The key word is collaboration

Finally, collaboration is essential: collaboration between Portima, insurtechs and brokers and cooperation between brokers and insurers. And cooperation among insurers themselves, which would allow them to make the right, long-term choices to support society. In that way, everyone wins.

### About the interviewee

Jan Peeters started his career in 1998 at Andersen Consulting, later Accenture. For more than 17 years he completed various projects in the areas of CRM and IT transformation, working with insurers in Belgium and abroad. Afterwards, he joined Avanade Belgium, a company that builds digital solutions based on Microsoft technology for insurers. In September 2018, he joined Portima as CEO. Here Jan speaks specifically about BRIO, Portima's broker management solution.

> “We help the broker digitize, while respecting their advisory role”



**Quentin Colmant**
CEO
Qover

# Welcome to the era of embedded insurance

**I started working in insurance for Allianz in 2007. What fascinated me there was how insurers thought about distribution. The traditional approach focused exclusively on multichannel distribution, i.e. combining brokers with banks, agents and other direct channels – all with a local approach. No one was looking at new distribution opportunities through disruptive players and embedded insurance. Today, however, we're seeing the dream of embedded insurance come true – a dream that Qover has been pursuing since 2016.**

Today, in 2030, we're moving towards a world with a kind of global safety net, where you're insured no matter what happens to you. This is because insurance is embedded in everything you buy and use.

Let me give you an example. In the late 2010s, food delivery platforms were very popular. But the independent bicycle couriers who delivered that food had to be insured against a high amount of risk, and therefore paid a very high premium for it. So platforms began asking themselves: what if we embed the insurance into the price of using our platform, so that couriers are covered for everything from the moment they log into our app?

One of those platforms, Deliveroo, connected with us to do just that – which had two fundamental advantages. First, the responsibility to understand complex insurance no longer lay with the couriers, but with a company that had the expertise to do so. And at the same time, the risk would be spread more widely, making insurance cheaper to buy – even more so if insurance policies became truly pan-European (but more on that later).

> **“A world with a global safety net, where you're insured no matter what happens”**

### The way to go

At that time , the future of insurance appeared to be embedded. Now, step by step, we're seeing that world take shape. Look at how mobility is changing, for example. We're moving towards a society where you do not simply buy a car, but instead you use a mobility solution like a self-driving electric car at a price where you are fully insured no matter what happens.

A second example is Revolut. In 2020, Qover launched an insurance policy with the neobank in 32 countries that covered most of their client's purchases for one year in the event of theft or material damage.

A new economy of companies emerged, which provided the right momentum to make embedded insurance a reality. One reason is that, instead of selling products, these companies offered services as a fixed subscription, into which you could easily integrate an insurance policy. But another reason was the desire for scale.

### Pan-European, from day one

New economy companies, like Apple and Uber, offered their products all over Europe with the same user experience. So if they wanted to offer an embedded insurance policy, it had to be available anywhere in Europe – something that traditional insurance companies were slow to offer in 2022.

At the time, legacy players built 32 local insurance factories to serve 32 countries. But if insurance is intangible, why can't we simply have one insurance factory for those 32 countries?

European regulations allow insurance companies to do business in any EU member state without being physically located there – something we take full advantage of at Qover in order to facilitate insurance that is truly pan-European.

### Embedded insurance orchestration

What we offer is embedded insurance orchestration. We offer a platform for this, where companies can compile their own embedded insurance policies. The secret? Open APIs in the cloud. We then facilitate the required policies with insurers. In doing so, we work with companies that understand that pan-European insurance is the future. We also provide operational support, such as managing claims and providing customer care.

Thanks to this embedded insurance orchestration, Qover has experienced strong growth. At first, we focused on insurance that was mature enough to be embedded across Europe, such as policies for mobility and the green economy. Later, we added things like travel insurance. Then, we pivoted towards a fully B2B strategy – securing partnerships with Revolut, Deliveroo and other fast-growing digital companies – while also partnering with traditional insurers to help them do business according to our new tech-forward vision.

### Maximizing the loss ratio

In 2030, we dream of a future where embedded insurance fully covers every risk for everyone: with fully automated claims handling, via a connected vehicle that automatically sends data to the insurer for example; paid for by pan-European or global risk sharing, where everyone bears some of the risk and pays the same limited premium for it; with customized insurance, tailored to a large group with similar needs – a persona rather than a person.

In this future, it will also be possible for insurers to maximize the loss ratio. If everything is insured, embedded, automated and connected, your expense ratio will be virtually zero. As an insurance company, the better your loss ratio is, the more added value you can offer your end users - i.e. optimal service throughout Europe.

### About the interviewee

Quentin Colmant is the CEO of Qover, which he co-founded with Jean-Charles Velge in 2016. In less than five years, the InsurTech startup raised €35 million. Qover builds its own embedded insurance products using open APIs to help fast-growing digital companies – hacking insurance to make it simpler, smarter and more accessible. The scaleup is active in 32 European countries and counts on renowned partners like Deliveroo, Revolut, Wolt, Glovo, Cowboy and more.

> **"We dream of a future where embedded insurance fully covers every risk for everyone"**

**Arjan Smedeman**
Managing Director Benelux
Van Ameyde

# Speed boats around oil tankers

**Technology will bring a schism to the insurance world the likes of which we have rarely seen, says Arjan Smedeman, Managing Director Benelux of Van Ameyde. On one side: the winners who have been able to implement technology successfully. On the other side: the losers who became irrelevant. In the middle: smart niche players and fintechs that have been able to create a market for themselves.**

If there is one crucial factor that has shaped the insurance landscape in recent years, it is, without a doubt, technology. The companies that have been able to successfully implement IT have been the winners, eating up their competitors. This has created a few very large groups that have been able to automate and standardize most processes. The losers have failed to shed their old legacy infrastructure, and/or they do not have enough complete and high quality data: the two prerequisites for survival.

In addition, a fairly large group of independent players has emerged that deal with everything the big groups can't handle or don't feel like doing. They float like a group of speedboats around a handful of oil tankers, but what the independents and large players have in common is that they both can deploy technology in a very efficient way. Those speedboats deliver customized solutions and often target certain niches, such as the B2B market. Sometimes they also attract very particular customers, who are united in „communities" that attach great importance to certain products and are often uncomfortable with large groups.

> **"The broker retains his prominent role, but he too must embrace technology"**

The broker in this story retains his prominent role, especially in those communities and niche markets. Yet he will also have to embrace technology. He needs to be accessible to his clients in every way possible, whether by phone, website, or app and certainly in person. A claim that came in via an app must get into the broker's own system completely seamlessly. That personal aspect remains very important because this industry continues to be one of „problem solvers," especially if technology fails for one reason or another.

## Prevention

Insurers also play an increasing role in prevention and in unburdening the client. For example, the insurer can help them reduce their energy bills. We have long seen this in health insurance, for example, but this phenomenon has spread across all markets, as more data have become available everywhere. This is also smart for insurers themselves: more and more extreme calamities are occurring, so prevention and better predictions are also becoming important priorities.

As in the banking world, insurance has also seen a strong influx of fintechs. Understandably, their focus is mainly on the distribution side. I say „understandably" because claims handling is often a cost for insurers. This is precisely why they call on a company like ours, because we can manage this much more efficiently and better. In addition, of course, there are also large groups, who continue to do everything themselves, from A to Z. These are the oil tankers I mentioned earlier. By the way: the VAT disadvantage still exists, for those who might doubt it (laughs). We must compensate for that through increased efficiency.

The most successful fintechs, which sometimes master the profession better and more efficiently than the insurance companies themselves, will still form alliances with those insurers, for reasons of image and knowledge sharing. By merging, they become greater than the sum of their parts and form a rock-solid combination.

The huge role of technology in our industry has also raised some interesting questions for the regulator. One of the most important is: who owns the data? Is it the owner of the car? The driver? The manufacturer? Or is it the insurance company? We have now concluded that the consumer should remain the owner of his data. Everything is done solely with his consent, and all technology and regulations have been built around that concept.

### Products

In terms of products, I see the increasing emergence of embedded insurance. These are products that are sold together with insurance. This is partly to ease certain sales processes, but also to appeal to those communities I mentioned above. People who, say, travel by RV will increasingly book that RV with travel insurance. Or rent a house in France, together with roadside assistance. This phenomenon attracts niche players as well as very large groups. The latter turn to companies like ours, because we can organize this very easily throughout Europe.

**"Meanwhile, we've come to understand that consumers must remain the owners of their data"**

### People

By making processes much more efficient and by automating them, work in the insurance sector is also changing. People are now in complete control of their jobs and decide for themselves where and when they work. All the rigid rules that used to apply are gone. Because almost all routine has disappeared from the job, the focus has shifted even more to the customer. I think this has also made the profession more attractive. We can now really help people, instead of transferring files and forms from one department to another. Many players now also train their own staff, even if these profiles don't exactly match the requirements of the insurance sector labor market. A person's attitude counts much more than his diploma. It's the only way, because we're still fighting like dogs for the scarce talent that's out there (laughs).

### About the interviewee

Arjan Smedeman joined KPMG Management Services after earning an MBA from the University of Groningen. After several intermediate stations, he joined Van Ameyde in 2008, first as Director, then as Managing Director and, since June 2019, has been Managing Director Benelux. He is responsible for all claims handling activities in Belgium, the Netherlands and Luxembourg.

# The solidarity mechanism in insurance has come under pressure but remains crucial

**Pedro Matthynssens**
CEO
Vanbreda Risk & Benefits

**During the twenties, corporate risks became increasingly complex. Higher operating costs and higher claims put pressure on insurers and encouraged us, as brokers in our search for solutions, to take a broader view of the value chain, says Pedro Matthynssens, CEO of Vanbreda Risk & Benefits.**

When we talk about insurance in 2030, we are no longer talking about a mixed offer with an unclear distinction between consumer insurances and commercial brokerage. We see a polarization between these two distribution models. Consumer insurance has become a commodity, with distribution through direct channels and a consumer who, in addition to the services of a broker, which will continue to be necessary, also self-sufficiently finds, evaluates and compares the right products on the internet. Company insurance has gone in the opposite direction over the past decade. These products became more and more complex, as the risks became more and more complex. As a result, the need for expert advice grew. The distribution of these types of insurance products has taken on the character of high-end consultancy.

## Insufficient capacity

In 2030, Vanbreda Risk & Benefits is still the largest broker in the Belgian market. It turned out that this market required growing international capacity in order to continue insuring company risks. For some risks, local insurers offered insufficient capacity. This happened, for instance, in some segments of cyber risks, in medical liability insurance and for property insurance in industries with high heat development. In terms of sustainability, we saw a very clear evolution. During the twenties, corporate risks became increasingly complex, and not least in terms of sustainability. In 2030 communication about sustainability is no longer accepted if the company's initiatives lack substance. Those companies who communicate clearly but score poorly on ESG will be difficult to insure."

> **"In 2030 communication about sustainability is no longer accepted if the company's initiatives lack substance. Those companies who communicate clearly but score poorly on ESG will be difficult to insure"**

## Hardened insurance market

The pressure on companies that ignored ESG was a reinforcing element in the cyclical hardening of the insurance market. It had already started in 2018 and was perpetuated when the costs for insurers also started to rise from 2022 onwards. Higher operating costs and higher claims put pressure on insurers and encouraged us as a broker to take a broader view of the value chain. The service that insurers offered their clients came under pressure, despite the investments in technology. Clients became more demanding and this stimulated us, in the client's interest, to cover a larger part of the insurance value chain by becoming a Managing General Agent and even using our own insurance company to complement insurers' capacity.

## The double network effect

Technologically speaking, the insurance market continued to make progress in the twenties, but we also saw a slowdown. In digital technology, we now know the network effect very well. A tech platform start-up must first go through a deep valley, but as it climbs out, it experiences large network effects and volumes. Insurtech start-ups experience this twice because they have to create the technology platform network effect and develop the solidarity mechanism that is inherent to insurance. This solidarity, whereby many all premiums together suffice to cover the claims, has remained the cornerstone of our industry. In 2030 investors started to shy away from this double challenge of the steep hill to climb for Insurtech in a higher interest rate environment.

## Solidarity as a linchpin

First, there is the aforementioned market hardening. In commercial insurance, market hardening has led to a growing interest in captives, with which companies insure their risks themselves as an alternative to excessive premiums. The question is whether and where a company can really do that much better than an insurer. Captive insurance does not benefit from the pool with larger scale solidarity between companies that insurance companies can create. Second, thanks to statistics and actuarial science, we can estimate risks very accurately in personal lines insurance. Car insurance can be based on historical information, but it is also possible to observe driving behavior and thus determine the premium. If you do that, much of the solidarity mechanism disappears, but the individual risk is estimated more accurately. Measuring individual risk instead of relying on statistics also brings ethical challenges. What distinction do you make between policyholders who live healthy or unhealthy lives? Car owners who drive safely or unsafely? These are highly complex issues that will become even more challenging during the fourth decade of this century.

## About the interviewee

Pedro Matthynssens is CEO of Vanbreda Risk & Benefits, which is Belgium's largest insurance broker. Matthynssens came on board as CEO in 2013 after six years as Managing Director of The Boston Consulting Group. When he took office, he expressed the ambition to achieve 100 million euro in sales in Belgium by 2020. Thanks to strong internal growth averaging six percent year-on-year – while the market is only growing at one to two percent – and a string of acquisitions, Vanbreda Risk & Benefits achieved that goal a year ahead of schedule. The broker also grew in the Netherlands, closing the 2021 financial year in the Benelux with a turnover of 139 million euro.

> **“Accuracy also brings ethical challenges. What distinction do you make between policyholders who live healthy or unhealthy lives? Car owners who drive safely or unsafely? Is it more or less ethical for people who deliberately take risks to pay a higher insurance premium?”**

**Steve Muylle**
Associate Dean Digital Strategy - Professor and Partner
Vlerick

# From loss compensation to loss prevention

**Insurance in 2030. The actors are still the same – big tech, insurtechs, regulators, customers, partners, and, of course, incumbent insurers – but they play very different roles today. .Many insurance companies today reimburse much less, or nothing, because they no longer have to. Welcome to a new insurance world, proclaims Steve Muylle.**

What you must first realize is that insurance anno 2030 is more a data business than anything else. Data are acquired through the Internet of Things, social media, smartphones and wearables. The data are then stored in the cloud, blockchain, Interplanetary File System (IPFS) and the like. Today data are transferred via Application Programming Interfaces (APIs) and processed through technologies like big data analytics, artificial intelligence and machine learning.

Insurers are increasingly using AI for underwriting, pricing and claims management. Are we supporting or replacing insurance employees with robo-advisors today? Well, we already partially did that in 2022. Back then Kate, at bank-insurer KBC, was already much more than just a chatbot. Kate augmented employees' daily tasks and made sure no customer got left behind.

One big technology showstopper, though, was systems integration. Many financial services companies resulted from M&As, joint ventures, and partnerships. Over the years they developed different IT systems that didn't always work together well. Today, this problem has been more or less remedied. Enterprise architectures and IT backbones support the promises of technologies, such as AI as a solution to help deliver seamless customer, partner and employee experiences.

### Driven by the regulator

Insurers today are almost completely transparent, thanks to the demands of regulators, who wanted more competition, more openness in the sector. So in recent years different kinds of regulations were implemented to create this openness.

> “Insurers are evolving toward openness and transparency”

On the one hand, there is regulation with an indirect impact, such as the European GDPR. This privacy regulation gives you the right to know what type of data are stored about you, what it is used for and the logic being applied to it to make decisions. Today insurers have a full picture of their customers and can tell me how they assess my risk, determine my premium and what they do in case of damage. On the other hand, regulation with a direct impact, like the PSD2 that applied to banks in 2022, requires insurers in 2030 to share data with anyone entitled to receive it.

Of course, they only share this information if I, as the insured, consent to it. And I do so only if the insurer can better serve me. Many today would prefer insurance companies to help prevent loss, rather than compensate it. This opens an opportunity for many generalist insurers.

### Predicting and preventing loss, not simply reimbursing it

For example, people want to stay healthy. So the objective for insurers today, anno 2030 is to keep the insured healthy with all kinds of digital services, such as medical assistance, fitness monitoring, dietary advice, specialized apps, wearables and smart devices. Another example: drivers, obviously, prefer not to have car accidents. So why not teach them to drive better via digital technology, based on data from their and other smart cars? Or why not prevent burglaries, as an insurer, by securing the insured home and neighborhood?

This way, insurers do what customers want most: predict and prevent loss. They can achieve this by unveiling a range of services, bespoke to the customer, within the different areas of insurance coverage: mobility, health, retirement, etc. This would create one seamless customer experience, where the insured enjoys all those services through one digital platform, leveraging an ecosystem of partners.

Similarly, insured parties today know exactly what they are paying for, namely, support to prevent risk, through regular contact. This also gives the insurer more positive touch points, improves its relationship with the customer and increases customer satisfaction and loyalty.

### In partnership with big tech and insurtechs

Insurers find plenty of technological solutions to provide these services from insurtechs. They have grown to become technology partners for insurance because while they had the new technology, they lacked customers, the brand recognition and the financial resources. Big tech companies have also become partners. Insurers continue to use their cloud services. And in return, big tech, with customer consent (and a push from the regulator), shares data with the insurer, making it easier for the insurer to build on and extend its services.

Although big tech has not taken over the insurance world, it is fully intertwined with the economic system so that insurers have not been pushed out. In other words, insurers continue innovating to leverage these partnerships.

### So who stands today as an insurer?

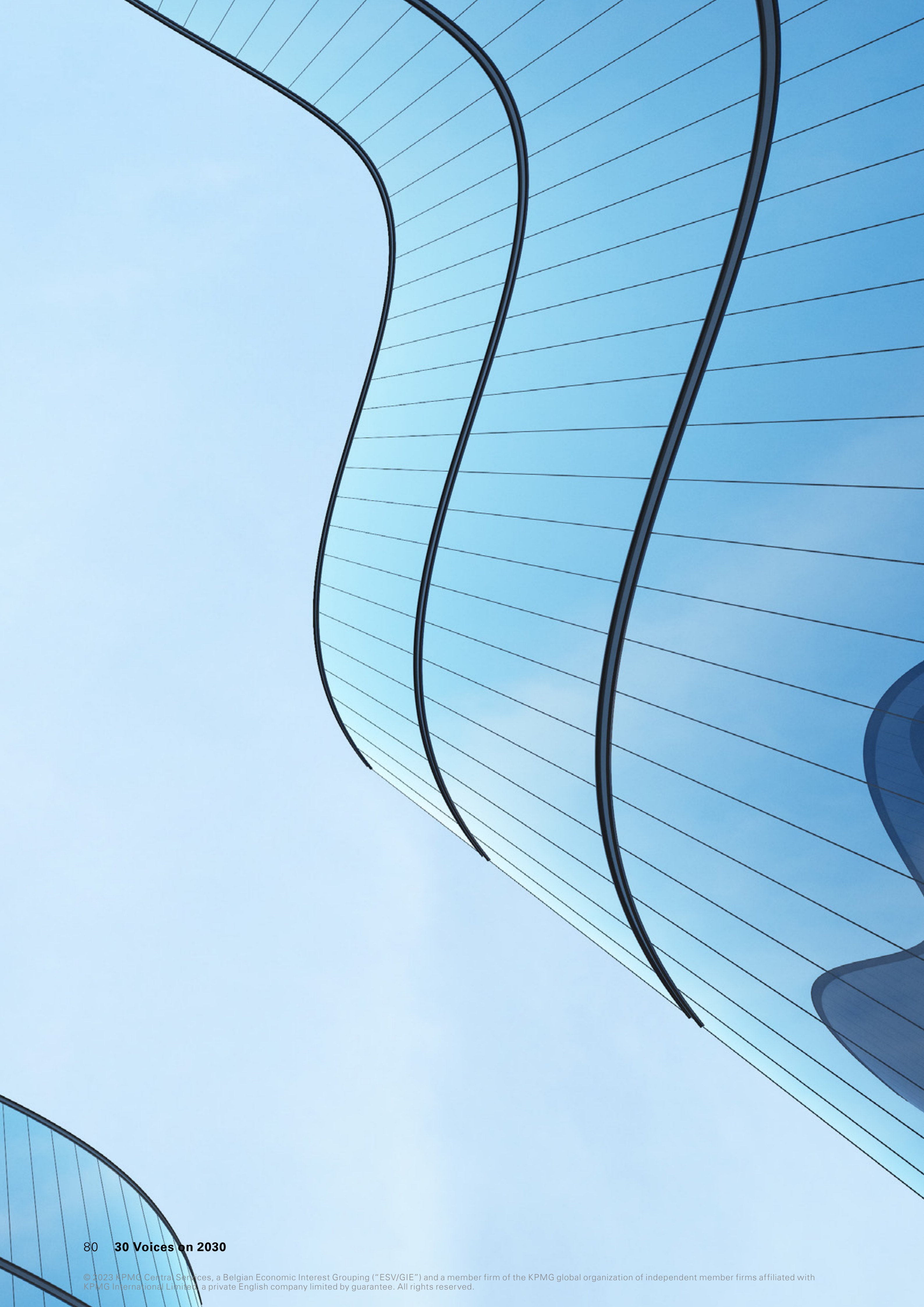
On the one hand, there are some insurers that were and are still strong in covering niches. The generalist insurers that are growing and thriving have open mindsets that encourage innovation and creativity. Insurers must focus on what else the customer wants: how they can create an offering that the customer won't pass up. To bring this about insurers will have to exploit proprietary data, big-tech data and insurtechs. They will also have to develop digital platform initiatives that deliver and scale.

This, by the way, is why decentralized approaches failed. Rather than decentralizing and democratizing insurance, recentralized apps took over. And then someone came along and aggregated those recentralized apps and bundled them together. This was achieved by the generalist insurer, in partnership with big tech and insurtechs.

### About the interviewee

Steve Muylle is professor digital strategy and business marketing at Vlerick Business School and Ghent University. He helps companies develop their digital strategy, innovation and transformation plans, including in the financial sector. He has gained deep expertise in digital technologies and business marketing.

**"Numerous services around the insured, in one seamless customer experience"**



# Acknowledgements

**This report was very much a team effort.
A special thank you to:**

The Sales & Marketing Team at KPMG in Belgium, René Vanrijkel, Nour Hayani, Olivier Macq, Erik Van Camp, Koen de Loose, Vincent Le Goff, Dave Remue, Filip Troch, Isabelle Blomme, Rob Steensels, Arthur Rubinstein.

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