



Accelerated evolution

**M&A, transformation and innovation
in the insurance industry**

KPMG International



Foreword



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For the insurance industry, the need to find new opportunities for sustainable and profitable growth has become an imperative. Agile competitors are emerging, demonstrating the potential to leverage technology-enabled business and operating models to more effectively and efficiently engage with customers — and meet their changing preferences and evolving protection needs.

At the same time, new opportunities are also developing. Technology is delivering unprecedented insights at scale, new markets and segments are rapidly created, and new customer value propositions are forming. Insurance leaders recognize that they now have a window of opportunity to innovate and transform their organizations to achieve sustainable competitive advantage — or risk losing relevance in the future.

Insurance organizations know that they can't achieve these objectives through organic growth strategies alone. Increasingly, mergers and acquisitions (M&A), partnerships, and corporate venture capital initiatives are employed by insurers as a critical path towards achieving their strategic objectives of transformation and innovation.

The good news is that insurance organizations — many of which were developed in the industrial age — are now starting to transform and innovate towards a more connected and agile insurance enterprise. Our data suggests that the industry leaders expect to accelerate this evolution with strategy-aligned M&A and innovation initiatives over the coming years.

This report explains how they hope to do that. Working with Mergermarket, we interviewed more than 200 global insurance executives and decision-makers involved in M&A, strategy and innovation initiatives at their respective organizations. We asked them about their outlook for the industry and their expectations as they plan to strategically deploy capital. We asked them about their plans for M&A, partnerships, and corporate venture capital investments into technology-enabled innovations. In addition, we asked them to rate the effectiveness of their M&A, Corporate Development, and Corporate Venture Capital teams in delivering on their transformation and innovation vision.

The research confirms that the majority of insurance companies are actively seeking M&A, partnership, and investment opportunities to transform their business and operating models, and to gain access to innovation capabilities and emerging technologies. It clearly shows that insurers are looking for transformative benefits from their M&A and innovation initiatives. However, executing transformative and innovative change within a legacy industry will not be easy to achieve, and will not be a “one-and-done” event. Insurers recognize the need to rethink M&A as a tool for innovation and transformation initiatives with their overall corporate growth objectives, strategic sourcing of deal opportunities, and organizational capabilities related to deal evaluation, separation and integration of businesses, and executing cross-border deals.

Ultimately, the data and insights throughout this report illustrate that the successful insurance organizations of the future will be the ones that are already thinking beyond traditional M&A to execute transformational deals that satisfy both the evolving needs of their customer base, and demands from shareholders and investors for strategic capital deployment to enhance enterprise value.

On behalf of KPMG's global network of insurance deal advisory, innovation lab and industry professionals, we would like to thank the insurance decision-makers that participated in this report — the 200 respondents to our survey, several executives that provide their insights and comments and, in particular, Chris Wei of Aviva Digital, Jacqueline LeSage Krause and Amir Kabir of MunichRe/HSB Ventures, and Lauren Tenant Pollack of XL Accelerate for sharing valuable insights on their innovation initiatives.

Our research findings suggest that this new deal environment and recent trends in M&A and innovation strategies, if executed successfully, have the potential to accelerate the evolution of the global insurance industry. To learn more about these trends — or to discuss your company's specific needs — we encourage you to contact your local KPMG member firm.



Contents

Accelerating the transformation strategy:
Deal activity in high gear

06

12

Sourcing innovation: Aviva catalyzes
digital transformation with M&A

Investing into innovation: M&A and
corporate venture capital for strategic
advantage

14

20

Creating alignment and generating
support: MunichRe/HSB Ventures

Value realization: Working to ensure
deal success from strategy through to
execution

22

28

Beyond the deal: Catalyzing change
with XL Accelerate

The strategic path forward: Takeaways for
insurers in the new deal environment

30

Executive summary

Insurers are looking to M&A to catalyze their transformation objectives

With capital and surplus levels at record highs across the industry, nearly three-quarters of insurers expect to seek acquisition opportunities and two-thirds expect to seek partnership opportunities over the next **3 years**



81% of these hope to seek up to three acquisitions in the same period



37% hope to divest at least one asset over the next **3 years**



And more than **70%** hope their deals will transform their organization in some way

Insurer are seeking opportunities to strategically release and deploy capital globally



- Business segments and regions that may have been core in the past, may no longer be in the future
- North America is where most M&A activity is expected
- Asia is where most partnership activity is expected
- Western Europe is where most divestiture activity is expected

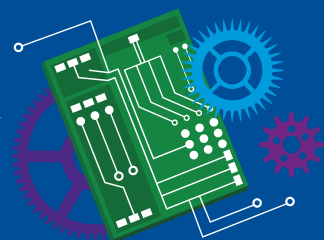
Insurer are motivated by their desire to transform and innovate for the future



37% hope to transform their business models through their acquisitions



24% want to transform their operating models through their acquisitions



10% are looking to acquire new innovation capabilities and emerging technologies

Disruption is seen more as an opportunity for growth than a threat

33 staffed and funded dedicated insurance corporate venture capital (CVC) teams operating around the world

44% are seeking partnerships and investments to transform their business model

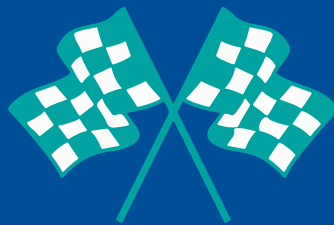
28% seek to co-invest in emerging technologies and innovation with future potential



- Number of CVCs around the world is set to double in the next **few years**
- Tech-driven M&A activity has outpaced that of all global M&A over the past **5 years**

Achieving deal success quickly may be challenging

Finding “**the right deal**” to achieve strategic objectives is not expected to be easy



Only **10%** say they are extremely likely to find a target that is a strategic fit for their business model

Only **7%** say they are extremely likely to find a target that is a strategic fit for their operating model

Internal capabilities for deal sourcing, evaluation, and execution are lagging



Time to redefine deal success



- To realize value from their deals, insurers need to rethink their approach and their capabilities
- Develop a comprehensive framework to assess strategic fit, establish longer-term synergies and design integration plans
- Create a clear path to transformation through holistic design thinking
- Accelerate innovation by standing up an inorganic innovation engine.
- Resist short-term thinking, transformation is not a “one-and-done” event



Accelerating the transformation strategy:

Deal activity in high gear



Insurers know their markets are rapidly changing. And they recognize that organic growth alone will not deliver the type of transformation they need to thrive in the future. Not surprisingly, M&A is once again high on the insurance agenda. Expect to see plenty of deal activity in the years ahead.

Strong appetite for deal activity

Today's insurers know that maintaining the 'status quo' is not a recipe for sustainable growth. They feel the pressure of disruption in the market from new competitors, new technologies, new customer demands and new sources of capital. They feel the pain of continued low interest rates, volatility in underwriting losses and pressure on profitability, as investment portfolio yields continue to decline.

Organic growth has been challenging across most of the mature insurance markets. Consider this: since the start of this decade to 2016, global gross domestic product (GDP) increased by more than 20 percent. Yet the global

premium market grew by just 9 percent over the same period.¹ Insurers recognize that things must change if they want to maintain or grow their market share.

"In an era of anticipated disruption of legacy business and operating models, global insurance executives realize that their strategy cannot be about pursuing growth for growth's sake. When it comes to growth strategy, more of the same is not necessarily the best answer. What may have been a core business in the past may not be in the future," notes Ram Menon, KPMG's Global Insurance Deal Advisory Leader.

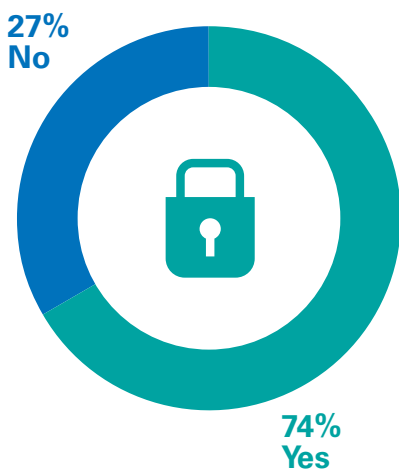
Today's insurance leaders are taking a more strategic view of the value of M&A. According to a recent global survey of 115 insurance CEOs conducted by KPMG International, more than 60 percent of insurers now see disruption as more of an opportunity for growth than a threat.² And they are using their capital and their M&A capabilities to maximize those opportunities — often by strategically deploying capital towards emerging

technology as a competitive advantage to engage customers, generate cash flows and enhance enterprise value.

The good news is that — for the most part — capital and surplus levels are at record highs across life, non-life and reinsurance markets. And most insurers plan to tap into that capital to make deals. In fact, our survey suggests that close to three-quarters of insurers expect to conduct an acquisition and two-thirds expect to seek partnership opportunities over the next 3 years. Eighty-one percent say they will conduct up to three acquisitions or partnerships in the same period.

More than 70 percent said they are hoping their deals will help transform their organization in some way. As a top priority, 37 percent hope to transform their business models; 24 percent want to transform their operating models; and 10 percent are looking to acquire new innovation capabilities and emerging technologies through their acquisitions.

Is your company planning to seek any insurance acquisitions over the next 3 years?



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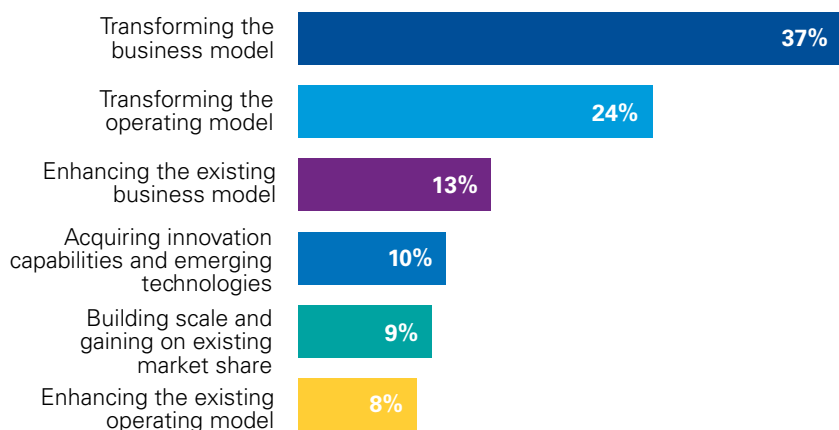
What may have been a core business in the past may not be in the future.”

— Ram Menon, KPMG in the US

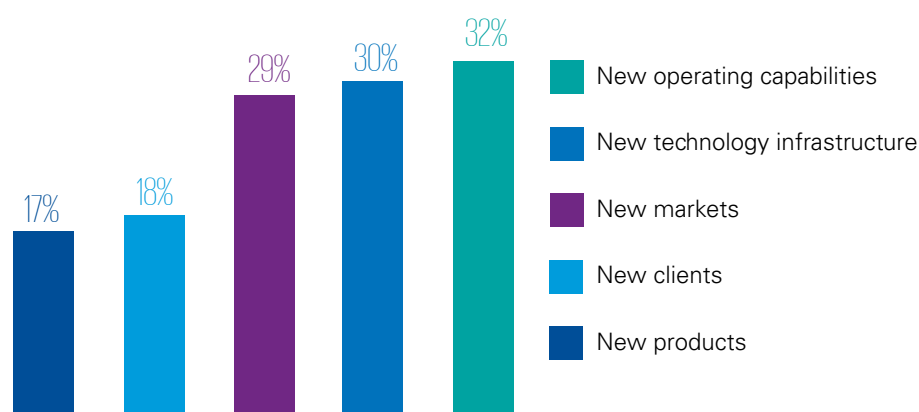
¹ Swiss Re sigma No 3/2017; Swiss Re sigma No 3/2011

² CEO Outlook 2017, KPMG International

What are the key factors that will drive insurance acquisition activity in your organization over the next 3 years?



What are the key sub-factors that will drive insurance acquisition activity in your organization over the next 3 years?



"Insurers increasingly recognize that their days of operating business-as-usual are numbered. And it's not the small changes in the market that are going to be their undoing, it's the big ones," says Thomas Gross with KPMG in Germany. "Auto insurers, for example, are looking at the rapid adoption of mobility models and wondering how they add value when it's the car manufacturers or leasers that own the relationship with the customer."

On their path to transformation, insurance companies expect to strategically deploy capital against a range of specific inorganic growth opportunities: transforming their business models for sustainable growth; modernizing their operating models for profitable growth; enhancing customer engagement; and gaining access to innovation and emerging technologies.

"The top factor that will drive insurance acquisitions will be the need for emerging technologies. Insurance companies are all looking at how to put their operations on digital platforms in order to save time and resources both for the company and the customers," notes the Head of Finance at a China-based property and casualty (P&C) insurer.

At the same time, a significant number of insurers also hope to rebalance their portfolio of businesses. Many plan to evaluate whether they should fix or exit businesses that are struggling to achieve returns in excess of their long-term capital rates. This should allow them to remain focused on transforming businesses they consider core for the future while freeing up additional capital for reinvestment into new lines of business and technology capabilities.

As the Director of Finance at a UK-based non-life insurer notes, “Units that are consistently performing poorly will be segregated to further analyze their positions and whether or not they still fit in the company’s planned structure. We discourage force-fitting any product or company unless it has great potential for generating revenue. If it does not, we look for suitable buyers for the business.”

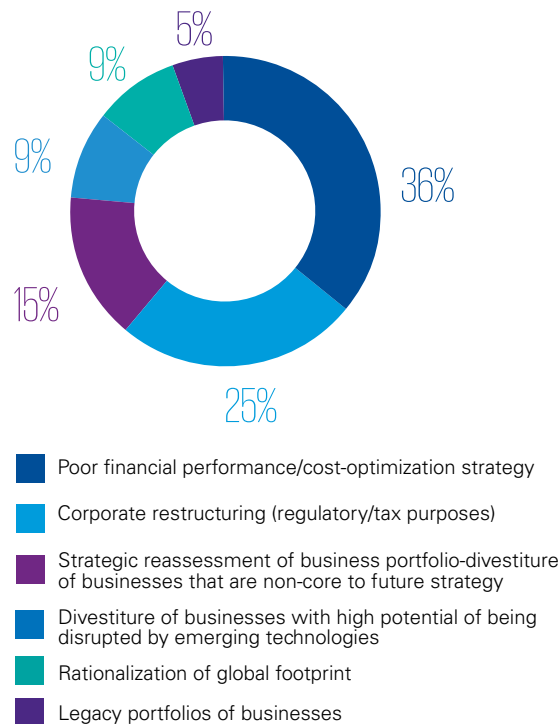
Our data indicates, insurance executives expect to exit non-core businesses, enter new markets and gain access to new technology infrastructure and operating capabilities via M&A and partnerships, as a way to further diversify their global risks and earnings profile.

Looking beyond the borders

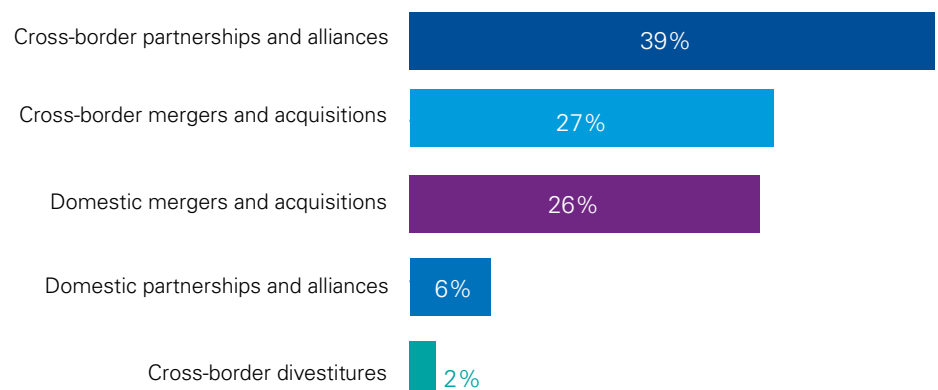
Over the coming years, expect to see lots of regional, cross-border deal making activities. Our survey suggests that the majority of insurers will be involved in some sort of non-domestic deal; 68 percent say they expect to conduct a cross-border acquisition, partnership or divestiture over the next 3 years. Just 32 percent say their top priority will be on domestic activity.

“Over a period of 3 years, we expect to see a lot of M&A transactions overseas. We are looking to expand into regions that are new for us and with acquisitions, you can get going without having to set up a base from scratch or encounter a lot of unforeseen risks,” notes the senior VP for M&A at a global insurance brokerage firm.

What is the key factor that will drive insurance divestiture activity in your organization over the next 3 years?



Over the next 3 years, which types of M&A transactions do you expect your company to undertake?



Perhaps not surprisingly, our data suggests that insurers expect to see the most activity in North America — the US in particular. Given that the US is still the largest insurance market in the world with around 30 percent of the global premium market share, many insurers see the US as a source of steady market growth and relative premium stability.

“The volume of M&A in North America will increase the most in the coming years. With the new tax reforms, insurance companies will pay lower taxes — these new regulations will provide insurers opportunities to grow. Companies from other markets will also want to take advantage of the lower tax rate and will look for ways to expand into the US market,” suggested the CFO at a Bermuda-based reinsurer.

Changes to US tax laws will certainly create significant disruption and opportunity for insurers both onshore and offshore. “The reduction in the corporate tax rate to 21 percent makes US assets much more compelling,”

notes Philip Jacobs, leader of the Insurance Tax practice with KPMG in the US. “The lower US tax rate has also eliminated some of the offshore tax advantage; the large Bermuda players may still be operating with relatively low effective rates, but the tax differential between operating in the US versus Bermuda has narrowed.”

Latin America, however, expects relatively lower levels of deal activity. “It’s a sellers’ market in Latin America,” notes David Bunce, Senior Client Partner with KPMG in Brazil. “Lots of international insurers want to get into certain Latin American markets, but nobody is really ready to sell.”

At the other end of the spectrum — and the other side of the world — Asia-Pacific is widely viewed as a region of massive growth potential and innovation. China has already become the world’s second largest insurance market (with around 10 percent of global premium market share) and premiums have more than doubled since 2010.³ Singapore and Hong Kong

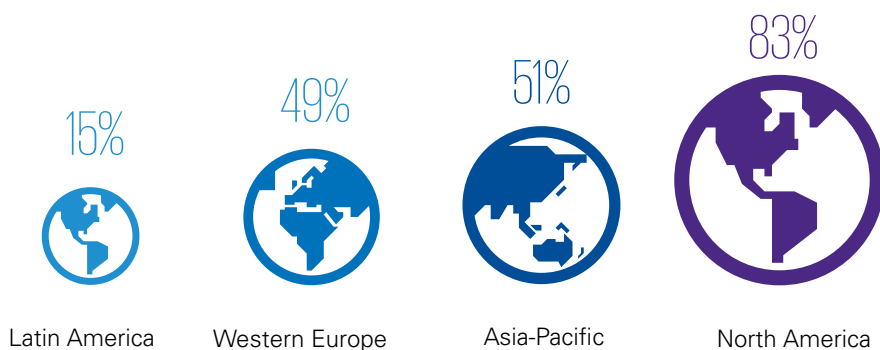
have long been viewed as key centers of insurance innovation and growth.

Asia-Pacific was identified as the geographic region where insurers would most likely seek partnership opportunities. “As insurers seek to expand outside of their traditional distribution networks in Asia, digital partnerships are emerging as a fairly quick way to tap into new customer segments without significant upfront capital investment,” adds Joan Wong with KPMG China. “A digital partnership could unlock significant new growth which would tip the balance for those making a ‘go or grow’ decision about their businesses.”

The Director of Investment at a Korea-based international insurer agrees. “Asia has become one of the biggest markets for insurers, and the region’s growing population along with changes in capital regulations will give insurers the backing they need to grow. In China alone we have seen a major increase in the number of companies seeking out new ventures in the insurance sector.”

While the majority of our respondents say they are looking across their borders for growth, those in Asia-Pacific are much more likely to be focused on domestic acquisitions instead. “Most of the markets in Asia are still fairly domestically-oriented and there is still significant fragmentation and inefficiency that could be eliminated,” adds Stephen Bates with KPMG in Singapore. “Given the growth potential across the region, it’s not surprising that Asian insurers are thinking about taking advantage of opportunities at home before investing further into foreign markets.”

Which regions do you think will have the most insurance M&A activity over the next 3 years?



³ Swiss Re sigma No 3/2017; Swiss Re sigma No 3/2011

Somewhat tellingly, insurers expect most of the divestiture activity to originate from Western Europe.

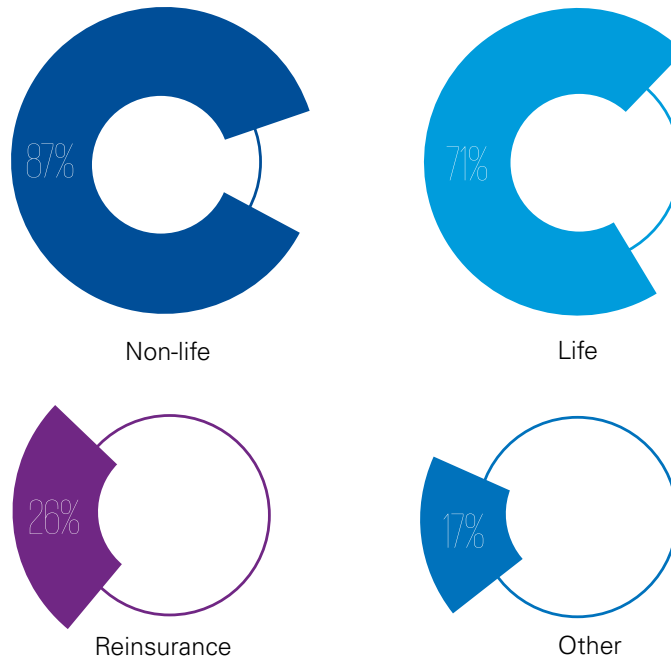
As the Head of Finance and Investments at a large French insurer argues, “The persistent compression in global interest rates continues to be a challenge for the insurance industry, and many companies in Europe are aiming to divest in part to cope with this. When you add in the factors of changing regulation and customer demographics, it means that insurance business models have evolved and companies are reshaping themselves accordingly.”

“Insurers in Europe are very interested in diversifying their risk and see adjacent markets as an opportunity to do just that,” notes Giuseppe Rossano Latorre, Head of Corporate Finance at KPMG in Italy. “There are a number of life insurers that are looking at the asset management business, for example, as a potential growth opportunity in the future.”

Our data indicates that in the Life sector, acquisitions will likely focus on finding lower-risk, higher-growth, higher-return assets, particularly around capital-light retirement, investment management and group benefits businesses. However, greater levels of activity should be expected in the Non-Life sector, driven by a growing appetite for more profitable specialty risks and commercial risks, with a preference for commercial risk in the small- and medium-sized enterprise (SME) sector.

What this survey makes clear is that global insurance companies recognize they now have a window of opportunity to strategically allocate their capital across the globe towards achieving and accelerating their transformation strategy.

In your opinion, which of the following segments will have the most buyers of insurance assets over the next 3 years?



As insurers seek to expand outside of their traditional distribution networks in Asia, digital partnerships are emerging as a fairly quick way to tap into new customer segments without significant upfront capital investment.”

— Joan Wong, KPMG China

Executive interview



Sourcing innovation: Aviva catalyzes digital transformation with M&A



Ram Menon
Global Insurance
Deal Advisory Leader
Partner
KPMG International



Chris Wei
Global Chairman of
Aviva Digital and Executive
Chairman of Aviva Asia

*As insurers strive to achieve their digital transformation objectives, **Ram Menon, KPMG's Global Insurance Deal Advisory Leader**, sat down with **Chris Wei, Global Chairman of Aviva Digital and Executive Chairman of Aviva Asia** to talk about digital, M&A and deal sourcing.*

Ram Menon: Why is digital transformation such an imperative for Aviva today?

Chris Wei: We see three big value drivers for digital in the industry. The first is the behavioral insight that is now available to us, which is often more powerful than the predictive elements we've used in the past. The second is the customer interaction; digital provides us with a license to engage customers on a daily basis. And we also see digital as a way to embed emerging tools that will help us do our jobs better. From real-time trackers on your skin for diabetes management through to next generation telematics on your phone that can predict accidents and then make claims a frictionless experience, we see digital as a way to help us evolve rather than as a disruption to overcome.

Ram Menon: You've been vocal about the role that the tech giants play and the outsized advantages they have — how do you overcome that? Do you partner with them and fall into the fold or is there a defense against that?

Chris Wei: I think it's both. Given the environment, I don't think we can afford to not play with the big boys. They have a significant data advantage that allows them to build robust functionality into everything they do. And because of that frictionless foundation, they could do some very disruptive things like break down insurance coverage into very small components. So customers would not need to buy annual policies or spend thousands of dollars to cover a short-term risk. When you apply that to a billion users, you've got a huge opportunity in front of you.

It's also about being good enough that the big boys want to play with you. The fundamental paradigm is certainly being disrupted and so we've chosen to partner as opposed to hope for the best. But, for the moment, the big digital players haven't quite figured out how to do insurance because that's not their secret sauce.

Ram Menon: We're seeing lots of activity in the venture capital space, and insurers are doing more deals with technology companies than ever before. How do you ensure they add value to your digital agenda?

Chris Wei: Before you can think about doing deals to drive innovation, your whole organization needs to be thinking differently. They need to realize that the existing paradigm needs to evolve. I also don't think it's only one person's job or one department's job; transformation only happens if people across the organization — particularly those that aren't decision makers — are aware of what the organization wants to achieve.

The bigger challenge is in aligning interests between ventures and innovation. Ventures teams are often charged with innovation and digital, and they go out sourcing start-up opportunities but don't have clear executive sponsorship from the business unit side. I think the key to making this work is to get executives on the ship early and to determine clarity of business intent and prioritization. That way, when innovations are captured, implementation is going to work.

Ram Menon: We're also starting to see early signals of insurers looking at start-ups as acquisition targets. How is that changing the way Aviva approaches deal sourcing?

Chris Wei: My experience suggests that a lot of digital start-ups are on a very short-term timeframe because they've got funding for 3 months and need to demonstrate the next proof of concept. So, unlike traditional deal making where you could take 6 to 9 months going through sourcing, valuation and diligence, you need to completely rethink the process for acquiring start-ups. It's not just thinking differently about valuation; it's also being really clear about integration and where we're going to extract synergies from the partnership.

Insurers have to align the end-to-end sourcing mechanism for it to be a really efficient value-added exercise. And that is not easy to do in a traditional organization. There's a lot of education required, and a lot of engagement needed. But if the organization is not clear on which bits they want to go after, then the team will spin its wheels and become extremely distracted on projects that, ultimately, may not bear fruit.

Ram Menon: Can you walk us through a recent deal and how it is adding value?

Chris Wei: Sure. Our ventures team recently found a start-up that was doing something very unique in the SME space and knew this was a compelling area for us. We wanted to achieve higher penetration into the SME market, but the only way to do that cost effectively from a commission perspective is through digital. And that meant we needed to rethink how we engaged with that audience. We made an investment into this business. Then we bolted on our employee benefits platform and simplified the journey to make it relatively frictionless. Now we're looking at other bolt-on value-adds such as helping them manage their corporate travel. It's been a really valuable journey.



Investing into innovation: M&A and corporate venture capital for strategic advantage



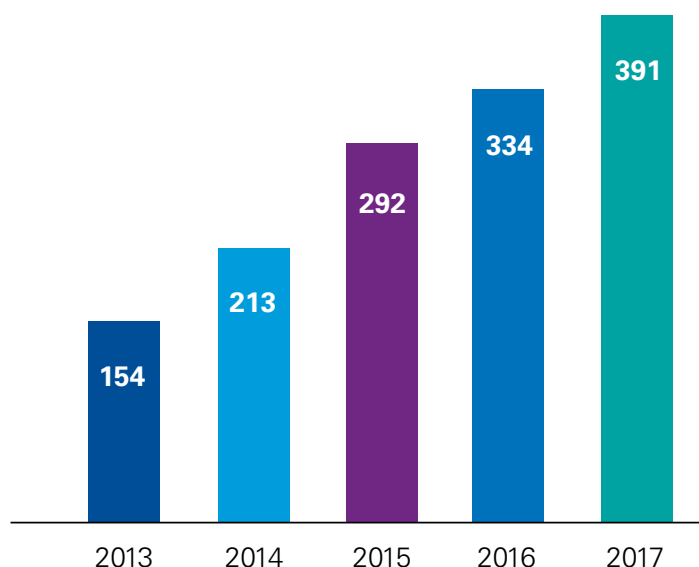
Recognizing that traditional routes to acquisitions may not be sufficient to drive the type of transformation-enabling deals that insurers now expect, many are now setting up dedicated innovation capabilities such as in-house innovation labs, partnership teams and corporate venture capital (CVC) teams with a mandate to acquire innovation. Will this be enough to achieve insurers' transformation objectives?

It's clear that insurers understand the need for investing for innovation, yet the trend is not one that is unique to the insurance industry. As evolving technologies such as, artificial intelligence, cyber security, and Internet of Things, redefine enterprise value propositions around the world, most innovative companies are looking to M&A as a way to acquire innovation and defend against more nimble competitors. In fact, our research suggests that the growth of tech-driven M&A activity has outpaced that of all global M&A over the past 5 years.

"The competition for technology capabilities and innovative talent is moving at a blistering pace across most sectors. Globally, we're seeing an arms race for innovation unfold where enterprises are ramping up M&A to create a competitive capability advantage. As of yet, however, we haven't seen insurers embrace this trend at scale — but it may present a compelling opportunity for forward-thinking insurers to leapfrog competitors and defend against the threat of tech giants," notes Ali Geramian, Director with KPMG's Innovation Labs in New York.

Market data reinforces the fact that, when compared to other sectors, the tempo of acquisitions for Insurtech startups has lagged. In fact, our research indicates that only 19 Insurtech start-ups were acquired in 2017. Of those acquisitions, twice as many were conducted by technology service providers as were conducted by insurance carriers. Year-over-year growth in Insurtech deals may have grown by 35.4 percent between 2013 and 2017,⁴ but few Insurtech start-ups have actually been acquired by insurance carriers.

M&A for emerging technology capabilities (# of acquisitions per year)

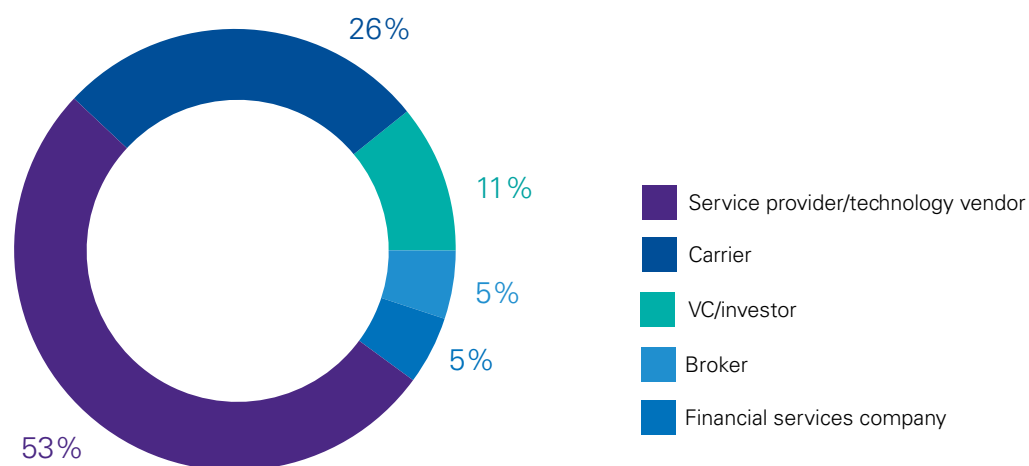


Compound annual growth
rate (CAGR):
20%

Compared to CAGR of
all global M&A:
6%

⁴ Source: KPMG Innovation Lab analysis based on CB Insights data set

Global acquirers of Insurtech companies, 2017



Source: KPMG Innovation Lab analysis of CB Insights data

Insurers may not have jumped at these acquisitions with both feet yet, but our data suggests they are certainly interested in exploring the value of CVC. Indeed, in addition to the currently 33 staffed and funded dedicated insurance CVCs operating around the world our survey indicates that number is set to double in the next few years. While our survey shows that 9 percent of insurers currently have an established CVC (a data point that correlates well with our public count), it also suggests that another 9 percent plan to establish one in the near future.

While 19 of the 33 publicly-reported CVCs are based in the US, North America has the lowest number of CVCs in proportion to the size of the overall market. In fact, it is insurers in Asia-Pacific that are most likely to

say they have a CVC team. But they also report the lowest allocations on average.

Most — if not all — of the insurers surveyed are highly focused on incubating or acquiring new innovations and ideas that could help accelerate organizational transformation. Forty-four percent say they are looking for partnerships and investments that could help transform the business model; 28 percent say they are looking to co-invest in emerging technologies and innovation with future potential.

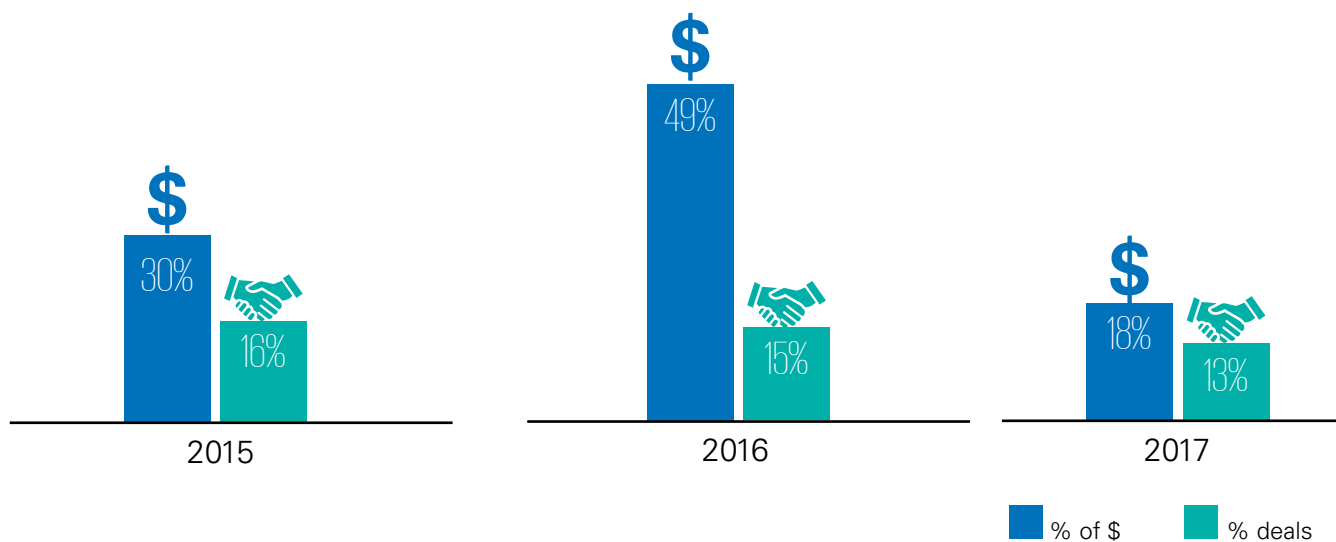
Getting the intended value from a CVC model is not as easy as allocating funds and making bets. For one, CVCs recognize that there is a lot of capital available for smart Insurtech and fintech start-ups today. And while insurers face more competition for access to these

innovative companies, it also presents an opportunity to add more to the relationship than just capacity.

Getting value from a CVC model also requires the team to have very unique capabilities, more akin to those found in a tech-focused VC firm than a traditional insurance organization. In some cases, that talent may need to come from outside of the organization.

“It’s important not to conflate the duties of an insurer’s corporate development and CVC function. Both have unique skill sets and deal-making competencies, yet both require full time commitments to be successful. When done well, the collaboration of these teams can lead to an acceleration of an organization’s strategic innovation efforts,” notes Geramian.

CVC participation in Insurtech deals



Source: KPMG Innovation Lab analysis of CB Insights data

What is the primary objective of your corporate venture capital team?

Acquisition of innovation for transforming your business model



Co-investment in emerging technologies and innovations with future potential



Acquisition of innovation for enhancing customer engagement



Acquisition of innovation for transforming your operating model



Accelerating innovation

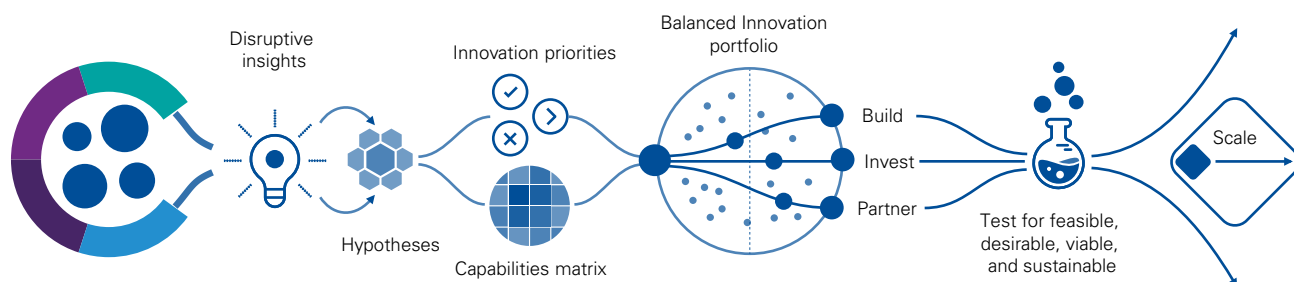
Like other traditional M&A teams seeking to catalyze transformation through investments in innovative companies, strategic CVCs must manage a number of considerations throughout the deal cycle. At the front end, the challenge is in sourcing and quickly validating opportunities to find the right strategic fit for the organization.

To embark on this journey, carriers must align their innovation efforts with their overall strategic aspirations so they can make sure they have the appropriate capital, resources and leadership to enable the possibility of innovation success. This starts by forming a clear understanding of where the organization wants to win in the future.

Insurance leaders will want to identify and analyze signals of change,

particularly those that indicate a point of market inflection, thereby identifying the implications of disruptive insights and form an innovation hypothesis. Then they will need to use their hypothesis to define their innovation priorities and identify what capabilities they will need in the future. Only then should they start to think about making strategic decisions — whether to build, invest, and/or partner to accelerate innovation and build scale over the longer-term.

Integrated innovation and investment framework



Where to play

How to win

Strategy, governance, ongoing research & signal scanning

Scan for signals

Identify and analyze signals of change, particularly those that indicate a point of market inflection.

Set direction

Identify implications of disruptive insights and form innovation hypotheses.

Prioritize investment opportunities

Use hypotheses to define innovation priorities and needed capabilities for a balanced portfolio.

Make investment and capabilities decisions

Determine the best approaches to capitalize on specific opportunities in the portfolio.

Test and execute

Use approaches that test hypotheses to find the ideal business and operating models

Scale the business

Work with business units scale proven innovations across the enterprise.

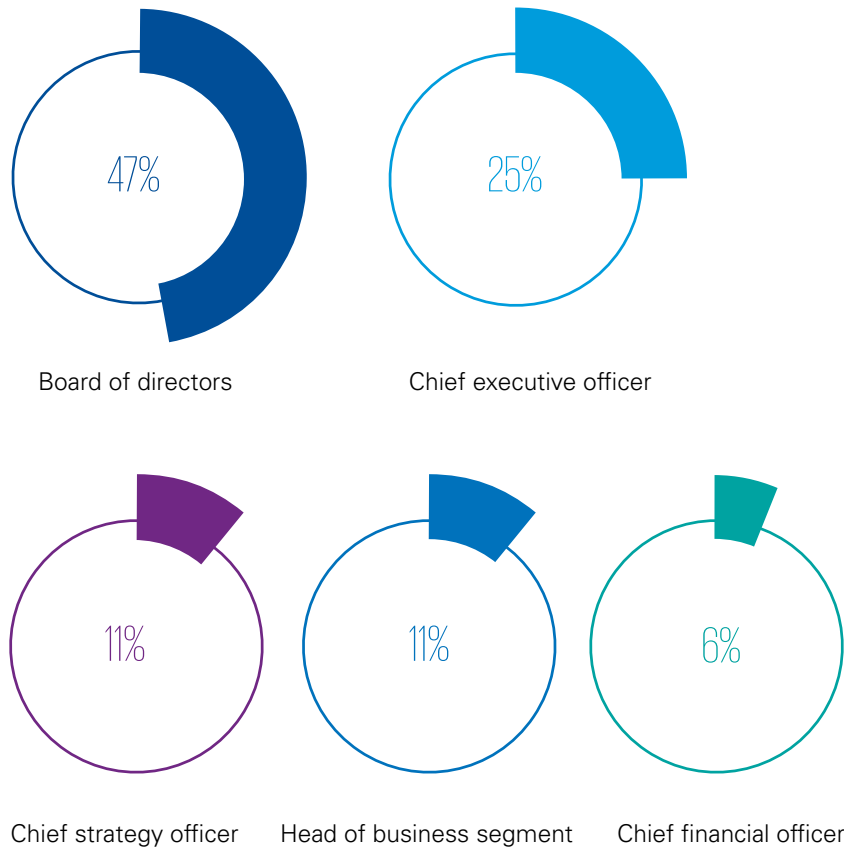
Source: KPMG Innovation Lab, 2017.

According to our survey, most insurance CVC teams are fairly in touch with the company's future ambition. Three-quarters of those respondents with CVC arms say their teams are aligned to their overall corporate strategy. Forty-seven percent add that their teams get final approval for their investments directly from the board of directors. However, while the oversight of the most senior leaders in the organization could certainly help ensure strategic alignment, it may slow down the speed required to get deals done in a timely manner.

The strategic aspect of venture capital and its ability to help drive transformation continues to be a main focus for insurers. While many CVCs intend to generate financial returns for the parent company, the leading strategic CVCs are tightly aligned with the relevant business segments, and focused on exploring investments that capture core and disruptive innovation from the outside, to accelerate innovation within their organization.

Ultimately, the big question is whether CVC and strategic partnerships will be enough to drive the type of transformation the insurance industry so dearly needs. Much will depend on how insurance leaders look back on their current pursuits of innovation.

Who in your organization makes the final approval for corporate venture capital investments?



Executive interview



Creating alignment and generating support: MunichRE/HSB Ventures



Ali Geramian
Director, KPMG Innovation
Lab
KPMG in the US



Jacqueline LeSage Krause
Managing Director
Munich Re/HSB Ventures



Amir Kabir
Principal
Munich Re/HSB
Ventures

*If you want to get transformative value from your venture capital investments, you need to have strategic alignment with the business. To find out how Munich Re's ventures, team ensures they are making smart investments, **Ali Geramian, a Director at KPMG's Innovation Lab** in New York, sat down with **Jacqueline LeSage Krause, Managing Director** and **Amir Kabir, Principal at Munich Re/HSB Ventures**. Here are some of the highlights from the conversation.*

Munich Re has been one of the most active corporate venture teams across the insurance landscape. Can you walk us through your strategic vision?

Jacqueline LeSage Krause (JLK): Munich Re | HSB Ventures is a strategic corporate venture capital investor, which for us means that we are strategic first and financial second. We share a common strategic vision with our businesses. We work closely with them to evolve their strategies based on what is happening in the innovation ecosystem and then translate those strategies into strategic investment themes that encompass an approach to both partnership and investment. Then we

go into the market and help our businesses find the best companies to be the best partners, with the best companies being those that are also attractive from a financial standpoint.

For us, being this closely tied to our businesses is an asset. Munich Re as a whole is very forward thinking, recognizing that innovation is required for long-term success. In the portfolios built for our first two strategic investment themes, focused on IoT with HSB and Insurtechs with Munich Re Digital Partners, we have partnerships that both help us to develop new business today, while playing a long game for tomorrow.

There is no shortage of capital in the Insurtech ecosystem pursuing deals. What can Munich Re bring to a potential portfolio company, outside of capital?

Amir Kabir (AK): We bring guaranteed strategic engagement, insurance or technical expertise, and venture capital expertise. It is required that our portfolio companies have a partnership with the business, so we establish a strong linkage between our business units and start-ups that are actively driving innovation. As a reinsurance company, we can help start-ups achieve a global footprint across all lines of business. In the right instances, we can even introduce the start-up to potential customers, particularly if it might enable them to find the right product/market fit and scale quickly across geographies.

Another benefit we provide is the deep level of insurance and technical expertise that can be found across our global organization. When you combine that with the other parts of the Munich Re Group, such as Munich Re Digital Partners, and our ability to provide capacity where needed, start-ups see benefits from partnering with us.

We feel that it's important for entrepreneurs to align with an investor and organization that they are excited to work with. And, we always take a board observer seat which allows us to stay very involved in the start-ups successes. The collaboration doesn't end after we write the check.

How does your team link to Munich Re's M&A function? How do you envision your group collaborating with M&A to help drive the organization's acquisition agenda, if at all?

JLK: At Munich Re, even though we are not part of the M&A function, there are a few ways our ventures team collaborates around M&A. Since our team works closely with the businesses on strategic investment themes, companies that are in our deal flow sometimes present attractive M&A opportunities. No matter what industry you operate in, corporate VC tends to be one tip of the spear for M&A. A good example of this kind of collaboration is our 2016 acquisition of Meshify, a cloud-based industrial IoT platform.

There's also a technical aspect that comes from the expertise we have as venture capitalists that differs from our M&A team. While executing M&A transactions isn't our team's core capability, we can work in partnership with our M&A colleagues to consider the unique aspects of acquiring a start-up — things like valuation, deal structure, stakeholder motivations, and integration expectations. These companies often have a very different financial profile than a mature organization, so getting the deal done is quite different than your standard M&A transaction.

Do you find that it's difficult from a cultural change perspective to get insurers to think about acquiring early stage companies?

JLK: Our industry is in the early days of a period of rapid change. This is real; there are billions of dollars being invested in new companies related to insurance. Our industry has a choice — view these new players as competition or learn from large tech companies and view them as outsourced research and development (R&D). They can bring new technology, new distribution channels, new data, or even new talent to existing players.



Value realization:

Working to ensure deal
success from strategy
through to execution

Doing deals has never been easy. But now that focus is shifting towards 'transformational' deals, defining 'deal success' has become a lot harder. Getting value from deals today requires M&A, corporate development and CVC teams to rethink their approach and their capabilities.

Getting more strategic about deal sourcing

High-performing companies don't jump at every opportunistic deal. They approach M&A target sourcing with purpose. Yet our data suggests that decision-makers are rather worried that they may not be able to find the right acquisition target to match their needs. In fact, only 10 percent of our respondents say they are extremely likely to find a target that will be a strategic fit for their business model, and just 7 percent say they are extremely likely to find a target that will be a strategic fit for their operating model.

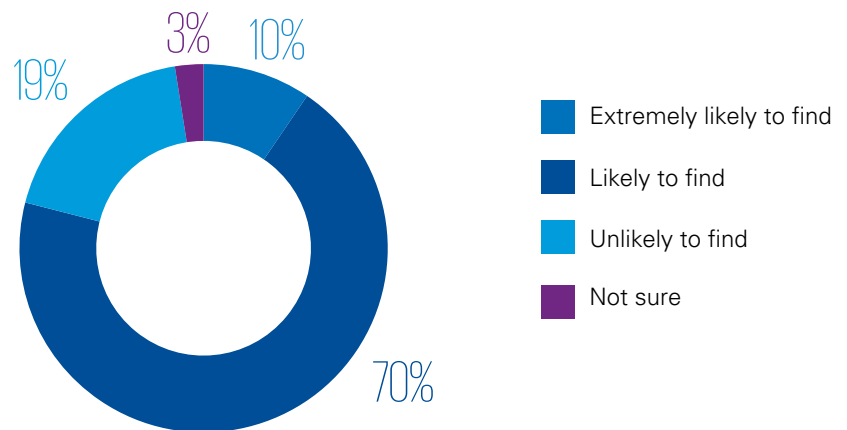
"The key here is to be able to look beyond the immediate metrics such as combined ratios or net profits over the next 24 months — you need to be thinking about what that deal is going to generate in terms of contribution to margin 10 to 15 years from now. That's not easy," adds KPMG in Italy's Giuseppe Latorre.

Our discussions with senior corporate development officers across several industries suggests that the leaders adhere to three main principles when seeking to enhance their M&A sourcing process.⁵

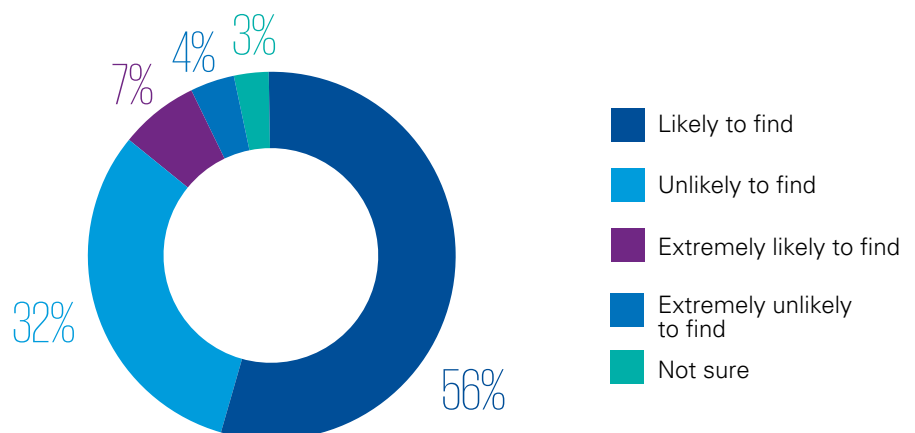
They focus on improving alignment between corporate development and strategy

Creating alignment is critical to long-term deal success. Yet our survey suggests that most insurance companies have significant scope for improvement in many areas.

How would you rank the degree of ease or difficulty of finding an acquisition target that is a strategic fit for your business model?



How would you rank the degree of ease or difficulty of finding an acquisition target that is a strategic fit for your operating model?



⁵ Widening the aperture, KPMG International, 2017

Consider this: 54 percent of respondents don't think their corporate development and M&A teams are currently highly aligned to the overall corporate strategy and innovation initiatives. Seventy-two percent don't think their deal sourcing objectives are highly aligned with strategy. And 44 percent think their team takes a largely reactive approach to M&A market opportunities (or, worse, that they have no coherent approach at all).

They balance the sourcing of short-term actionable targets against longer-term opportunities

Most successful acquirers are constantly mining both external and internal sources for potential deal ideas and actively maintain these ideas in a target database system. This approach has clear advantages. While an attractive target may not be immediately actionable, it may become available at a future date.

Approaching such a target early and initiating regular conversations over time will help build knowledge of their operations, people, and culture and allow one to monitor their financial performance well in advance of any transaction.

They put structure around 'first pass' screening criteria to allow for quicker gating decisions

In addition to closely aligning with strategy, companies that have developed a clear set of screening criteria can react much more quickly to deals when they become available. Such a disciplined approach to deal sourcing certainly has its advantages, and while it reduces the number of potential targets evaluated, it also quickly weeds out deals that might seem appealing initially but, on a deeper dive, will not further the corporation's strategic goals.

Enhancing deal value through effective due diligence and execution

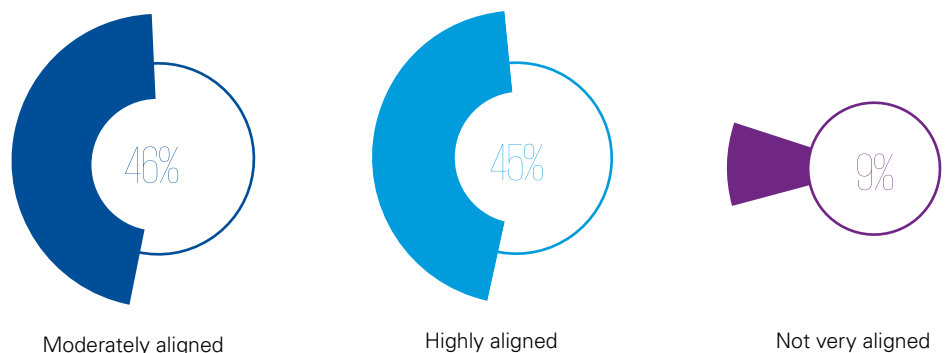
Hindsight is 20/20. But when one looks back at deals over the past few decades, it seems less than a third actually enhance value. In some cases, this is due to poor deal sourcing and lack of alignment with strategic objectives. But it is — perhaps more often — due to short-comings in deal evaluation and execution.

Ask an insurance M&A leader the secret to their success and they will probably tell you that it comes down to effective due diligence and well-executed integration. Yet our survey suggests that many insurance companies may lack adequate deal evaluation and integration capabilities.

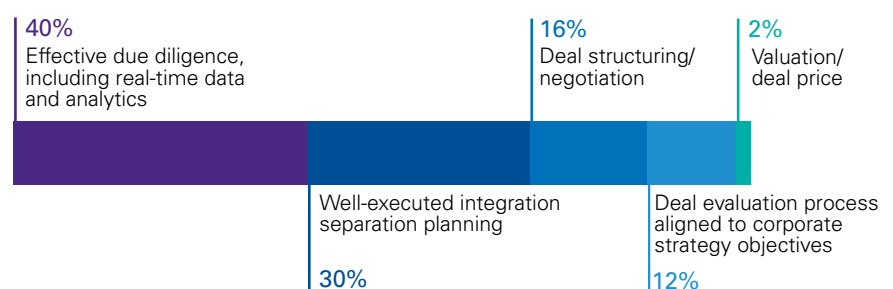
In particular, more than 70 percent of insurance executives rated their internal capabilities for evaluating the strategic fit of the target's business model as 'moderate to low'.

Majority (77 percent) of the executives confirm that they lack commercial due diligence capabilities for evaluating acquisition or partnership opportunities. Particularly, the evaluation of early stage company targets is extremely challenging given the limited historical and financial track record. In our experience, global insurance companies who maximize value from deals tend to apply a holistic framework to evaluate the strategic and commercial fit of the target's business and operating model from a longer-term perspective.

In your opinion, how aligned are the objectives of your organization's corporate development and M&A team to your organization's overall corporate innovation initiatives?



In your experience, what factor is most important for deal execution success?



Diligence: A framework for assessing early stage companies



Problem

- What problem are they trying to solve?
- Is this a pain point for our business units/customers/policyholders?



Product

- How does this product solve the intended problem?
- Has the team found the right product-market fit?



Addressable market

- Who are they targeting?
- What is the size and structure of the market?
- What are the buying habits of the customers?
- Are there adjacent markets for eventual expansion?



Team

- Who are the founders and key employees?
- Does the team have the requisite skill set and experience to drive success?



Business model

- How are the products or services distributed? What partnerships are required?
- On what assumptions does the business model rest on?



Technology

- What is the underlying tech stack/technology?
- How does the technology integrate with our existing systems (if necessary)?



Go-to-market strategy

- What are the customer acquisition channels?
- What is their path forward for scaling sales and marketing?



Traction to date

- What metrics/KPIs have they achieved?
- What does the current sales pipeline look like?



Competition

- Who are the incumbents?
- How does their product, team, and business model compare to other comparable start-ups?



Financial metrics

- Monthly revenue growth, Annual recurring revenue, burn rate



Valuation/deal specific metrics

- How much has the start-up raised to date?
- What are the recent comps that reflect the valuation for the startup?



Customer

- Customer acquisition costs (CAC)
- Customer lifetime value (LTV)
- Churn rate

“Deal teams often get focused on delivering the objectives of the shorter-term business plan and start to lose track of their organization’s North Star — that vision they are meant to be helping guide their organization towards,” notes Mark Williams, Head of Separation and Integration for KPMG’s Global Insurance Deal Advisory network. “Yes, you need to make sure the financials of the deal work for you, but you also need to be sure that it ultimately helps you get closer to that North Star, either through synergies or through more radical transformation.”

Rethinking the integration strategy and synergy case

The path to transformation requires new thinking — holistic design thinking. It involves solving multiple, complex, inter-dependent problems across the enterprise while operating within a dynamic and hyper-competitive industry environment.

“Insurers today need to apply design thinking to plan, manage, execute and accelerate the integration of the businesses they acquire, while carefully evaluating the critical strategic choices for their target operating model in the future. If not, they risk losing their window of opportunity to transform their organization for the future and, instead, will likely continue building the insurance company of yesterday,” notes KPMG’s Ram Menon.

To make critical financial, strategic, commercial and operational decisions in this dynamic deal environment, insurance companies require a strategic framework to identify synergies and develop the appropriate integration strategy.

With respect to the integration of start-up companies into legacy insurance companies, KPMG’s Ali Geramian notes, “The reality is that these types

of integrations are not going to be easy, particularly since these deals are not driven by cost synergies. Moreover, experimentalism and rapid testing are built into the DNA of start-up companies, which are often at odds with the measured pace which insurers are known for.”

Insurers must therefore look at their first few acquisitions in this space as an opportunity to quickly build a core competency, while developing a framework to integrate the unique drivers and culture of a start-up organization.

KPMG International’s 9 Levers of Value framework can help organizations identify synergies and develop the integration strategy, making critical financial, strategic and operational decisions. To assess the strategic fit, establish the synergies case and design an integration plan, choices need to be made for each lever:

As KPMG’s Mark Williams notes. “Synergy cases often tend to be tactical rather than strategic — generally focused on initiatives such as closing duplicate head offices and removing positions to reduce costs or cross-selling to increase revenues — the reality is that it needs to be created in the context of a wider multi-year strategic plan for the combined enterprise so that opportunities for longer term value creation is not missed or unknowingly compromised.”

A multi-year strategy driven by an efficient integration plan is critical to delivering the full potential of the deal.

Dissecting the separation and transition strategy

An uptick in acquisitions tends to mean an uptick in divestitures. And, according to our survey, around 37 percent of insurance executives currently think they will divest at least one asset over the next 3 years.

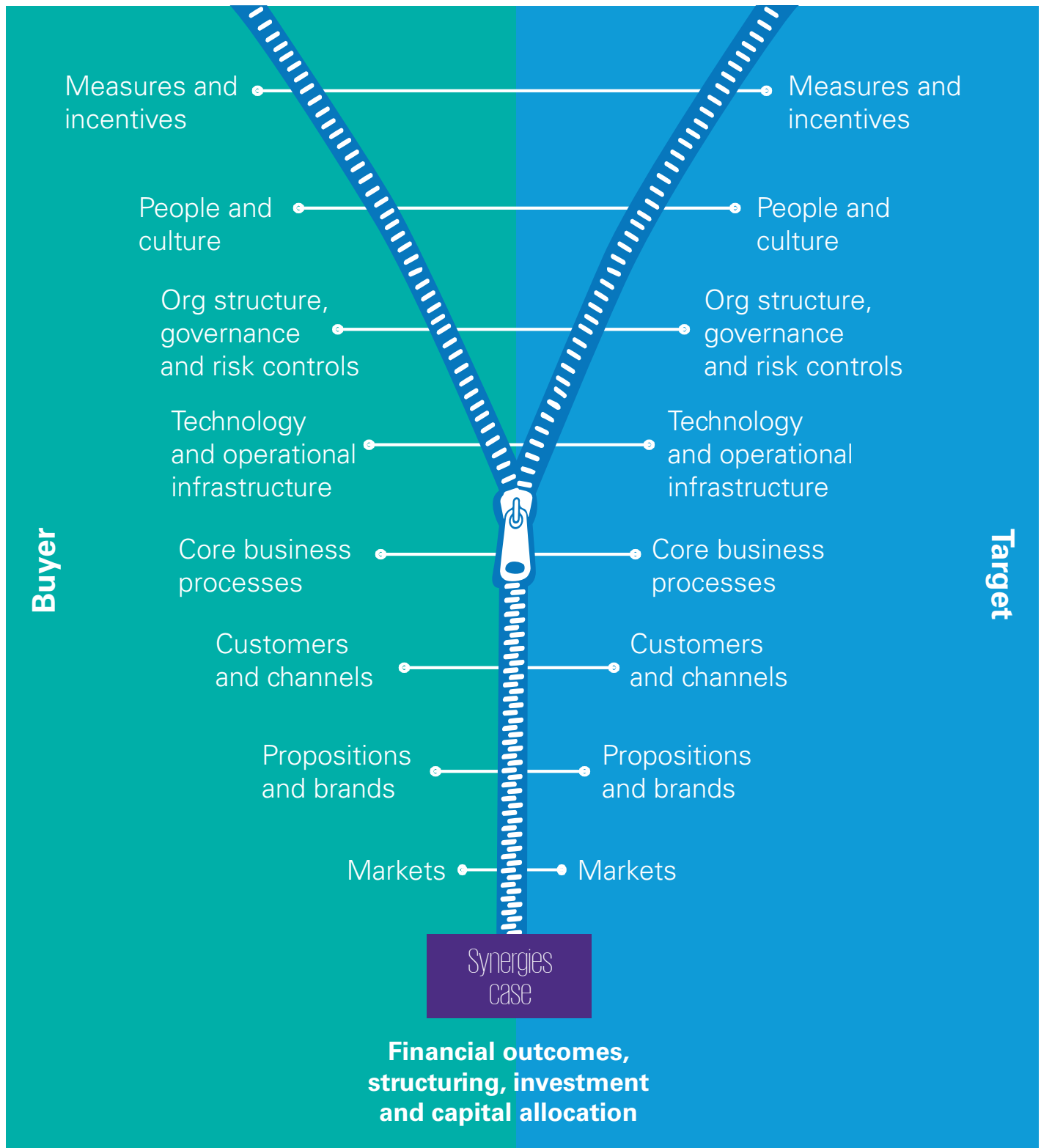
Part of the challenge with conducting divestitures is that they tend to happen much less frequently than acquisitions. And that means that in-house capabilities and capacity are generally low. Sellers are often facing off against a much more sophisticated buy-side team.

The insurance industry continues to receive a significant level of interest from private equity firms who, as serial acquirers, are generally much more sophisticated about their due diligence and identifying longer-term sources of value. For the most part, these firms are looking to acquire a certain business segment(s) or block of business(es). Insurers intending to divest such businesses will therefore need to have a well-planned separation and divestiture strategy and a deep level of visibility into the value of each component of the businesses being divested.

“Just because you want to sell an asset doesn’t mean you shouldn’t still be taking a very sophisticated approach to understanding the value, costs and disentanglement challenges. Carving out a business successfully is often much more work than it seems. But, if you understand the business well, there is also often much more value available than you think,” notes Mark Williams with KPMG in the UK.

Sophisticated sellers thoroughly understand the business being separated and divested, and its entanglements with the rest of the organization. They adopt a longer-term perspective to separation and divestiture initiatives that extend beyond the closing of the deal, with an eye toward transitional service agreements (TSAs), stranded costs, target operating models and tax structures.

Rethinking the integration strategy and synergy case



Source: KPMG International's 9 Levers of Value framework

Executive interview



Beyond the deal: Catalyzing change with XL Accelerate



Ali Geramian
Director, KPMG
Innovation Lab
KPMG in the US



Lauren Tennant Pollock
Partner
XL Accelerate

*Deals aren't the only way that M&A and CVC teams can help drive change across an insurance organization or group. **Ali Geramian**, a Director at **KPMG's Innovation Lab** in New York, recently sat down with **Lauren Tennant Pollock**, a Partner with **XL Accelerate** to find out how her team is using their skills and capabilities to drive transformation and culture change across their organization.*

Ali Geramian (AG): Can you give us a quick primer on XL Accelerate?

Lauren Tennant Pollock (LTP): At Accelerate, we partner with startups and emerging tech companies to deliver new commercial applications for our business. Everything we do first starts with a business unit within XL Catlin having a problem they're looking to solve and we look to startups to work alongside of the business unit to solve that problem. We start by defining a simple and quick experiment to test our hypotheses which we seek to prove/disprove over the course of the experiment. We hope that many of our experiments create scalable opportunities for the business where we can patch together the learnings from a multitude of experiments and to bring together a collection of startups that create meaningful product offerings and improve the overall experience for our customers.

(AG): Can you explain why partnerships have become a dedicated focus for XL Catlin?

(LTP): We recognize that in order to move where the market is heading, we have to be agile enough to meet our clients

where they are, and that might mean that we have to look to external partners in our ecosystem to help bolster our existing capabilities. This touches everything from how we collect data from our clients to underwrite risks, to help better distribute our policies, and so forth. We have established a number of target verticals and capabilities that are important for our business units and we have aligned the roles and responsibilities on our team to dedicate to these areas, such as data and analytics, distribution, and artificial intelligence, for example.

The best start-ups in our ecosystem have a lot of options for financing, and in our experience what they expect from a partnership is our deep insurance expertise, scale, customers, and access to data. We don't just provide capacity, but we leverage our expertise to create mutually beneficial outcomes. It's important to us to align interests so we can have optimal outcomes for the start-ups we work with and our customers.

(AG): How does your group scale innovation across XL Catlin?

(LTP): Our approach starts with a hypothesis and a problem statement, and our experiments are intended to prove our thesis, meaning these experiments are meant to be small so we can get them done pretty quickly. We have a dedicated budget to develop these proofs of concepts, so once we have identified an area where we want to run an experiment, we can be agile because we have the resources to do so.

Once we can prove that the idea works, then it is up to the business unit to expand ownership. While our team has the budget to run the experiments we want to pursue, we will look to other avenues once a budget is required to scale the innovation across our company.

(AG): Can you describe the systems or processes in place to help incentivize business units and stakeholders within XL Catlin to work with startups?

(LTP): We quickly realized that it would be efficient if we focused our time on business units who were engaged and actively wanted to collaborate with us right off the bat. It's natural that some business units will want to act quicker than others, so it's our responsibility to work closer with those teams and create an environment where we can help them become successful.

There are countless problems to be solved in our industry. We need to understand which BUs have the appetite to solve big problems and are willing to invest time and take on the accountability to pursue solutions where we can be additive. I look for culture and bandwidth within a business unit to move the needle, but ultimately it's not our job to force ideas if the business unit cannot act on it.

(AG): Tell us a bit about the relationship with XL Innovate (XL Catlin's VC fund)?

(LTP): XL Innovate's mandate is different than ours as they started investing purely for financial returns, with their structure being an independent fund with XL Catlin being the sole investor. They don't require a proof of concept or a strategic partnership in order to write a check to a start-up the team strongly believes in, so this model allows them to think independently and make educated bets based on what they think can be game-changing startups.

We see the dynamic between Innovate and us as a good thing. We have a very close relationship with their team,

as the deals they are looking at get us excited. There may be instances where a particular start-up might not be the right fit for an equity investment but might be worth further exploring as potential partnership with us, and vice versa. The leverage you can get from having an in-house venture capital fund and team focused on startups like we are is incredible.

(AG): How is your team acting as a cultural change agent to scale innovation within XL Catlin?

(LTP): For culture to change and permeate, it has to occur from the bottom up. At XL Catlin, we've recognized that it's up to us to get our younger talent engaged about our mission and to get their colleagues bought into the innovation vision. As an example, we bring our XL Innovate portfolio companies and partners to our offices globally where our employees can engage with startups and understand how they're tackling problems. This access enables our employees, particularly our younger leaders, to grasp how the culture of a startup empowers them to act with agility and tackle problems. Events like these are incredibly valuable as they get our organization excited about the mission. Our youngest employees are really transforming the culture, and someday they'll be leading this organization.

(AG): As XL Catlin looks to transform in this era of accelerated evolution, how do you think the role of your team/role of innovation will evolve?

(LTP): I anticipate that we'll be evolving our offering to look beyond what we are doing today. For example, we are finding great managing general agents to partner with, but ultimately we don't just want to be a capacity provider. Capacity is abundant, so how do we do something more meaningful to move the needle? These are questions that we are actively thinking about today.

I've been thinking a lot about what we're seeing in banking, where incumbents stand up new companies that are solving a niche need, but whose business models are enabled through technology without the use of core legacy systems. Can this model work well in insurance? We think so, but only if a carrier is truly willing to put their capital behind a vision for the future. It's something we'll continue to explore and it's incredibly exciting to be part of an organization that is actively thinking about how our industry will have to change in the future.



The strategic path forward:

Takeaways for insurers
in the new deal
environment

1. Redefine deal success — from acquisition strategy to integration execution

To realize and maximize value from their deals, insurers need to rethink their approach and internal capabilities to successfully execute transformative and innovative change across the organization. To truly drive transformation and capture innovation across the enterprise, insurers must align the capabilities of their corporate strategy, M&A and corporate development, and innovation teams — around a shared vision for the future for the enterprise and its core business segments. In our experience, global insurance companies who maximize value from deals tend to focus on the following areas:

- *Deal vision and strategy* — create a clear strategy and deal vision (buy or partner), guiding principles and roadmap to deliver the integration and business plan, taking a non-functional end-to-end view.
- *Financial outcomes* — ensure strategic, financial, and operational C-level executives and communities are aligned and accountable for delivery of targeted financial outcomes (revenue, capital and cost synergies).
- *Operating model* — develop proposed 'day one' and 'future-ready' target operating models, (including technology infrastructure, applications, etc.), which deliver a robust and scalable platform to support future growth.
- *People and culture* — develop and address key cultural differences

early while implementing relevant engagement and retention strategies to protect the key employees and service delivery.

- *Reputation and regulator* — seek to fully understand and address the rational and emotional needs of the respective regulators and mitigating potential risks through the transition.
- *Enterprise-wide M&A playbook and decision making* — ensure governance structures and processes are sufficiently robust to provide effective and fast decision-making process and issues resolution focused on 'best of each' to accelerate integration, manage execution and key counterparty risk.

2. Maximize deal value of divestitures — through separation excellence

Divestiture strategy is increasingly playing a bigger role in the new deal environment. As the industry transforms, insurers are actively reevaluating their portfolio of businesses, rationalizing their global footprint, and strategically repositioning some of their legacy business segments. This trend is expected to continue — drive further business modularization, separation, and divestiture of non-core businesses and legacy blocks of businesses. However, not many insurers and their M&A teams have much experience with separations and divestitures.

If the decision is made to divest a business or blocks of businesses, the insurer's deal strategy should address how to package, separate and deliver

the business as attractively as possible to a potential buyer. Sophisticated sellers adopt six key principles of separation excellence:

1. *Define value creation objectives:* they impact key divestiture decisions and activities.
2. *Assess bidder motives and present a story supported by data:* rigorous planning and execution must take place with an eye toward the buyers, their motives, view of value and their needs.
3. *Leverage technology for more scalable processes and enhanced data presentation:* separation processes are inherently complex and iterative — success requires the combination of human ingenuity supported by technology.
4. *Establish robust structure, governance, and process:* they are the keys to enabling clarity, certainty and speed.
5. *Thoroughly understand the business and its entanglements:* this requires a thorough understanding of the risks and opportunities of the business, the entanglements and inter dependencies and the impact on the transaction perimeter.
6. *Drive value creation beyond close:* creating value (and minimizing leakage) extends beyond close with an eye toward TSAs, stranded costs, target operating models and tax structures.

Divestiture strategies should take into account both the timing for the offer and the time it takes to complete the deal.

3. Accelerate innovation by standing up an inorganic innovation engine:

5 steps to stand up an inorganic innovation engine

1. *Develop a hypothesis that is aligned to your organization's strategic priorities*

The most active insurance CVCs are transparent with their areas of investment focus and communicate their investment hypothesis to the external ecosystem. Developing a clear hypothesis for investment strategy and communicating it to the external ecosystem attracts the right deal flow and ensures consistency with your organization's innovation objectives.

2. *Build a unique value proposition*

With the abundance of capital available, the strongest start-ups have access to a diverse selection of investors. Insurers must determine what value they can offer to potential portfolio companies, outside of capital, such as specialized domain expertise, access to customers, commercial partnerships, testing environment for proofs of concepts, to compete for access to the best deals.

3. *Create a strong linkage to the entrepreneurial & start-up ecosystem*

Leveraging the value proposition, it's imperative that a strategic investor invest in building relationships with start-ups and other investors in order to access deal flow and partnership opportunities.

4. *Partner with business units for sponsorship and accountability*

As a strategic investor, the CVC should either have a clear linkage to the business units in helping articulate investment themes, or closely collaborate with an internal partnerships and business development team to ensure that the innovation that is captured from your portfolio companies helps realize the business units' innovation vision.

5. *Build agile investment mechanisms to get deals done quickly*

Venture deals often move very quickly, involving multiple stakeholders including other venture capital firms. A CVC must ensure that a fluid process is in place to enable rapid diligence and investment committee oversight, or risk losing an attractive investment opportunity.

4. Transformation is not a "one-and-done" event:

Majority of insurance companies, in the new deal environment, are looking for transformative benefits from their M&A and innovation initiatives. However, they recognize executing transformative and innovative change within a legacy industry will not be easy to achieve.

Path to transformation requires new thinking — holistic design thinking. As insurers evaluate their deal opportunities in this environment, they should expect high degrees of complexity. Insurers should plan for solving multiple, complex, inter-dependent problems across the enterprise while operating within a dynamic and hyper-competitive

industry environment. Deal success in the new deal environment will require insurers to adopt a holistic framework to assess strategic fit, establish longer-term synergies case and design integration plans.

Successful insurance organizations of the future will be the ones that are already thinking beyond traditional M&A to execute transformational deals that satisfy both the evolving needs of their customer base, and demands from shareholders and investors for strategic capital deployment to enhance enterprise value.



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About KPMG

Whether acquiring a new business, selling an existing business, or conducting a business restructuring or transformation initiative, KPMG member firms have a range of services to help our clients enhance value. As a leading adviser on several M&A transactions each year, working with many of the largest and active insurance companies and private equity investors, our dedicated Deal Advisory & Strategy practice is well-placed to guide you through your journey of creating and realizing value through inorganic growth. Our integrated business diligence leverages proprietary data and analytical tools from deal sourcing and strategy through to deal evaluation and execution and ending with integration and value creation. KPMG's global network of professionals aim to create value by challenging conventional thinking, bringing real industry insights and 'investor-grade' rigor, and providing on-the-ground support.

We help insurers:

- identify targets with unique strategic fit and value creation potential
- identify and prioritize the primary synergies of a deal, including the unique synergies that only your company can create
- conduct due diligence that is focused on the strategically relevant parts of the business
- value targets based on how they fit uniquely with your business (rather than just rely on average multiples)
- suggest deal type and structure to align with your competitive strategy
- plan for an integration approach that will foster the unique synergies that will create and achieve maximum value
- set in place a post-transaction performance assessment that tracks value creation on an ongoing basis.

KPMG Innovation Lab at KPMG in the US

The Innovation Labs at KPMG Ignition help our clients and our firm innovate for future growth and relevance in the 21st Century. We provide insights on signals of change from an outside-in perspective. Working shoulder-to-shoulder with our clients in an immersive process, the Innovation Labs apply design thinking for business model innovation to drive from signals to action.

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