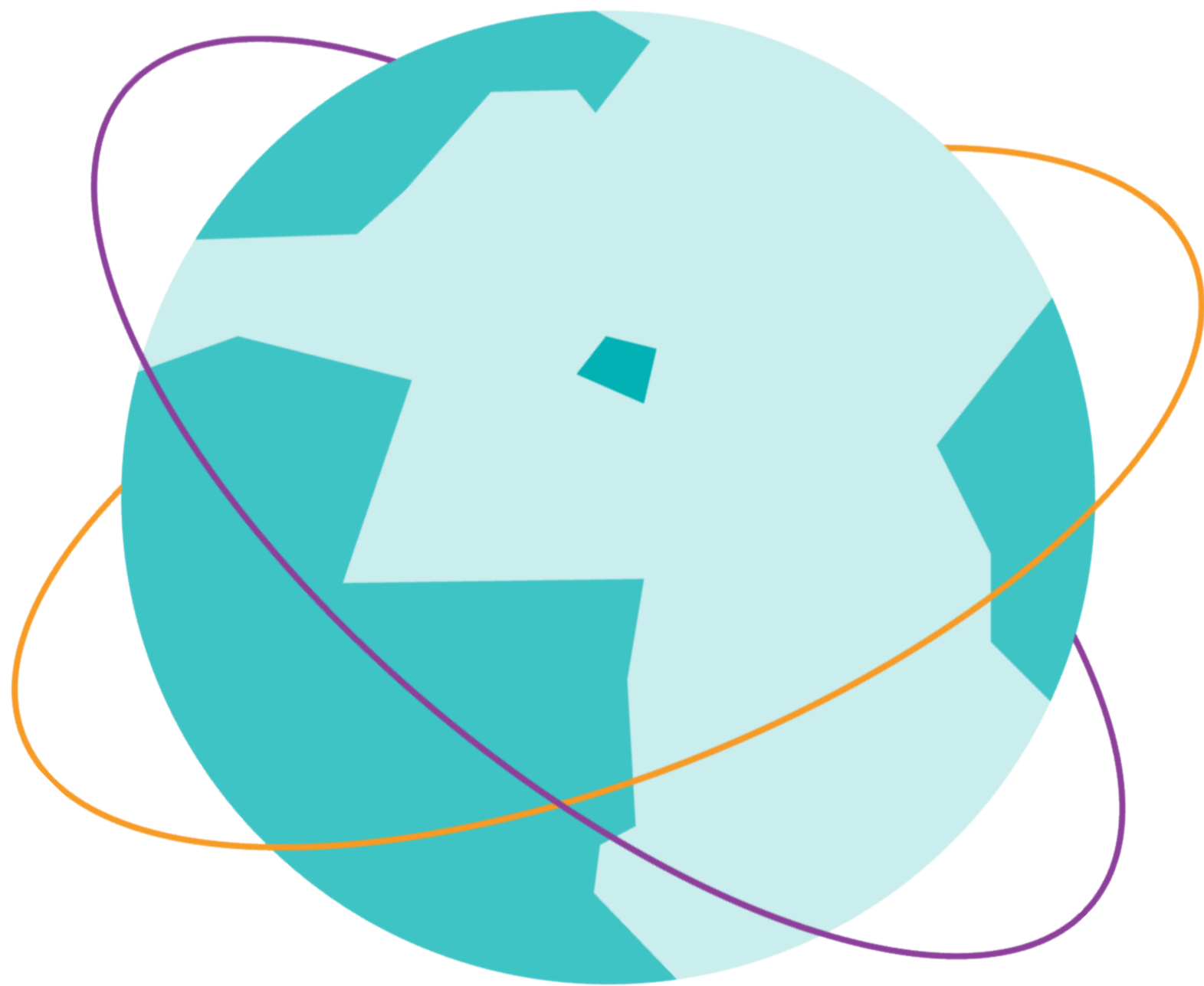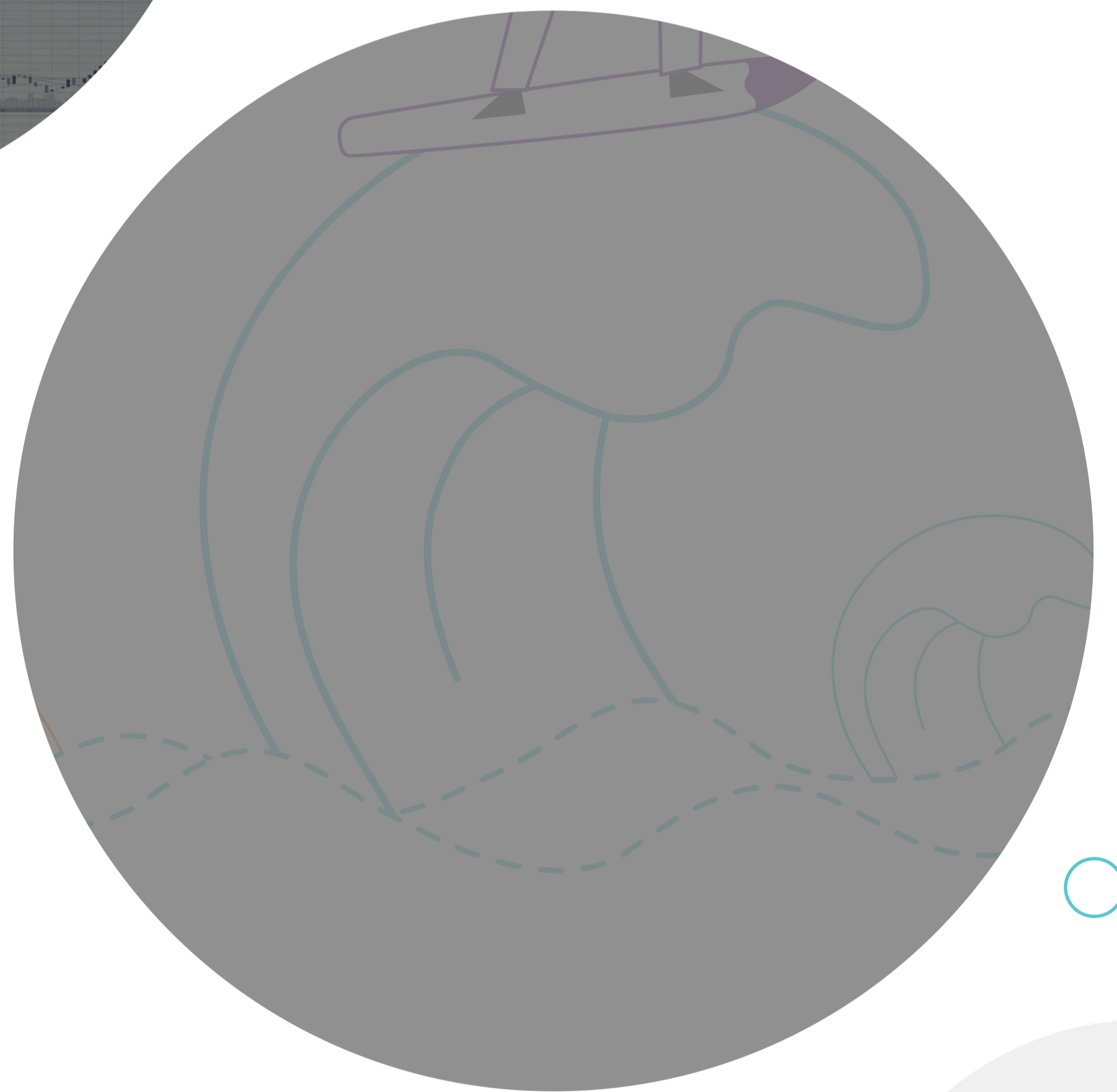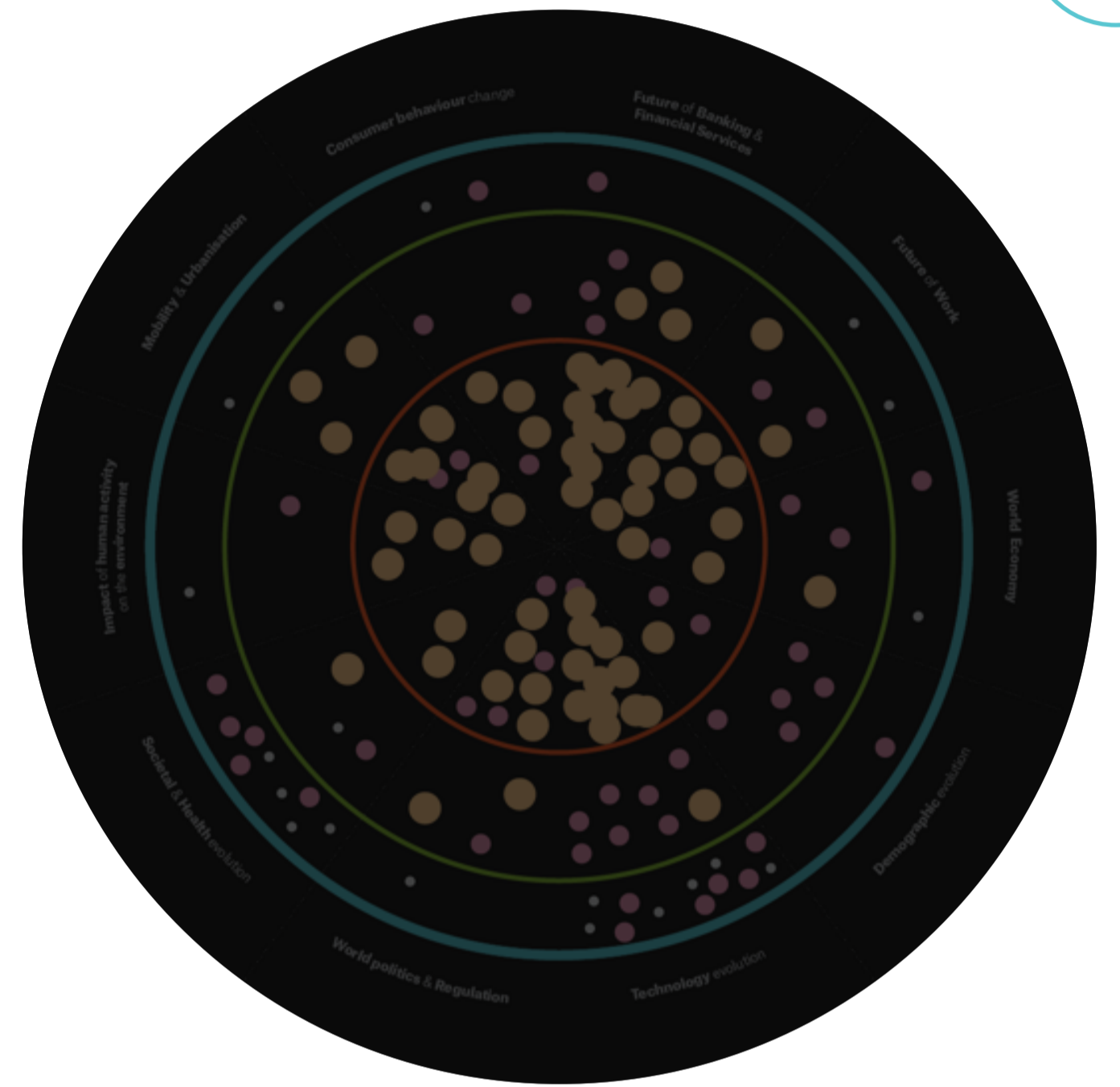# think 2030

RAPPORT

Being 'future proof' means taking a long-term view

Dear reader,

The world has transitioned from a period of relative predictability into a new age of heightened uncertainty and fragility. No sooner do we get a handle on one situation, and the next one is already following in its wake. And 2022 was no exception.

Expecting the unexpected

Some events take the world by surprise. Covid certainly did. Others arise because of geopolitical tensions that are not always easy to forecast. The conflict on Europe's eastern borders has a huge human impact but also massive global economic consequences. And sometimes 'the unexpected' can take the form of market disruptors: new entrants who have the capacity to impact our daily lives by changing deep rooted behaviours.

We are accustomed to expecting the unexpected. But that doesn't necessarily translate to businesses being well prepared for all scenarios, let alone grasping new opportunities that hide beneath the surface.

Long-term thinking is part of our DNA

Insurance is by its very nature a long-term business: the choices we make today can easily impact our stakeholders over several decades. Our future is heavily influenced by long term and significant trends, not by ephemeral hypes. To remain relevant in an increasingly complex environment, we need to look at the world through a 'long-range' telescope. Four years ago, Ageas embarked on a trend scanning exercise with the Belgian start-up Trension, to unleash the capabilities of AI as a complementary tool in strategic foresight. Today, the so-called Horizon Scan's insights are baked into our core strategy, and we took our partnership with Trension to a next level.

Moreover, as the world changes, new societal issues arise that ask for innovative solutions – think for example of how technology in vehicles is changing motor insurance risks. As a (re)insurer, we have a role to play in exploring how we can better cover client needs as they evolve.

Forewarned is forearmed… and to be prepared is half the victory

In Impact24, Ageas has designed an "all weather" strategy, one that can withstand changing conditions. At its root, our unique approach to trend scanning helping us to predict, detect and analyse challenges and opportunities for our business. Equipped with these insights, we are better placed to adapt and fine-tune our strategy on an ongoing basis – keeping pace with the trends we see emerging.

"In Impact24, Ageas has designed an all weather strategy, one that can withstand changing conditions."

In Impact24, we identified new opportunities for growth where Ageas has the capability to act and create impact. In the past year, we could already see some of the underlying topics accelerate or growing in importance:

If you are curious to learn more about trends impacting our future – and YOUR future – I invite you to discover this very first Horizon Scan report.

Hans De Cuyper
CEO Ageas
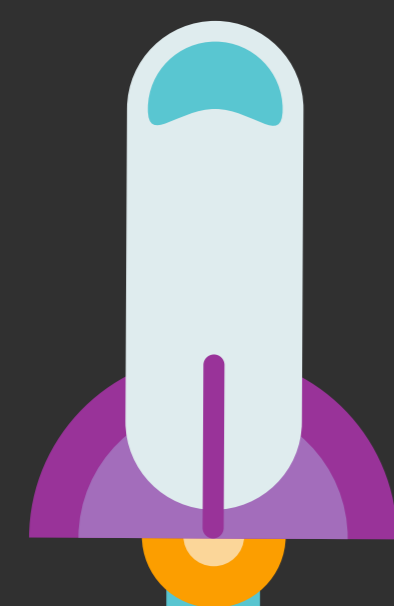
Enabled by the exponential increase in IT efficiency, the digitalisation wave approaches us inevitably and ever faster. It is already significantly changing private behaviour and business processes and - provided we can effectively deal with IT security issues and increasing energy demand - it is only a matter of time before "machine intelligence" parallels that of humans.

Accelerated **digitalisation** & **implementation** of new technologies

The interest rate environment has a significant impact on many segments of the financial sector, including the (life) insurance industry. Interest rates in developed economies have been declining since at least the 1980s. Rising life expectancy, increased saving rates and modest productivity growth are some of the factors that have contributed to the downward trend. In 2022, we observe a shift in the interest rate environment in Europe while it remains low in other geographies.

Interest rate environment

Pivot to **sustainability**

Next to digitalisation, unfortunately, climate change has massively progressed too. From hotter summers in Europe, to devastating bush fires in Australia and melting ice on the polar ice caps: the time has come for a profound and sustainable transformation in business and private habits. Healthy and "green" lifestyles progressively establish themselves in a broader stratum of the population and these aspects are increasingly being included in planning and purchasing decisions of customers.

New business models requiring **next-gen partnership**

Traditional business models are evolving to face a new and expanding competition. Businesses are moving beyond traditional industry silos developing networked ecosystems and creating new opportunities for innovation alongside new challenges for many incumbent enterprises. Successful disruptive business models beyond the traditional financial ecosystem (mobile, health, home) force insurance companies to innovate their strategies and service or product offering, if they want to capture this increasing part of the business.

Digital technologies in many markets are replacing face-to-face interactions at a staggering rate, in a race to replicate the "Netflix experience" (convenient, fast, in real-time). "Phygital" is becoming a reality, with lines between online and offline progressively blurring. Customers can combine digital and real-life world experiences, walking through fluent, transcendent customer journeys across both worlds. However, particularly for complex or emotional interactions, customers still want personalised experiences delivered with empathy and accuracy.

Customer is king

Advancement in connectivity, the Internet of Things (IoT) and increasing digitalization generate a proliferation of structured and unstructured data. This opens up opportunities for consumers willing to share personal data in exchange for better and more personalised services; and for companies needing to transition to new (digitised) business models with lawful handling of personal data.

Data as an asset

Growing importance of local

Although many megatrends challenging the industry are global (digitization, aging, urbanization, …), insurance remains a business with local foundations. Geographical, cultural, and regulatory differences will continue to play a significant role moving forward.

Personalised health & care

The Covid-19 pandemic has accelerated existing trends. From an ageing world population (by 2030, persons >60 will outnumber children <10) and rising global health spending, to material wealth being perceived as less important than wellbeing and work-life balance. Tech advancements and data allow for new treatments, medication, and early detection & prevention methods that push healthcare towards greater personalisation and efficiency, while also more affordable and accessible for a larger fraction of the global population.

Further growing importance of Asia

The Asia region's standing as the global driver of consumer class growth continues to present long-term opportunities. China has been one of the biggest economic success stories of this past generation, but it is also an aging society. By 2030, 3 out of 5 people in the consumer class will live in South and East Asia, making it the largest middle-class cohort that ever existed in history.

The new way of working

The global pandemic profoundly shifted the way employees interact with their workplace, with companies' physical boundaries blurring. Teleworking has become common while jobs in the freelance economy continue to grow rapidly. The war for talent pushes more and more companies to move from being talent takers to talent makers.

It is defined as the value of total losses minus value of insured losses in case of an adverse event. An aging world population, the effects of climate change, poverty and social inequality are all contributing factors to the widening protection gap in the sphere of personal integrity and property catastrophe.

Protection gap

Expected impact on insurance industry

high

medium

short-term

medium-term

long-term

Time horizon for materialising

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AI and Human
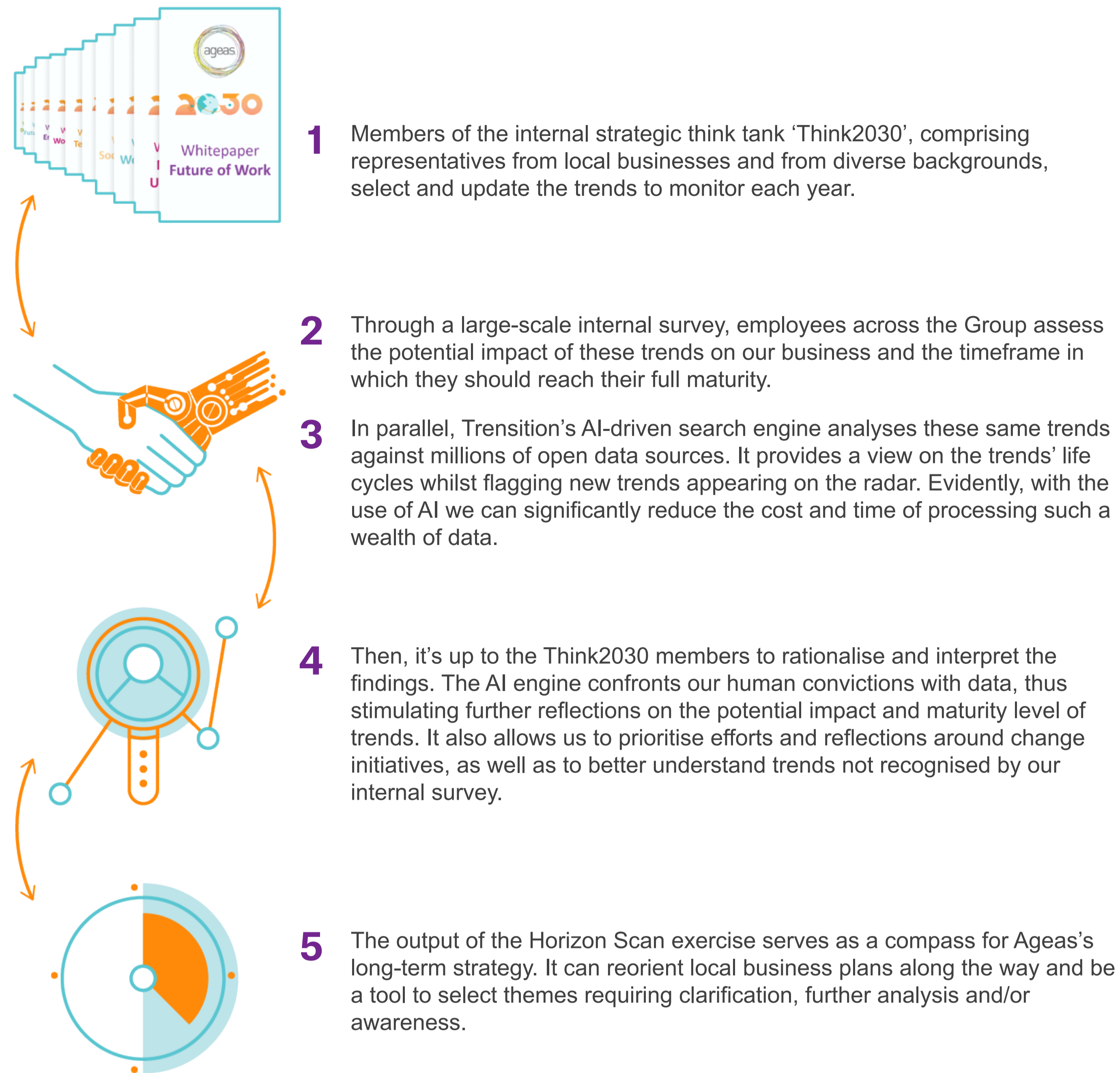# strategic intelligence:
a party of two

The world will continue to change, so we must adapt and move with it. As we stimulate every corner of our Group to think long-term, we continuously provide them with key-insights on trends impacting our stakeholders and our business, through our unique Horizon Scan exercise.

think 2030
Zoom on the Horizon scan methodology

Click here to watch the video

Each year Ageas conducts an extensive trends analysis, the Horizon Scan exercise, for which we developed a tailor-made approach with our partner Trensition. We start by tapping into the local strategic knowledge and expertise that exists within the Group. We compare and combine these human insights with findings generated by our AI trend scanner and embed these findings into our strategic plans. Let's have a closer look!

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A customised and dynamic 5-step process that supports decision-making

Ageas's Horizon Scan is fully customised for and by Ageas.

1 Members of the internal strategic think tank 'Think2030', comprising representatives from local businesses and from diverse backgrounds, select and update the trends to monitor each year.

2 Through a large-scale internal survey, employees across the Group assess the potential impact of these trends on our business and the timeframe in which they should reach their full maturity.

3 In parallel, Trension's AI-driven search engine analyses these same trends against millions of open data sources. It provides a view on the trends' life cycles whilst flagging new trends appearing on the radar. Evidently, with the use of AI we can significantly reduce the cost and time of processing such a wealth of data.

4 Then, it's up to the Think2030 members to rationalise and interpret the findings. The AI engine confronts our human convictions with data, thus stimulating further reflections on the potential impact and maturity level of trends. It also allows us to prioritise efforts and reflections around change initiatives, as well as to better understand trends not recognised by our internal survey.

5 The output of the Horizon Scan exercise serves as a compass for Ageas's long-term strategy. It can reorient local business plans along the way and be a tool to select themes requiring clarification, further analysis and/or awareness.

The 2022 Horizon Scan in a nutshell

139
trends scanned from
10 different domains

1,900
survey
participants

+150 million
documents scanned by AI
(+ 60% vs '21)

Since we started the Horizon Scan process in 2018, interest internally has grown exponentially, reflecting our people's curiosity towards future evolution of trends, but also their confidence in the process as a valuable and reliable tool.

The devil is in the (AI) detail...

Trension's AI search engine collects big data from a variety of trustworthy external data sources and uses this information to analyse, monitor and predict trends.

1. Media and internet content analysis tools help highlight emerging attitudes and social movements.
2. Industry databases, patent and bibliometric databases provide early warnings of scientific and technological developments.

From these data, AI can analyse important trends emerging, the sources of these developments and who the key actors and influencers might be.

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Are you ready for the most impactful trends on the horizon?

Artificial Intelligence

(Radar chart with categories around the circle)

Categories: Future of Banking & Financial Services, Future of Work, World Economy, Demographic evolution, Technology & Data, World politics & Regulation, Societal & Health evolution, Environment, Mobility & Urbanization, Consumer behaviour change

Labels on chart: InsurTech, FinTech, Artificial Intelligence, Scattering Distribution Landscape, Customer Convenience, Cybersecurity, BigTech, Sustainable Economy, Mental Health & Wellbeing, Distributed Ledger Blockchain

Internal survey

(Radar chart with same categories)

Labels on chart: InsurTech, Data-Driven Finance, Cybersecurity, Artificial Intelligence, Customer Convenience, Hybrid Leadership Skills, Data Protection, Extreme Weather Events, Political Instability, World Population Ageing

Legend

Horizon
- 0-2 years (green)
- 2-5 years (blue)
- 5-10 years (orange)

Impact
- Low
- Medium
- High

If you are curious about what the future might hold, then read on!
Out of the 139 trends Ageas scanned in 2022, these are a few of the standouts identified by our AI engine and human survey that will likely drive transformational change across our industry.

Systemic shock related trends featured heavily in 2022 and it's no surprise.

Globalisation and IT development over the past decade have reshaped societies: we are more interconnected and interdependent than ever. Systemic shocks have increased in frequency and intensity, but we also see the domino effects that amplify the impact even further. What are we referring to? Cybersecurity, extreme weather events, social instability, and yes… pandemics, all make it on the list.

Non-traditional "disruptors" are changing the distribution landscape and gaining traction.

Competition is fiercer than ever, with the rise of disruptive business models beyond traditional approaches, whilst searching for a viable financial proposition. New technologies allow for the entry of novel players with no legacy burden, appealing customer propositions and differentiating products. Think FinTech, Insuretech and Big Tech. As well, next-gen partnerships are driving innovation in the industry, creating opportunities to improve convenience for the customers.

A new working paradigm emerged under the impulse of Covid.

Hybrid leadership, remote working, work-life balance and reskilling all rank high in the results of our internal Horizon Scan survey. It is a fact that the employer/employee dynamic is shifting. Rising living standards in developed countries have also reduced the time that people spend working. New employer attributes such as flexible working, wellbeing and contribution to solving environmental/societal issues are all gaining traction in the war for talent.

Blockchain related trends were rated highly impactful by AI results, but less so in the survey by our people.

Blockchain technology - distributed ledgers, cryptocurrencies and Non-Fungible Tokens (NFT's) - have certainly gone through a few hype-boom-bust cycles over recent years. While this technology carries the potential for radical change, we observe still low (but growing) adoption within the insurance industry. Recent crypto crashes have impacted consumer confidence in blockchain, which might significantly slow down progress & adoption.
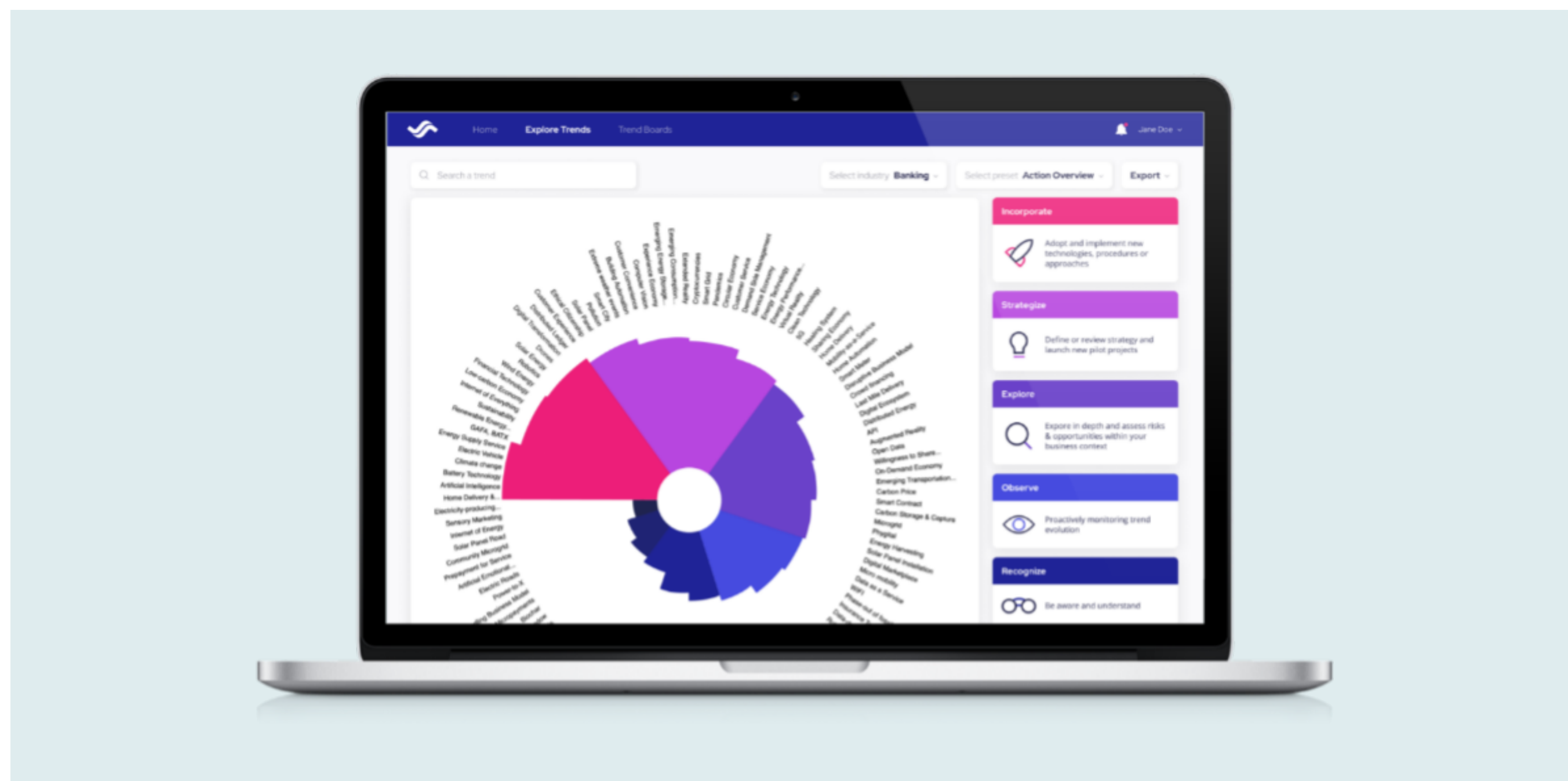
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Investment in Trension
means investing in the future

In 2022 Ageas took the partnership with Trension, an AI driven strategic intelligence start-up, to the next level. Alongside venture capital and equity funds manager Capricorn Partners, Ageas made a strategic investment in Trension. Trension's CEO Vincent Defour and Ageas's Group Director Strategy and M&A Ben Coumans reflect on their partnership.

Vincent, how did Trension get started and what was the motivation?

Vincent: As with all successful start-ups it starts with a great idea: **we wanted to visualise the way trends evolve through time using big data and inhouse AI-models**. This evolved into an innovative value proposition that supports corporate strategic foresight and sparks innovation. That's the core of what we do today. We have already been working alongside Ageas since 2019 to develop their Horizon Scan methodology, fuelled by our AI driven search engine.

Ben, what does this investment in Trension mean for Ageas?

Ben: We are building on what is already a highly successful partnership which has provided great added value to Ageas over the past years. **Trension significantly strengthened our annual Horizon Scan exercise, allowing us to confidently map trends that could impact the insurance sector - and therefore Ageas - in the future**. This investment much aligns with our ambition under Impact24 to grow alongside "future winners" outside of the traditional perimeters of insurance, allowing us to experiment around AI capabilities. We provide Trension with the means to scale-up its Trendtracker platform and to develop further capabilities on a broader and international scale. A growth from which Ageas can also benefit.

Why do you believe AI is becoming more and more an essential complement in strategic foresight?

Ben: In a VUCA world (Volatile, Uncertain, Complex, Ambiguous), many companies struggle to make sense of the rapidly unfolding changes and prioritise their potential impact. Organisations across sectors are stepping up their Strategic Intelligence and Foresight capabilities to thrive in such a complex environment. **Because the further you look into the future, the bigger the uncertainty and the more you need "hard" data that complements your assumptions**. In a world where gut feeling is not enough, AI augments our human analysis. It provides a greater level of confidence around the choices you make in future-proofing your business.

How does the future of your partnership look?

Vincent: Our No.1 priority is to further develop the online Trendtracker platform as a 'SaaS' offering (Software-as-a-Service). **Trendtracker is a 100% AI driven online platform that allows companies to get a tailored take on how their world is changing**. It provides insights about trends that matter to their stakeholders and the environment in which they operate. The potential reach for this type of service is huge, and the recent investment by Ageas and Capricorn Partners will allow us to grow this service on an international scale. So, in short: the future looks very good!

> ## "AI augments our human analysis.
> ## It provides a greater level of confidence around the choices you make in future-proofing your business."
> ### Ben Coumans, Ageas Group Director Strategy and M&A

Ben: The value Trension brings to Ageas's Horizon Scan exercise is evident. Moreover, the results from the Horizon Scan can now be shared in an intuitive way through Trendtracker. This allows us to better engage with people across the Group on strategic decision making. This year we opened up the Trendtracker platform to all employees of Ageas across Europe and Asia. Anyone in our business can now easily access key-insights on emerging and disruptive trends impacting our business at any moment. As Trension continues to develop its SaaS, Ageas can only benefit from these enhanced capabilities.

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Surfing the waves
of change

At Ageas, we believe the secret of valuable strategic foresight lies in preparing well for ALL future scenarios. That means considering all the possible driving forces, including the unexpected events or the small changes that can seem insignificant at first sight.

━━ Trends and megatrends

The insurance industry is facing many transformative moments. Different trends create global waves of change – megatrends – such as demographic evolution, environmental changes, next-gen economies, and accelerated IT innovation. They are provoking a fundamental shift that will shape the face of insurance for the years to come. However, the future is not just about trends or even megatrends come to that.

━━ Black swans

The Covid-19 pandemic clearly showed just how quickly the scenarios we built for the future can dramatically chance from what we originally thought possible. For instance, the pandemic had an enormous transformative impact on the acceleration of business' evolution towards new ways of working.

━━ Such events raise the question: how can we be equipped to be agile to deal with such future "surprises"?

Compared to the past, **unexpected events – called black swans - are increasing in frequency and do not unfold in isolation**. The impact of disruptive events - for instance: cyber-attacks, wars, floods - are more far-reaching and unpredictable than before., We can never look at them in isolation, but we need to connect the dots to **understand the consequences when they interplay**.

━ ━ Weak signals

Understanding how (mega)trends shape the world around us and being alert to black swan events represent crucial ingredients for any successful business. Missing these shifts can lead to major disruption. However, catching these potential trends early enough and capitalising on the opportunities they represent, can lead to growth.
These subtle changes are not easy to capture, as they start as 'weak signals' t**hat hold no major significance for our business today but they might grow exponentially in the future.**

They are an essential ingredient in our Horizon Scan: while our survey results can often detect weak signals, the proof points are difficult to trace through AI scanning alone. Our survey allows us to better anticipate the evolution of these trends and be more agile to act upon them **whenever they accelerate and turn into a big tide of change**.

One good example is hybrid workplaces. The pandemic (a black swan) has unleashed an unprecedented wave of change in how, when and where we work. With the increase in remote work, lines between private and professional life are increasingly blurred. While much of the discussion around the workplace has been about remote and physical workplaces, will hybrid workplaces (a combination of the two models) be the "final destination" or a weak signal of another major evolution of work?

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Imagine the future
A day in the life of Elena

Strategic foresight is about modelling different future scenarios based on the changes we can detect today. Many of the trends we spot today sound like science fiction but could become an integral part of daily life in - say - 10 years from now. Let's imagine a day in the life somewhere during the 2030 decade, through the eyes of Elena.

06:52 AM - The wake-up time had been set autonomously by the built-in digital assistant on Elena's personal phone, based on input received from her sleep quality tracker and the tasks and meetings set in her personal agenda by her digital assistant. With a click, Elena approves a software-update of the smart smoke and CO-detectors in her house, monitored through her home-insurance app.

07:10 AM – To start the day well, Elena goes for a quick morning run. While running, different body functions (temperature, blood pressure, heart rate) are monitored and current values are transmitted to Elena's digital healthcare provider as part of continuous health monitoring programme she subscribed to in order to reduce the cost of her health insurance policy. She has peace of mind that her electronic health records are stored in secured data vault.

8:25 AM - The robotaxi arrives right on time at her doorstep to take her to her first meeting of the day, the location of which was automatically shared with the car's navigation system. From the moment she steps into the taxi, she's covered with the pay-by-ride policy of the robotaxi. The electric taxi is shared with other passengers: a more sustainable alternative which diminishes congestion in rush hours and reduces the insurance cost.

9:00 AM - Elena joins her two other colleague-engineers, who just like herself are self-employed 'gig-workers', engaged on a construction project located on the other side of the globe. Elena has a life policy that protects her in case of adverse events. It automatically adapts to the different stages of her life and is linked to her healthcare plan. Moreover, in the context of this gig, the employing company is contributing to her private pension scheme.

1:30 PM - In a virtual cloud-based space, the functionality of the mock-ups for the construction project, created by a 3D printer overnight, is tested and adapted to emulate real materials. Coordination with the client abroad is organised in the metaverse-like virtual showroom created for the project.

4:15 PM: Time to catch up on her accounting. Elena has never possessed a physical wallet. Banknotes and coins are also a thing of the past for her and her friends. Almost all her private and professional transactions are processed and stored digitally in blockchain-based systems.

6:30 PM - After a day saturated by digital interactions of different kinds, she leaves her team and sets off for a refreshing walk back home… old style!

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