AXA: Claiming the Future of Insurance

"The insurance sector is at a historic turning point. Our customers – both individuals and companies – are no longer what they once were. They are interacting in new ways, exploring new services and facing new risks. In a world impacted by major technological and societal disruptions, the expectations around protection are increasing dramatically. Their impact on our sector will be major."[1]

Thomas Buberl, CEO, AXA Group

The AXA Group, headquartered in Paris, was one of the three biggest insurance companies in the world, protecting people, property and assets. Deviating from industry expectations, Buberl executed a massive strategic shift in AXA's business mix by pivoting away from a life and savings portfolio via divestitures and growing the commercial property and casualty business through a US$15.3 billion acquisition of US-based XL Group. He also launched AXA Next, a new business unit dedicated to building services and business models beyond insurance coverage.

With these fundamentals in place, Buberl was grappling with a several new challenges toward the end of 2019. Disruption of the insurance industry was already underway. The traditional barriers to entry were being effectively dismantled by emerging technologies that enabled a new breed of nimble competitors to cater to the preferences of young, digital-first customers. The key to winning in this playing field lay in innovating and redefining AXA's value propositions and business model in fundamental ways. Buberl stated:

> "The model that we envision, let's say in 10 years, is to be an orchestrator of a community of insureds who have the same interests."[2]

The rules of the game were changing fast. Could AXA keep up?

AXA Overview

French insurance group AXA had its roots in a small mutual insurer in Normandy. Under the leadership of Claude Bébéar from 1958 to 2000, it grew through many acquisitions to become a global leader. During the next decade and half, the group was led by Henri de Castries, who focused on developing AXA's core businesses (insurance and asset management), securing operational excellence, reducing spending, turning around technical results and strengthening risk management. He sold non-core activities, such as New York investment bank Donaldson, Lufkin & Jenrette, and operations in markets where the company's position was weak. At the same time, he expanded AXA's footprint in emerging markets, particularly in Asia.

All these efforts enabled the company to ride out the volatile period that started with the bursting of the dotcom bubble in 2000 followed by the 9/11 terrorist attacks in New York and the sub-prime financial crisis. Turbulent times continued through the early 2010s, with earthquakes in Japan and the Eurozone crisis, where AXA had significant exposure. Despite these upheavals, AXA delivered steady profits and consistent dividends while strengthening its balance sheet with an increase of over 50% in its assets under management, to €1,363 billion, during this 15-year period.[3]

Thomas Buberl, 43, took over the €100 billion business serving 103 million customers in 64 countries in 2016. He had been with the group since 2012, heading the company's operations in Germany and also a member of AXA's executive committee. As CEO, he was tasked by the board to lead a radical transformation to weatherproof AXA. He saw three big challenges looming: persistent low interest rates that hurt the life insurance business, sluggish growth rates and the ambiguous impact of digitization. Beyond that, the key question was whether he should increase the size of the franchise or focus on transforming the business for a digital future.

Buberl launched Ambition 2020 as the strategic roadmap to guide AXA's growth while accelerating its transformation to better serve customers. AXA operated primarily in six segments: France, Europe, Asia, AXA XL, the US and International (including the Middle East, Latin America and Africa) and had five operating activities: life & savings, property & casualty, health, asset management and banking (*see **Exhibit 1***).

Executing Ambition 2020

Ambition 2020 was underpinned by two strategic pillars: Focus and Transform. Focus involved delivering sustainable earnings growth through selective growth areas, cost efficiencies, technical margin improvement and active management of capital and cash in both developed and emerging markets. Transform required moving the business model from "Payer-to-Partner" by developing the capabilities of the company to meet rapidly changing customer expectations in the digital world (*see **Exhibit 2** for Ambition 2020 objectives and financial targets*).

With increasing life insurance regulations, slowing growth and significantly interlinked capital markets globally, Buberl decided that AXA needed to desensitize itself to volatile financial market risks and focus on lines of business that were close to the customer. This meant making a shift in AXA's business mix from being a life and savings company, where returns were linked to financial markets, into a property and casualty insurer. This was a bold move as the life and savings division accounted for 60% of total revenue in 2016.[4] Buberl stated:

> "Financial risk is much harder to diversify than insurance risk. The 2008 crisis showed the extent to which a crash on one stock market can rapidly spread to all others. By reducing our sensitivity to these risks, we reduce the impact of this scenario on AXA."[5]

Divesting the Life Insurance Business

The rebalancing strategy was implemented in 2018 through the divestiture of AXA Equitable Holdings Inc. – AXA's life and savings insurance and asset management subsidiary in the US. The initial public offering (IPO) of AXA Equitable in May, followed by a secondary common stock offering in November, generated total proceeds of $5.8 billion in 2018. In mid-2019, the company further reduced its stake to less than 50%, which meant that it could deconsolidate AXA Equitable and hold it on its books as an equity investment, while preparing to divest the remaining stake over time.

Similarly, in Europe, AXA made two moves to reduce its sensitivity to financial risk. In Switzerland, it modified an agreement with its main group life insurance foundations such that AXA would cover life, invalidity and incapacity risks in a semi-autonomous model, while the foundations took on asset allocation and returns on investment. AXA also sold its variable annuities activities run by AXA Life Europe.

The above transactions allowed AXA the ability to undertake the ambitious acquisition of US-based XL Group, which would enable it to become the global leader in commercial property and casualty insurance.

Acquisition of XL Group

Although Buberl was confident in his strategic pivot to property and casualty, industry experts and investors were not convinced. AXA's announcement that it would acquire XL Group for $15.3 billion was met with criticism and skepticism. Investors questioned both the logic and the large price tag of the acquisition. Not only was the XL acquisition complex, involving 60 countries, it was also being funded in part by capital raised from the AXA Equitable IPO. Buberl was worried when the company's stock dropped nearly 10% in one day following the announcement (*see* ***Exhibit 3***). He stated:

> "I won't even attempt to lie. When you have a strategic view and the market gives you a reaction that is completely the opposite, you start doubting. Many people told me to withdraw from the market. They said, 'Give time to the investors to digest this

> news, and in half a year, you try again.' I said, "No, I need to do exactly the opposite."[6]

With strong conviction in their plan, Buberl and his team made a concerted effort to explain the rationale and benefits of the acquisition to the market and its investors. Not only would XL give AXA scale but its commercial relationships would also open doors for the employee health and protection sides of the business. Buberl specifically addressed investor concerns around the execution risks.

The acquisition of XL Group made AXA the largest commercial insurer globally (*see* ***Exhibit 4***).

Going forward, Buberl decided to target three segments for growth – health, protection (short-term disability, invalidity, long-term care and life insurance), and commercial property and casualty insurance. According to Buberl, the three segments were quite similar because they were close to the customer, with a high frequency of interaction and a greater demand for expertise from customers keen to reduce their risks. He expected that after the complete exit from AXA Equitable, 80% of the company's revenue would come from these preferred segments. Buberl stated:

> "People are more concerned by risks that are emerging, take climate, take cyber, take health. These challenges create a different and more overwhelming anxiety about future events than death and disability, which are risks we've always known. The same is true on the commercial side. Health, for companies, is about: What are the risks of the company? How can you reduce the risks?"[7]

Strengthening AXA's Position in Health

AXA's health insurance business insured 13 million customers in 36 countries in 2016, accounting for 12% of its total revenue.[8] The company decided to place strong emphasis on this business to tap into the growth opportunity provided by major trends such as longer life expectancy enabled by medical and technological progress; new pathologies linked to the environment; and rising healthcare costs and increasingly complex healthcare journeys. New patient-professional communities were emerging to exchange advice, share services and even offer medical care. All these trends were driving new protection needs that were increasingly being served by digital native start-ups. Buberl was concerned that such "insurtechs" could start muscling in on AXA's health businesses. He stated:

> "Technology companies will mostly attack us in health. If we do nothing, then in five years they'll run us over. They will break down the barriers between pharma and device companies, and between doctors, hospitals and patients. I believe the big revolution will come on the health side."[9]

AXA's involvement and approach to this segment varied across countries in line with the maturity of the local health system. In mature markets with well-developed, high-quality infrastructure, AXA created relevant services solutions such as online appointment systems, home medical deliveries and remote consultations to assist the patient journey. In France, for example, AXA was the first private company to launch telemedicine services, which had provided remote medical consultations to more than 5 million people by 2019.[10] Other moves included the acquisition of Maestro Health, a US-based company offering a digital platform for health benefits management, and a partnership with Advance Medical to launch Virtual Doctor Service – Global Care on Demand. This service operated in eight hubs around the world offering access to experienced, internationally qualified, multilingual doctors (more than 20 languages) over the phone 24 hours a day, or via a video consultation.[11]

In developing countries, AXA was often directly involved in providing healthcare. For example, the company announced a joint venture with Keralty, a leading health insurer and services provider in Colombia, to develop a vertically integrated health system incorporating quality day-to-day healthcare delivery. In Egypt, AXA decided to open wholly owned diagnostic centers and primary care clinics supported by World Health Management as its technical partner, which had expertise in designing and setting up healthcare facilities. The insurer intended to open as many as 50 medical clinics to serve up to 1.5 million clients across emerging markets by 2023.[12] By launching its own medical centers that linked directly to its health insurance services, AXA strove to create a digital and physical healthcare ecosystem. All these moves served to advance its Payer-to-Partner strategy by simplifying and enhancing the healthcare journey of customers.

Accelerating Growth in Asia

Under Ambition 2020, Buberl identified Asia as one of the company's key growth drivers. AXA already provided life and general insurance with an operational presence in Hong Kong, Singapore, Indonesia, China, India, Malaysia, the Philippines and Thailand. The goal was to seize the opportunities provided by (1) the financial inclusion of a large and highly underinsured emerging middle class; (2) an increase in healthcare challenges; (3) rising standards of living; and (4) the burgeoning commercial businesses in the region. In 2015 only 17% of global insurance premiums came from emerging markets, even though these markets contributed 40% to global gross domestic product (GDP). The causes of this protection gap ranged from a very local cultural understanding of risk, and the lack of accessible and affordable solutions, to limiting and fragmented regulatory frameworks in these markets.[13]

AXA's objective was to grow revenue and underlying earnings in Asia by 2020. The execution plan was built on four levers: (1) leveraging its partnership portfolio; (2) reaching new customer segments; (3) delivering more value to existing customers; and (4) improving the business mix to focus on less interest rate sensitive and more profitable products.[*] Some of AXA's key partners in the region included prominent players like ICBC and Tian Ping in China, Krungthai in Thailand and Bank Mandiri in Indonesia. It also aimed to partner with telcos, payment banks and retailers in Indonesia, India, Thailand and the Philippines.

However, Buberl was dismayed as Asia underperformed over the next two years. China saw a fall in new business due to lower sales of traditional savings products; Thailand

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[*] Such as protection & health and unit-linked business in life and lifestyle products such as home, travel, personal accident and liability.

suffered because of lower sales and low margin products; and Indonesia experienced less new business in both agency and telemarketing channels. In 2018, Asia contributed 9% of the company's gross revenues and 23% of new business.[14] The potential to grow was massive to achieve the goal of becoming "the preferred insurer in Asia."

Buberl renewed the company's focus in the region by driving growth in China. In line with this, AXA acquired the remaining 50% stake in its China joint venture, AXA Tianping, which was by far the biggest foreign-invested property and casualty insurer in China, with premiums in 2018 that were double those of the nearest competitor (Cathay Insurance). Full control of AXA Tianping gave the company a national footprint with 25 branches and 93 sub-branches, covering 20 provinces across the country. The strategy in China going forward involved upgrading its technical expertise, improving claims management and operational efficiencies, and reducing loss ratios. According to market research data, China would contribute the most to life and non-life premium growth over the next two years, and its share of global premiums was expected to reach 20% by 2029, up from around 11% in 2018.[15] Buberl stated:

> "We have a clear strategy to grow and create value in Asia, by transforming our distribution with an increased focus on agency, pivoting towards health and well-being, strengthening AXA's brand recognition in the region and accelerating in China."[16]

Launching AXA Next

AXA had been working for a number of years to create an innovation ecosystem comprising Kamet – an insurtech incubator; AXA Venture Partners – an investment fund supporting startups; and AXA Partners, which focused on developing innovative partnerships between AXA and other players. In January 2019, all these initiatives were formalized under a new entity, AXA Next, with a single objective – build new services and business models, going beyond insurance coverage, to become a true partner of customers (*see* ***Exhibit 5***). AXA decided to invest €200 million annually in this innovation vehicle which was led by Guillaume Borie, CEO of AXA Next and group chief innovation officer.

AXA Next aimed to speed up the pace of innovation by working in partnership with both the largest digital companies and small disruptive players. It decided to work with the company's ten principal markets to facilitate their access to the AXA Next ecosystem – for example, specific solutions from Kamet and AXA Partners, or with the start-up portfolio of AXA Venture Partners. Borie explained:

> "The role of AXA Next is to focus on the development of specific economic models for the business that can stand the test of time without being attached to any one particular insurance product. To that end, we can also conduct M&A transactions and conclude long-term partnerships with global ambitions that are uncorrelated to insurance strategy."[17]

AXA Next's mandate was to focus on four strategic pillars: (1) **health**, offering services related to improving access to care and improving outcome; (2) **platform economy**, supporting new economy players such as Uber and BlaBlaCar by providing basic social security for their drivers; (3) **business continuity for SMEs**, by minimizing business disruption in the event of cyberattacks; and (4) **mobility**, supporting providers of autonomous vehicles for shuttle services, insurance against plane delays, etc.[18]

Responsible Leadership

The insurance industry, given its socioeconomic role, could make an important contribution to meeting some of the major current challenges – climate change, sustainability and loss of biodiversity.[†] AXA was one of the first companies to commit to a responsible investment and underwriting strategy including restrictions that affected a significant business book. Buberl stated:

[†] During the May 2019 G7 Environment Ministers meeting, AXA and WWF (Worldwide Fund for Nature) published a report calling on these advanced economies to launch a Task Force on Nature Impact Disclosures to protect biodiversity.

"To tackle climate change, we must use every lever possible. This means implementing an ambitious strategy everywhere we can."[19]

AXA's responsible investment strategy was based on the following pillars:

- Excluding sectors/companies that faced acute social, human rights, ethical or environmental challenges. These sector restrictions (which applied to both investments and insurance) included controversial weapons, coal mining/coal-based power generation, oil sands and associated pipelines, palm oil, food commodity derivatives, and tobacco. In 2016, AXA was the first global insurer to announce that it would divest €1.8 billion of tobacco investments and stop insuring tobacco-related activities as its holdings in cigarette companies were at odds with its position as a health insurer. This was a major move, since tobacco was a profitable financial investment as smoking continued to grow in the developing world (in line with increasing disposable income). Buberl confirmed:

  "This decision has a cost for us, but the case for divestment is clear: the human cost of tobacco is tragic; its economic cost is huge!"[20]

- Promoting "green" investments across different asset classes. After reaching its first €3 billion green investment target in 2017, AXA scaled this target up to €12 billion by 2020. This included "impact investments" delivering positive environmental or social benefits as well as financial returns, which were actively tracked. By 2019, AXA had made a total commitment of €550 million through three impact funds: Impact Fund 1 (2013), focusing on financial inclusion, access to healthcare and education; Impact Fund 2 (2016), focusing on environmental and social impact; and Impact Fund 3 (2019) dedicated to biodiversity and climate change.[21]

- Integrating ESG (environmental, social and governance) goals and carbon metrics into investment and decision-making processes. This included the implementation of ESG "minimum standards" rules to review and potentially exclude underperforming issuers from AXA's portfolios.

Buberl went on to extend these policies to the new AXA XL division, a move that would affect more than €100 million in premiums. This meant that AXA XL could no longer underwrite the construction and operations of coal plants, coal mines, oil sands extraction and pipelines as well as Arctic drilling. AXA XL would also apply the group's investment exclusions policy, which would result in €660 million of divestment.

Beyond these internal initiatives, AXA announced its support for the launch of the UN's Principles for Sustainable Insurance (PSI) Climate Ambition Coalition. Members of this coalition would not only commit to actions on decarbonization and climate resilience in their insurance and investment activities, but also raise their climate ambition in line with the 2016 Paris Agreement.[+]

Insurance Industry Trends

Global insurance premiums passed the $5 trillion mark for the first time in 2018, equivalent to more than 6% of world GDP (*see* ***Exhibit 6***).[22] This was based on strong growth in the non-life sector – particularly in China and other emerging countries in Asia, but also in developed markets. The insurance business was traditionally conservative, built on trust and caution, with a value proposition that hinged on stability, accuracy, reliable claims payment and policy renewal. These values had always been more important than innovation. However, the new generation of consumers wanted choice, flexibility, simplicity and personalization in what they purchased, the channels they used, and how they interacted with insurers. Consequently, insurance remained a highly competitive space operating across multiple segments, products and specialties.

Wave of Mergers and Acquisitions

Growing earnings was increasingly difficult, even for large insurers, since persistent low interest rates were squeezing already tight margins, making it difficult to cover rising

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[+] The agreement aims to mitigate global warming and was signed by 195 members of the United Nations Framework Convention on Climate Change (UNFCC).

capital requirements in line with stricter regulations. The reinsurance sector also remained under pressure from alternative capital. All these factors were driving M&As across all sectors – property and casualty, life, health and insurance broking. Some of the top deals in recent years included Ace's $28 billion acquisition of Chubb; AIG's $5.56 billion acquisition of Validus; Markel Corp.'s acquisition of Nephila Holdings; Cigna's $67 billion acquisition of Express Scripts; and CVS Health's $69 billion acquisition of Aetna. Geographic diversification was also driving deals, as shown by China Re's acquisition of Hanover Insurance International Holdings, and RenaissanceRe Holdings Ltd.'s purchase of Tokio Millennium Re. The insurance, reinsurance and insurance-linked securities markets were expected to continue to converge through M&As in the following years.

The Impact of Technology

Insurance companies relied on their ability to predict the magnitude of risk posed by a company, individual or organization. The more information an insurance company had about the consumer, the more accurate the predictions it could make, which in turn allowed the insurer to earn more revenue and grow margins. Hence, the following emerging technologies were having a significant impact on the insurance industry:

- ***Artificial Intelligence (AI)***: AI and machine learning algorithms applied to the most data-intensive processes could extract insights to assess risk much like humans, but much faster and often better. This was reducing the time spent on insurance tasks from hours to seconds. Using robotic process automation and AI, insurance companies were accelerating claims management and underwriting while also reducing leakage. Development of a seamless automated buying experience, personalized interactions and customized coverage for specific items/events as required by customers was also being enabled by AI.
- ***Internet of Things (IoT)***: Sensors were providing personalized data about customer behavior to pricing platforms, allowing safer drivers to pay less for auto insurance (known as usage-based insurance), and people with healthier lifestyles to pay less for health insurance.

- ***Blockchain technology***: The banking industry had already seen the application of blockchain, and insurance was expected to bring the technology onboard in the near future. Insurance companies worked with many different players in increasingly complex business ecosystems with a long value chain. Blockchain technology could efficiently coordinate this complex network of stakeholders by providing an overview of the entire value chain via automated data synchronization (with all players having the same up-to-date view of transactions at any time); more effective and efficient contract handling; and cooperation among players.

The Rise of Insurtechs

Insurance industry stalwarts were being disrupted by a new wave of competitors – insurtechs – in the same way that the banking industry was being disrupted by fintech enterprises. More than $8 billion was raised by insurtech companies globally between 2016 and 2018, with over 630 deals completed during the period. These technology start-ups leveraged the abovementioned technological advancements to provide increased personalization, greater speed and improved efficiency in services. In response, the large incumbents first resorted to investments in new technology to improve customer experience and reduce costs. Gradually, they started making a more strategic shift to new business models – often through acquisitions, partnerships with insurtech enterprises, and corporate venture capital initiatives – to deliver their transformation agenda.

Competition

For AXA, the nature and level of competition varied depending on the country. It competed not only with insurance companies but also with banks, asset management companies, investment advisers and other financial institutions. Among insurance companies, AXA faced competition from three sets of players: global multi-line insurance majors; strong regional players; and a range of digital-first insurtech companies (*see **Exhibit 7***). Allianz, Europe's largest insurer, was the biggest rival to AXA, which ranked second. Other key competitors were AIG, Zurich, Aviva and Generali. Competition in the different geographies where AXA operated came from regional players such as China Life and PingAn in China, Great Eastern in Southeast Asia, Life Insurance Corporation in India, and Manulife in Canada, among others.

At the same time, insurtechs were posing a serious challenge. Their innovative solutions – being secure, customer-focused, personalized, multichannel (available from various devices) and real time – were gaining traction worldwide. For example, Slice provided pay-per-use on-demand insurance enabled by an insurance cloud service platform that catered to the gig economy; San Francisco-based Trov allowed consumers to insure single items such as cameras and digital devices for any period of time entirely from their mobile phone; and Sweden's BIMA offered insurance and mobile health services for low-income families reaching around 26 million customers in 14 countries (Allianz's digital-focused investment arm, Allianz X, had invested $96 million in BIMA).

Buberl recognized that AXA had a window of opportunity to innovate and transform itself. The launch of AXA Next was a step in this direction. For Buberl, embracing the digital future would be crucial for AXA to prevent itself from being disrupted by even bigger potential new entrants into the market. He stated:

> "Allianz, Zurich, Generali and others are the competition of today. I have very clear indications that the competitors of tomorrow are Google, Apple and Facebook."[23]

Facing Externalities

Although Buberl had aimed for higher earnings, in 2018 AXA's net profits fell sharply – by 66% from the previous year to €2.14 billion (*see* ***Exhibits 8A*** *and* ***8B*** *for a financial summary*). There were two key reasons. The first was related to charges for AXA Equitable's IPO. The company had to book a €3 billion write-down on the value of AXA Equitable which was listed at a price below its worth in AXA's books. The second and more critical reason was a spate of natural disasters.

The Impact of Climate Change

The new AXA XL unit was confronted by abnormal natural disaster activity in the fourth quarter of 2018. Natural disasters cost the company about €2 billion, of which €600 million corresponded to hurricane Michael in the US and wildfires in California.[24] Buberl elaborated on the unusual severity of these natural catastrophes:

> "What we normally experience in losses in one year with AXA, we experienced in one quarter with AXA XL, and it was very much an abnormal thing. This was a year like we see every ten or eleven years."[25]

According to Buberl, a world that was four degrees hotter would be "uninsurable." The increasing numbers and intensity of fires, floods, droughts, hurricanes and rising sea levels were the result of climate change. Insurers were already experiencing a large increase in their payouts for losses related to weather events. Buberl believed that rising temperatures could impose such an unpredictable and enormous cost that they would represent an existential threat to the insurance industry.

In future, insurers would need to offer risk-rated insurance that reflected the consequences of extreme weather. For example, energy companies could be sued for damages caused by climate change. Although premium prices were not being hiked yet, insurers would have to vary prices year by year in many cases. Under new regulatory measures in Europe, the industry was required to calculate and report on its exposure to climate change.

The Impact of Sociopolitical Turmoil

In AXA's home country, the *gilet jaunes* (yellow vests) movement in November 2018 that erupted into violence, with road blockages, burned vehicles, vandalized shops and looting in Paris and other French territories, had a direct impact on AXA France. The resulting claims hit the company's performance in the 2018 and 2019 financial years. The final figures were not yet known because many claims were still developing, particularly where businesses caught up in the protests had not been able to start operating again. The expected impact was about €20 million across the two years.

Another political challenge that would impact AXA was the UK's plans to leave the European Union. AXA planned its operations for a hard UK Brexit. The company decided to handle its European large risks and reinsurance through a unit in Ireland, while its people in

London would handle only the UK businesses. When companies moved operations from one country to another, regulators typically required a minimum of sensitive tasks to be carried out under supervision in the new location. As a result, AXA would have to move employees not just from Britain but also from Paris to Dublin as Brexit inched closer to realization.

Going Forward

In 2018 AXA Group achieved gross revenues of €103 billion (a 4% increase over 2017) with underlying earnings of €6.2 billion (a 6% increase over 2017), supported by an employee base of about 125,900. As Buberl looked at 2020 and beyond, he had to consider the concerns being raised about an economic slowdown – if not a full-fledged recession. The odds were high, driven by the Sino-US trade and currency disputes as well as the ongoing rivalry between the two countries over technologies of the future, mainly 5G and robotics (*see* ***Exhibit 9*** *for global risks on the horizon*).

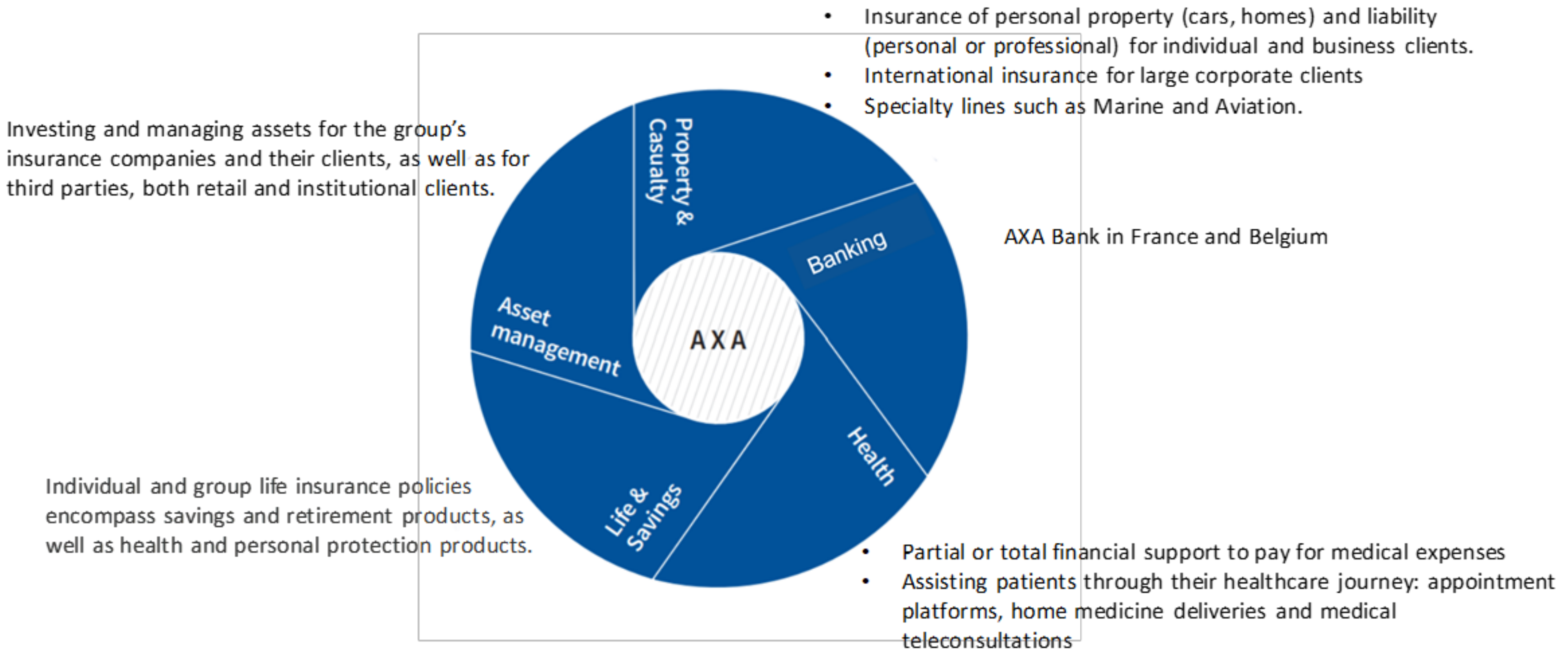
Buberl had to ensure that AXA leveraged its market leading position to address the disruptive challenges facing the insurance industry by reinventing the business in profound ways. He believed that all the strategic moves under Ambition 2020 had created a strong foundation and set the direction for AXA. In order to seize the future opportunities, he pondered over the following questions:

- Digital disruption of the insurance industry was gaining momentum. How should AXA advance on its Payer-to-Partner transformation journey? What should be the strategic roadmap and targets for AXA Next?
- New product development was high on AXA's agenda. How could it speed up innovation to create new products/services/experiences that would differentiate it in an increasingly fluid society and marketplace?
- Execution was key to accelerating Asia as a growth engine for the future. What could AXA do to have greater impact in the region?

- In what ways must the company’s long-established processes and ways of working change to adapt to the new realities of the digital world?

It was time to start charting AXA’s five-year strategy to 2025.

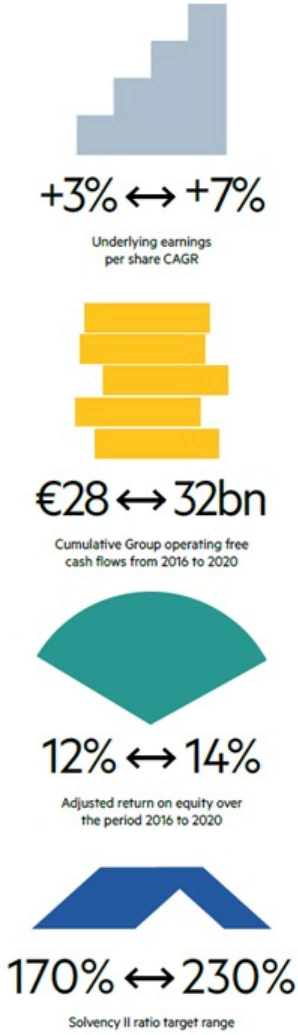
Exhibit 1: AXA Group: Business operations



Source: Adapted by author based on website information and Annual Report 2018

Exhibit 2: Ambition 2020

Strategic Pillars of Ambition 2020 **Financial Targets**

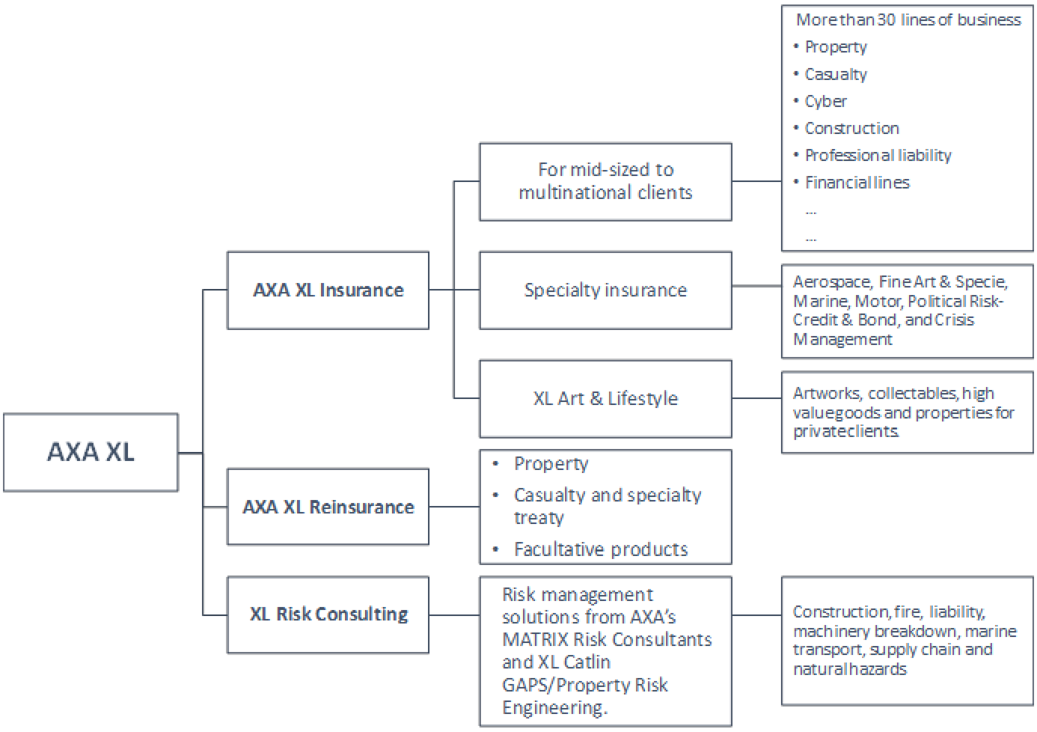


Source: https://www.axa.com/en/about-us/ambition-2020 and Annual Report 2016.

Exhibit 3: AXA share price chart

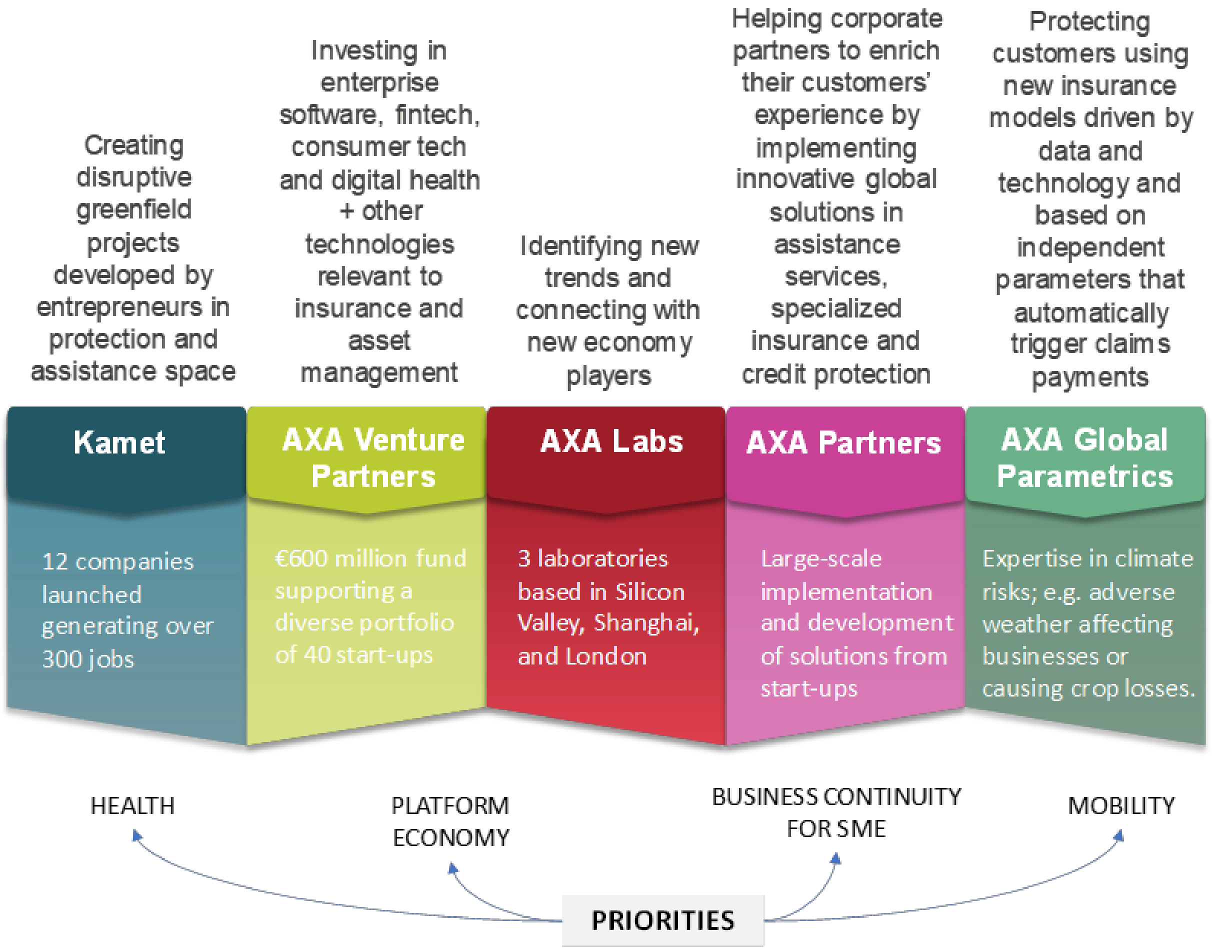
Source: Yahoo Finance

Exhibit 4: AXA XL offerings



Source: Compiled by author based on website information

Exhibit 5: AXA Next



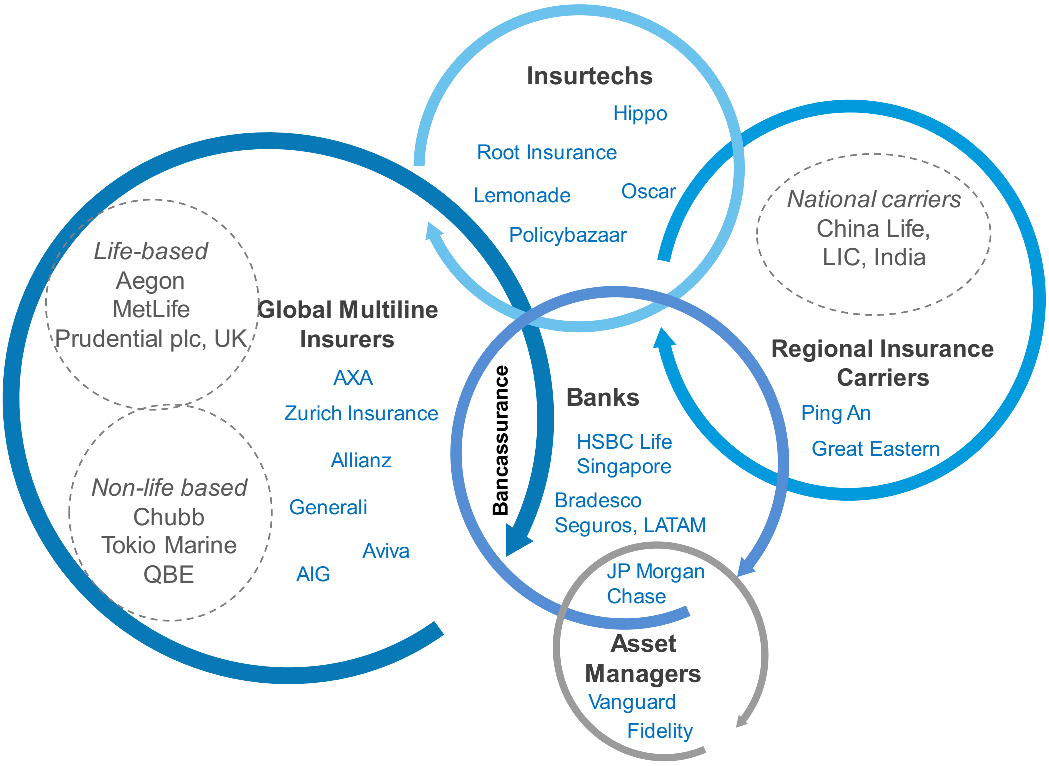
Source: Compiled by author based on website information

Exhibit 6: Insurance industry

	2018	2017	2016	2015
Global premium volume (US$ million)	5,193	4,957	4,732	4,597
Life	2,820	2,724	2.617	2,546
Non-life	2,373	2,233	2.115	2,051
Number of reinsurance M&A deals completed globally	382	350	387	444
Global insurtech investments (US$ million)	4,152	2,220	1,686	2,705
Number of insurtech deals	257	203	174	129

Source: Compiled from Sigma World Insurance in 2018, 2017 and 2016 by Swiss Re Institute; Insurance Growth report 2019 by Clyde & Co; and Willis Towers Watson – CB Insights Quarterly InsurTech Briefing, Q4 2018.

Exhibit 7: Competitive landscape



Insurance company	Results	Details
AIG	Revenue: $47.4 bn Losses from 2016 to 2018 Market cap: $49.9 bn	Focus on restructuring, reducing costs and shedding excessively risky businesses.
Aviva	Group adjusted operating profit: £3.1billion	UK's largest insurer with 17% share of life and savings market and a 10% share of general insurance and health market.
Allianz	Revenue: €130.6 bn Operating profit: €11.5 bn Net income: €7.7 bn Market cap: €89.9 bn Assets under management: € 1,961 bn	Among the top 3 Property and Casualty insurers globally; among the top 5 Life/Health businesses and asset managers globally.
Generali	Gross written premium: €66.7 bn Operating income: €4.8 bn Net income: €2.1 bn Market cap: €28 bn Assts under management: €488 bn	The leading insurer in Italy and the second largest in Germany; in France it ranks seventh in the life insurance segment and sixth in the P&C segment.
China Life	Revenue: $97.2 bn Net income: $1.6 bn	Largest insurance company in China. The Chinese government holds a 68% stake in the insurer.
Ping An Insurance	Revenue: $160.9 bn Net profit: $16.2 bn Market cap: $220.2 bn	China's second-biggest insurer; it reported its sixth year of double-digit percentage growth in earnings

Source: Author's interpretation of competitive ecosystem; table compiled by author

Exhibit 8A: AXA financial overview

(in € million)

	2019 H1	**2018**	**2017 (restated)**	**2016 (restated)**
Revenue	**57,949**	**102,874**	**98,549**	**100,193**
France	13,383	25,175	24,475	24,557
Europe	19,978	36,738	35,992	37,039
Asia	4,827	8,973	8,985	9,542
US	4,297	16,483	16,911	16,872
AXA XL	10,436	6,287	2,512	-
International	3,662	6,535	7,034	6,981
Transversal & Central Holdings	1,367	2,684	2,640	5,202
Underlying earnings	**3,620**	**6,182**	**6,002**	**5,688**
France	873	1,573	1,492	1,385
Europe	1,333	2,532	2,326	2,305
Asia	620	1,101	1,089	1,047
US	283	1,125	1,135	998
AXA XL	502	(233)	70	-
International	240	400	337	288
Transversal & Central Holdings	(232)	(316)	(383)	(335)
Net consolidated income	**2,333**	**2,140**	**6,209**	**5,829**
Total assets under management	-	**1,423,844**	**1,438,532**	**1,428,757**
Shareholders' equity	66,725	62,428	69,611	70,597
Dividend per share (€)	-	1.34	1.26	1.16
Solvency II Ratio	190%	193%	205%	197%

Source: Compiled by author from annual reports

Exhibit 8B: Gross revenue breakdown by business segment

	Gross revenues [(a)]											
	Life & Savings		Property & Casualty		Health		Asset Management		Banking		Total	
	Years ended December 31,											
(in Euro million)	2018	2017	2018	2017 restated [(b)]	2018	2017	2018	2017	2018	2017	2018	2017 restated [(b)]
France	13,542	13,151	7,061	7,307	4,356	3,877	-	-	215	139	25,175	24,475
Europe	15,679	15,215	15,760	15,633	5,258	5,105	-	-	41	39	36,738	35,992
Asia	5,780	5,702	1,245	1,313	1,947	1,970	-	-	-	-	8,973	8,985
AXA XL	45	-	6,241	2,512	-	-	-	-	-	-	6,287	2,512
United States	13,723	14,154	-	-	54	57	2,706	2,700	-	-	16,483	16,911
International	1,285	1,678	3,722	3,798	1,295	1,235	-	-	233	323	6,535	7,034
Transversal & Central Holdings	5	7	1,290	1,199	146	158	1,243	1,276	-	-	2,684	2,640
TOTAL	**50,059**	**49,907**	**35,320**	**31,763**	**13,056**	**12,403**	**3,950**	**3,976**	**490**	**501**	**102,874**	**98,549**

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.

Source: AXA annual financial report 2018

Exhibit 9: Global risk monitor

Source: "World Insurance: The Great Pivot East Continues." Swiss Re Institute, sigma No 3/201

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