

UNIQA Worldview

Megatrends update

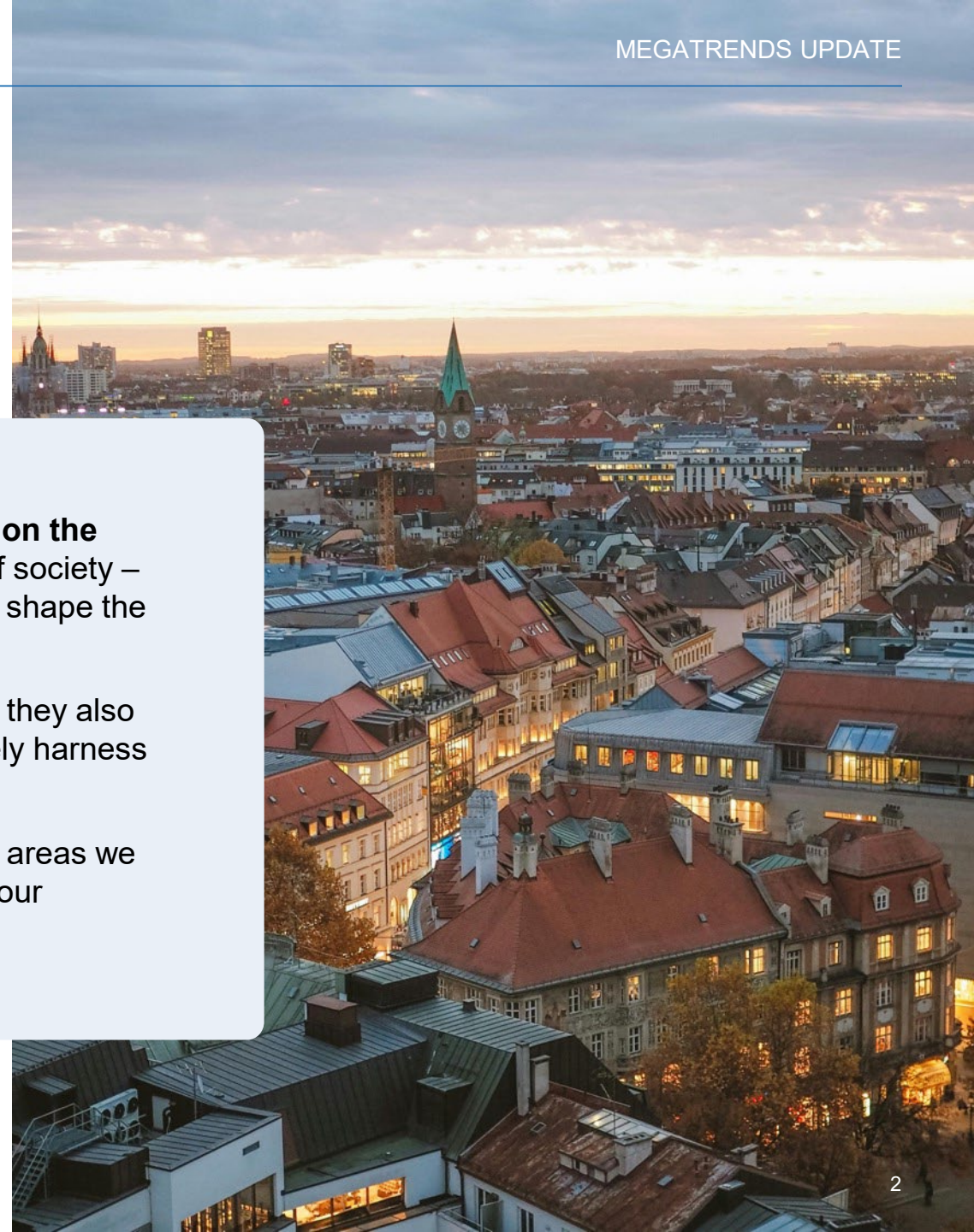
As of: November 2024

Megatrends: The drivers of change

Megatrends are **changes that have both a long-term and an enduring impact on the entire world**. They are interwoven and have a significant influence on all areas of society – on our lives, our industry and our markets. Megatrends are drivers of change and shape the world around us.

The global upheavals caused by megatrends bring challenges, but more crucially they also lead to significant **opportunities** for those who are willing to recognize and actively harness their potential.

Megatrends form the **foundation of our group strategy**. They can indicate to us areas we need to proactively develop in order to remain sustainably relevant in the lives of our customers.



The Megatrends that influence us*



Digitalisation & AI

Digitalisation is rapidly and fundamentally changing the way we live, work and do business. Human-machine collaboration through AI will define our future.

Economic shifts in power

After a volatile phase in the wake of the Covid-19 pandemic and the war in Ukraine, inflation is stabilising and interest rates remain high. The economic balance of power continues to shift towards Asia.

Climate change

Climate change is real and its effects are clearly noticeable. There is no Planet B. Our greatest challenge is to take action now to dam a climate crisis.

Health

Current developments are having a significant impact on the healthcare sector, including demographic change, changing patient behaviour, new care models and e-health technologies.

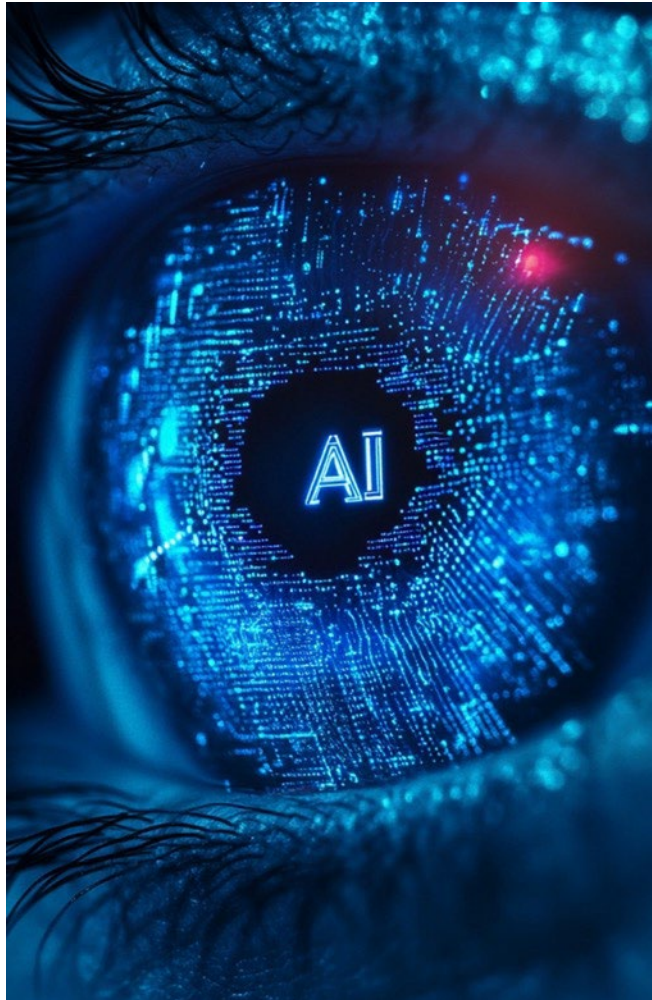
Geopolitical tensions

Conflicts and wars have increased in many regions of the world and have had consequences for our living environments – for example: the economy, the labour market and supply chains.

Social change

Cultural polarisation, the increasing danger of business-damaging controversies and 'shitstorms' as well as increasing urbanisation are dominating our social interactions.

Digitalisation & AI



Digitalisation is rapidly and fundamentally changing the way we live, work and do business. Human-machine collaboration through AI will define our future.

Revolution in the worlds of work and business

- Artificial intelligence is changing the worlds of work and business
- Up to 40% of activities can be automated and optimised: new job profiles are emerging
- New working models enable working from home and greater flexibility in everyday life. At the same time, constant availability increases the risk of burnout
- Virtual and augmented reality (e.g. the metaverse) are changing customer experiences
- The expansion of omnichannel services is becoming more important in the consumer and leisure sector
- Disinformation – reinforced by technological tools (e.g. deepfakes) - promotes cultural polarisation (see Russia/Ukraine)

Opportunities

- If we understand our customers' needs effectively and harness the potential of our employees, we can be successful as a pioneer in our constantly changing world.
- Faster and smarter processes through automation



Climate change



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Noticeable climate change

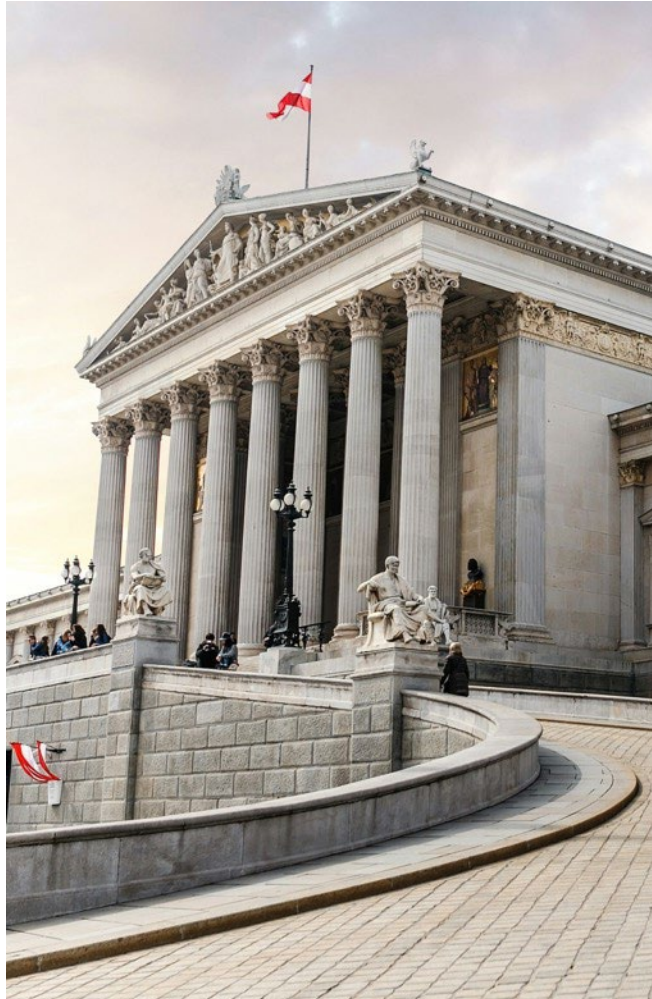
- Global temperatures are expected to rise by 1.5°C by 2100. The increasing demand for cooling facilities will increase the use of resources, especially electricity and water
- Global water demand is estimated to increase by 20 to 30% by 2050
- Natural disasters and extreme weather events will become more common
- Devastating consequences in Austria and Eastern Europe: periods of drought, forest fires, decreased snowfall, flooding – which will have a particularly negative economic impact on agriculture, forestry and ski resorts
- The European Commission hopes to achieve climate neutrality for the continent by 2050 with The European Green Deal

Opportunities

- Young people from Generation Z in particular favour companies that are committed to environmental protection and sustainability. In this area, we can position ourselves as an attractive employer and a relevant companion for a better life.
- Comprehensive ESG consulting for companies of all sizes, e.g. UNIQA Sustainable Business Solutions



Geopolitical tensions



Conflicts and wars have increased in many regions of the world and have had consequences for our living environments, and especially the economy, the labour market and supply chains.

Increasing tensions influence our lives in Europe

Within Europe

- North vs. South: Fiscal policy (debt brake vs. money printing; Eurobonds to consolidate debt)
- East vs. West: shifts in values and cultural polarisation are an increasingly significant focus

Russia / Ukraine

- Russian war of aggression against Ukraine is causing a loss of business there as well as a continuing flow of refugees
- Rising inflation and risk of blackouts due to energy crises
- New, heightened cyber risks arising
- Less money for social welfare, education and infrastructure

Middle East: Possible resurgence of IS and al-Qaeda, failures of international intervention in Afghanistan, the Israel situation

China: Supply chain risk for medicines, consumer goods, raw materials, etc.

USA: Ongoing political tensions and polarisation

Opportunities

- Flows of refugees and migration also offer opportunities for the labour market, especially in the care and IT sectors.



Economic shifts in power



After a volatile phase in the wake of the Covid-19 pandemic and the war in Ukraine, inflation is stabilising and interest rates remain high. The economic balance of power continues to shift towards Asia.

Challenging macroeconomic environment

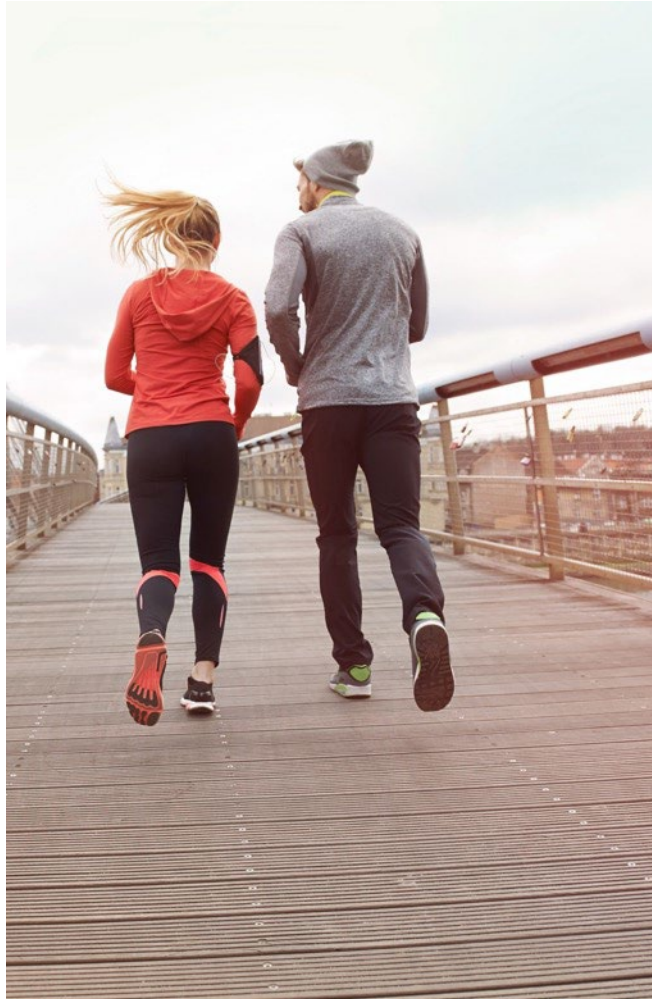
- Inflation is stabilising again, but at a higher level than before the Covid pandemic and the war in Ukraine
- This increases the burden of insurance benefits in the long term, as index-driven rate adjustments are only made with a delay to the rise in costs
- Interest rates are also stabilising at a higher level than before the Covid pandemic and the war in Ukraine
- Almost no real economic growth is expected in the eurozone in the coming years; the outlook for the CEE region is slightly more positive
- The world's economic balance of power continues to shift towards Asia
- Increasing scarcity of resources intensifies competition for strategic raw materials from developing regions

Opportunities

- Sustainably higher interest rate environment, which is particularly important for long-term pension provision



Health



Current developments are having a significant impact on the healthcare sector, including demographic shifts, changing patient behaviour, new care models and e-health technologies.

Ageing and a rise in the ‘diseases of civilization’

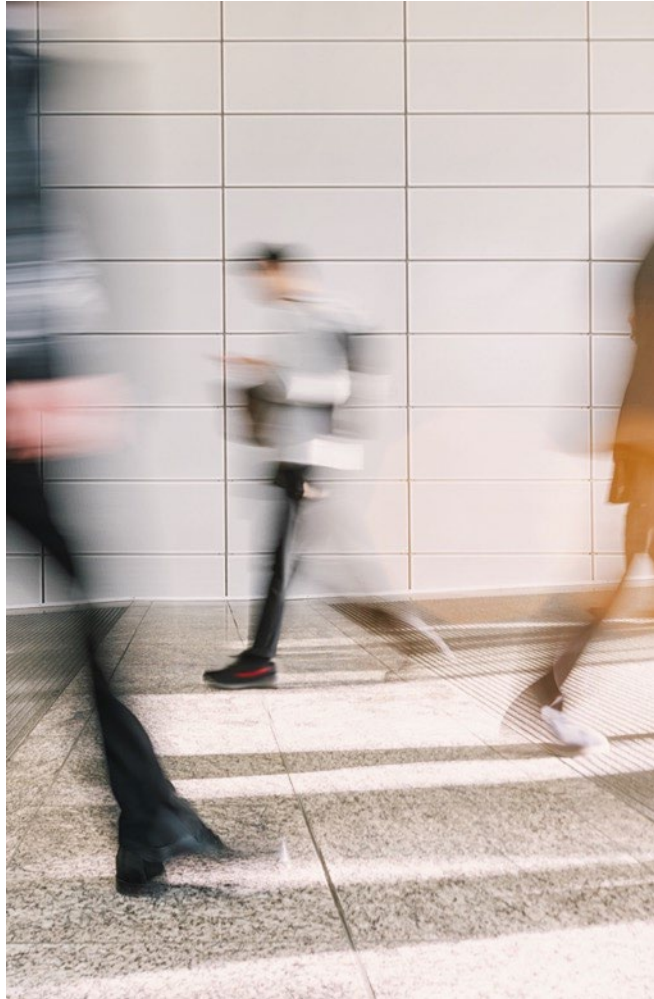
- Rising life expectancy leads to an ageing population and increased healthcare costs
- Chronic illnesses and ‘diseases of civilization’ are on the rise, especially in educationally disadvantaged groups, and these diseases increasingly also affect children and adolescents
- Medical progress enables personalised therapies and early detection of degenerative processes → new care models are required
- Shortage of doctors affects care, while telemedicine and digitalisation are increasing
- Data protection concerns and legal challenges around e-health technologies

Opportunities

- Patients are becoming more informed and perceive health as a consumer good → focus on optimal quality of service
- E-health technologies are advancing and facilitating care
- Higher demand for insurance offerings due to the increase in private healthcare expenditure



Social change



Cultural polarisation, the increasing danger of business-damaging controversies and 'shitstorms' as well as increasing urbanisation dominate our interactions.

Cultural polarisation and increasing urbanisation in Europe

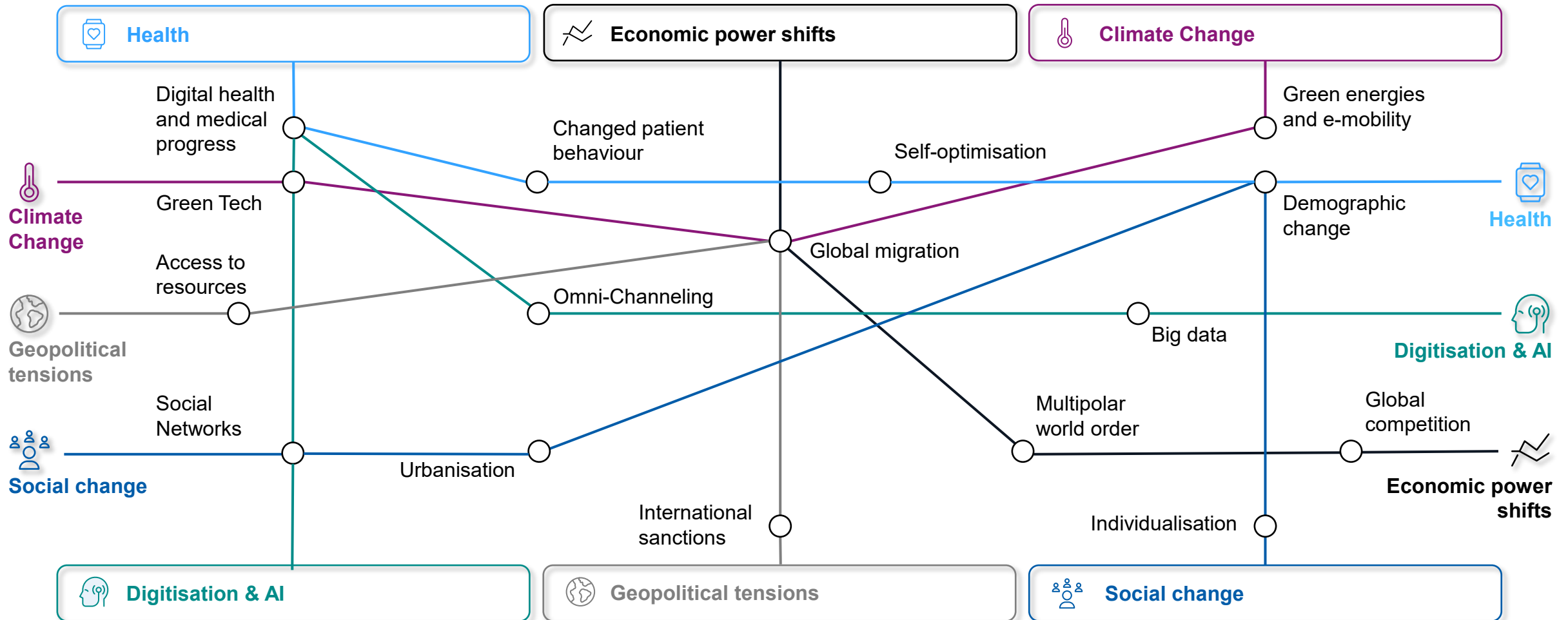
- Increased scepticism about the competence of politicians and experts
- Increasing risk of business-damaging controversies and 'shitstorms'
- Concentration of wealth is increasing
- Rising life expectancy leads to an increase in one- and two-person households of senior age
- World population growing to around 8.5 billion by 2030
- Population decline in Europe by 2050 (low birth rates and decreasing net migration). Austria: around a quarter of the population over 65 years old by 2030; around 70% of Austrians resident in urban centres by 2050

Opportunities

- Rising need for financial security and preparedness in response to the crises experienced in recent years



The major megatrends are interlinked and offer both opportunities and risks for the insurance industry



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