

11. Development and sales activities

- Products were upgraded into integrated solutions by using modern technologies, while striving for excellent user experience.
- Through research and data analysis, understanding client needs was deepened, digital sales-communication and distribution channels were developed at an accelerated pace, and the external sales network was expanded outside of Slovenia.
- The Triglav Lab digital centre was opened in Ljubljana.
- The Company provided even more additional services and benefits to its clients and upgraded effective marketing and sales campaigns with innovative solutions.
- The Group complied with the requirements of the new regulations for higher standards in client operations and better protection of clients' interests.
- Presence in the existing markets was strengthened, while opportunities to operate in new markets were intensively sought.

Insurance and asset management respond much faster to market trends and the changing user experience than ever before. The focus of the Group on profitable and safe operations is therefore closely related to adopting new ways of doing business by assessing all development steps in terms of capital adequacy.

The activities of the Group are concentrated on the clients and knowing their needs as well as on upgrading products and services. They are managed by the parent company using an interdisciplinary approach and with the constructive cooperation of all Group members. In connection to this, **technology** plays an important role in both core activities, i.e. insurance and asset management. With the help of technology, products are easier to understand and tailored to clients, while integrated solutions are developed that go beyond the products as they also include assistance or support and advisory services.

Digitalisation not only increases the speed of services but also enables lasting and deep client relationships, which increasingly take the form of mutual interaction. By developing new technological solutions in the insurance industry, greater transparency is achieved in taking out insurance and claim settlement, in addition to improving fraud detection. These important aspects of sustainable operations are further presented in other sections of the Annual Report, especially in [→ *Section Risk Management and Section 12. Sustainable development in the Triglav Group*].

11.1 Comprehensive client relationships

The client-centric approach was included to a greater extent in all **six key segments** of the Group's business (non-life, life, health and pension insurance, reinsurance and asset management).

It is important to well understand and anticipate the needs of clients. In the Net Promoter Score (NPS) survey for the insurance industry, the scope of client communication points of contact was expanded with respect to taking out insurance, roadside assistance and claim settlement. Critical events are promptly resolved. By reducing negative experience, efficiency and productivity increase. The **NPS survey results** provided new opportunities and guidelines for future improvements in client communication.

Client-centric approach as a continuous process



The Company strives for ethical and professional client relationship management and a high response rate. New regulatory requirements relating to client operations were incorporated into the business environment and **client relationship management**, which set **higher standards and better protection of clients' interests**.

To ensure a high response, clients can contact the Company at any time by dialling the toll-free telephone number for information about non-life and life insurance. The assistance centre is always available to give assistance and general information. In the event of **mass claims**, the organisation of work is specially adapted; in addition, in the mass claim reporting process, policyholders' property risk and their personal circumstances are taken into consideration, public calls are published and instructions on what to do in such a situation are issued. For example, in Zavarovalnica Triglav simple property damage claims can be reported by calling the toll-free telephone number 080 555 555, online or via the Triglav Asistenca mobile application²¹.

²¹GRI G4-FS13, G4-FS14, SDG 1.4

The omni-channel sales approach and expansion of digital channels



New technologies are changing the shopping habits and offer new forms of consumption. To access Triglav's insurance products and services, clients can choose a communication and sales channel that suits them best. The aim is to provide consistent user experience through all channels and throughout the entire service.

Young generations in particular desire simple and accessible products and services at a given time, therefore in 2018 **digital sales-communication and distribution channels** were developed at an accelerated pace. The Triglav Lab digital centre was opened in Ljubljana, where visitors can test new technologies and experience different forms of virtual reality [[→ more information in Section 11.6 Corporate image building](#)].

The insurance companies' websites enable clients insight into products and services, safe underwriting, quick claim reporting and handling their insurance policies.



Online and mobile sales were upgraded with various functionalities, in addition to enabling e-signing, distance insurance renewal, insurance quotes, renewal and conclusion of various types of insurance, ordering a green card, etc. In addition to mobile applications, online sale is connected with other digital solutions, such as the web portal or i.triglav web office, where clients can view their insurance policies and have many additional options and a lot of information available, while corporate clients can use the i.triglav office for business users. Modern technological solutions enable continuous services via web applications and on online platforms (Drajv, Triglav vreme, Vse bo v redu).

The role of intergenerational cooperation was increased in the expansive **sales network**, which is one of the Group's competitive advantages. To this end, the training model was upgraded and the motivation, engagement, selling power and performance of the sales staff were strengthened, which was supported by new, modern IT solutions.

Even though own sales network is the most important sales channel, the external sales network consisting of insurance agencies and insurance brokerage companies is also strengthened. The **external sales network** in the **markets outside of Slovenia** was expanded the most in 2018. In addition to increasing the skills of the sales staff through training, IT solutions used by the external sales network were upgraded. By unifying the key management functions, the management process of insurance agencies and insurance brokerage companies was upgraded, while uniform operation in insurance markets was ensured by standardising business cooperation agreements [[→ see Section 11.2 Activities in the markets of the Triglav Group outside Slovenia](#)].

Apart from that, other **alternative sales channels** were strengthened, such as selling via banks, travel agencies and leasing companies, which contributed to premium growth in individual markets [[→ see Section 7.5 Gross written insurance, co-insurance and reinsurance premiums for more details](#)].

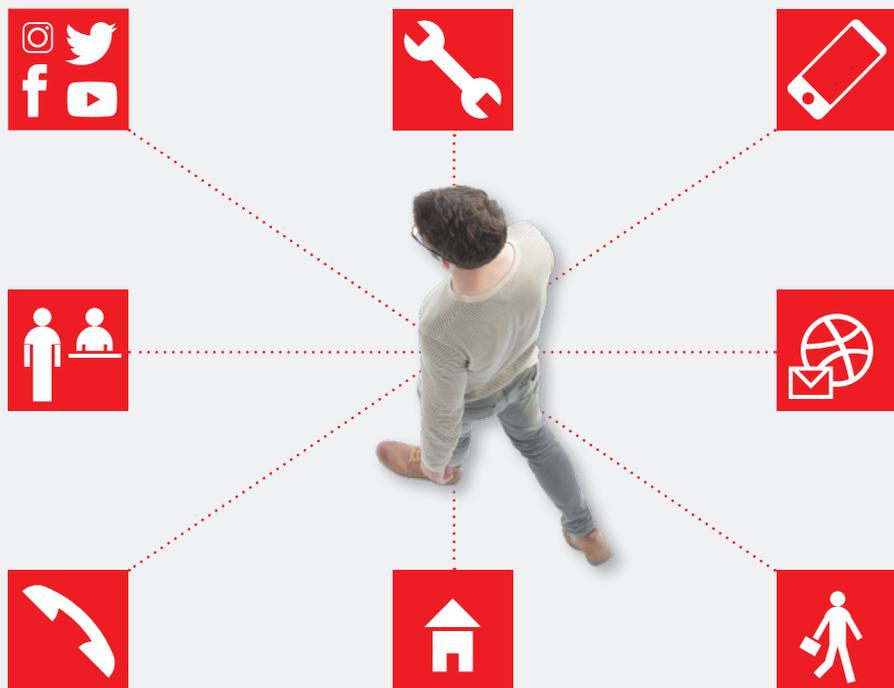
Business digitalisation

All the steps in the processes of insurance underwriting and processing and claim settlement are improved, upgraded and developed by using digital technologies. In 2018, emphasis was on designing new business models that can contribute to a **higher level of digitalisation and innovation**.

With the aim of increasing the performance of the sales staff in the field and achieving a more efficient solving of complaints, the solutions that simplify the formalities and procedures were improved. By improving responsiveness, time required to process a client and their application was shortened. By strengthening the digital presence and using mobile platforms, the effectiveness of cooperation with business partners increased in various areas.

Digitalisation continues wherever possible and reasonable, especially in product redesign and development. A great deal of attention was devoted not only to paperless operations and expanding digital or electronic operations but also to upgrading, unifying and integrating various IT support, both within the Group and in the immediate business ecosystem.

Omni-channel client approach



The underwriting and claims settlement processes were optimised.

Special attention was devoted to the digitalisation of non-life insurance claim processing. The key objectives are a higher degree of automation and simplification of the specific steps and processes, while reducing the probability of risk occurrence. With regard to loss event management, the management efficiency of this process was increased and user experience was enhanced. The use of mobile services was promoted and services for the clients who choose to report and settle a claim using the traditional channels continued to be developed. Apart from that:

- the settlement of low-value claims was upgraded [*→ also see Section 12. Sustainable development in the Triglav Group*];
- the digital claim reporting process was upgraded (electronic claim reporting via a stationary or mobile device) for insurance (sub)classes, in which loss events typically occur more frequently; furthermore, the option for an insurance agent to report a claim on behalf of the client was set up;
- submission of documents relating to loss events was improved (the possibility of receiving documents in digital format or by e-mail);
- claim settlement was improved and the risks associated with claim settlement were reduced;
- drones started to be used in the claim settlement process, specifically for surveying the damaged area;
- a portal was set up for monitoring key performance indicators for claim settlement so as to further improve the process;
- the network of contractors was expanded and online correspondence or information exchange via the Contractor Portal mobile platform was introduced.

Product upgrade and development

Client-tailored products and services continued to be developed with an emphasis on making them simple, comprehensive and transparent. Several marketable insurance products were redesigned and measures for improving insurance technical results were taken. In order to provide excellent user experience, modern technological solutions were used, while ensuring consistent compliance with the applicable legal and regulatory requirements [*→ see Section 11.8 for more information*].

- **Property and interest in property insurance:** New insurance terms and conditions were developed for an increasingly important cyber risk for small and medium-sized enterprises.
- **Motor vehicle insurance:** Comprehensive car insurance products Kasko karambol and Kasko karambol plus were redesigned in line with market requirements, technical and technological changes in vehicles (prevention and safety systems).
- **Agricultural insurance:** New premium rates were set for the groups of agricultural crops, individual perils and all existing hazard areas. Product development was continued in compliance with the Decree on co-financing of insurance premiums for primary agricultural production and fisheries, in addition to introducing municipal, not only state, co-financing of part of the insurance premium.
- **Accident insurance:** The insurance terms and conditions of travel insurance and travel health insurance abroad were redesigned and simplified. Accident insurance for children and young people was redesigned, in addition to including even more assistance services in accident and health insurance.
- **Health insurance:** The new product Medical advice was developed for obtaining a family doctor's advice, thereby entering the primary health care segment. The development of the cancer insurance product for extra safety in the event of being diagnosed with cancer was completed.

- **Transport insurance:** Key insurance products continued to be redesigned, with special emphasis on expanding the range of insurance covers.
- **Accounts receivable insurance:** The range of insurance products continues to be tailored to client needs and the underwriting procedures for accounts receivable insurance are being simplified, such as the credit rating assessment when insuring traditional consumer and housing loans. With regard to brokered insurance products (unemployment insurance, death and permanent disability insurance, financial gap insurance and payment card insurance), the focus was on sales promotion and seeking new sales channels, particularly in cooperation with partners.
- **Life insurance:** The whole life insurance product was upgraded with the possibility of increasing the sum insured without a medical check of the person insured at significant life events, e.g. the birth of a child or job promotion. Mortgage life insurance was adjusted so that a bank may set the interest rate taken into account in the calculations on a case-by-case basis. In cooperation with Abanka, the single premium unit-linked life insurance product Abagarant was developed for Abanka's clients. The special feature of this type of insurance

The innovative entrepreneur **Matevž Zavolovšek**, the founder of **Water 902**, was among the first to exploit the benefits of the **Triglav Entrepreneurial Package** (Triglav poslovni komplet) for small and micro enterprises. On the photo with his son **Žan** in his own spring water bottling plant.

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is the guarantee that, after 10 years since the inception date, the amount of assets equalling at least to 80% of the paid single premium will be paid out.

- **Pension insurance:** Voluntary pension insurance, primarily intended for saving for additional pension, was upgraded with whole life insurance with a guaranteed sum insured.

New forms of partnerships and development of the existing partnerships

In the value chain, the Company not only cooperates with new partners but also strengthens partnerships with the existing partners. Thus, a suitable environment for building partnerships is set up and developed, particularly with regard to modern technologies, e.g. smart and related advanced tools and devices. In seeking and implementing new solutions, the Company cooperates with start-ups and business accelerators.

Partnerships are developed in all markets of the Triglav Group. The following long-lasting partnerships in the domestic market are of particular importance: cooperation with Petrol, Telekom Slovenije, Summit Leasing Slovenia, Big Bang, Institute of Sports of the Republic of Slovenia, the Chamber of Craft and Small Business of Slovenia (OZS), ABC accelerator, Finance newspaper (in the context of forums and conferences for business and other professional public), Dnevnik newspaper (in the context of the Golden Thread and the Gazelles project) and Mladinska knjiga (in the context of accident insurance). In addition to the above, new partnerships were forged, including cooperation with the international and local association CEED (driving economic growth by connecting and mentoring entrepreneurs) and Delo newspaper in the framework of Delo Business Stars.

Many entrepreneurial forums and conferences were held together with Finance newspaper.

11.2 Activities in the markets of the Triglav Group outside Slovenia

The position of the Group was consolidated in its existing markets, while actively seeking opportunities and partnerships in new, potential markets. Furthermore, the Group expanded its presence on the markets outside of the target region. In the context of expanding international business, the Group examines business models for the entry and operation in the European insurance markets outside the home region. Additional forms of international business and opportunities for its expansion include partnerships with foreign insurance brokerage companies and insurance agencies, through which insurance business models without a direct geographical presence and own sales network are gradually examined. In 2018, the first such pilot partnership scheme for selling motor vehicle insurance was established and launched in Greece.

An agreement to acquire a company operating in the Croatian pension insurance market was signed.

The key objective is to transfer best practices and solutions to the subsidiaries by adjusting them to the characteristics and specificities of a particular market, which is also taken into account in the development of new products. In 2018, the focus was on transferring sales skills, tools and techniques, intense sale of the existing products and cross-selling. At the Group level, a number of activities were implemented with the aim of achieving synergies in various areas, especially between the key business lines in both core activities. In improving and developing new products, services and processes, their market potential for the whole Group was taken into account.

In individual markets where the Group members operate, the activities implemented in 2018 included:

- **Triglav Osiguranje, Zagreb** launched two new insurance products: accounts receivables insurance for legal entities and liability insurance for tourist resorts and camps. Car insurance was upgraded to include vehicle repair costs (the Autopass insurance product) even if the car does not pass the roadworthiness test.
- In **Triglav Osiguranje, Belgrade**, roadside assistance insurance, group whole life insurance and mortgage life insurance were redesigned, while the online sale of health insurance with assistance abroad was upgraded.
- **Triglav Osiguranje, Sarajevo and Banja Luka** launched vehicle extended warranty insurance and adjusted motor liability insurance to comply with the applicable regulatory requirements in the market of Bosnia and Herzegovina.
- **Triglav Osiguranje, Skopje** began to sell a range of new products (vehicle extended warranty insurance, tyre insurance, credit card insurance, overdraft insurance, product liability insurance, critical illness and injury insurance) and adjusted motor liability insurance to comply with the applicable regulatory requirements; furthermore, the online sale of health insurance with assistance abroad was redesigned and additional health insurance was upgraded.
- **Lovćen Osiguranje, Podgorica** offered two new products (shipping agent liability insurance and marine hull insurance) and revised several insurance tariffs. At the same time, vehicle extended warranty insurance, credit card insurance and overdraft insurance were launched and motor liability insurance was adjusted to comply with the applicable regulatory requirements.



- In Triglav Osiguranje, Belgrade, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Banja Luka, the new product Additional health insurance with medical assistance was added to the product range, which was offered to the market on an integrated online platform.
- Much attention was paid to entering into partnerships with banks. New partnerships were established in Croatia, Serbia, Montenegro and the Republic of North Macedonia.
- In addition to enhancing cooperation in the implementation of roadworthiness tests, vehicle service and sale, many marketing activities, product adjustments and product developments with partners were carried out.

In IT support and business digitalisation, the Group pursued the goal of unifying and centralising IT solutions that are adapted to individual product groups or business lines at the Group level. IT support was adapted and upgraded to ensure compliance with the regulatory requirements and to meet the needs of partners in a particular market. Apart from that, a digital platform for retail and corporate clients was launched.

11.3 Business transformation of the Triglav Group

The key aspects of the Group's strategic business transformation include improvements in management practices and techniques, the information and data system and the efficiency of support functions.

In 2018, the reporting and analytical system started to be upgraded from the traditional business decision-making system to a modern and dynamic system based on understanding and anticipating the needs of the labour market and the general environment. It is being developed into a uniform and integrated system at the Group level. It will include and combine key information at

the level of an individual Group member and transform them to the Group level, thereby further strengthening the corporate governance system. Moreover, the Company intensively performed the tasks to integrate key data and information from different environments, which affect the operations of the Group.

To achieve a high efficiency of support functions, IT support was upgraded in various areas. In most insurance subsidiaries outside of Slovenia, conditions for the standardisation and improvement of accounting and financial processes were established. In the parent company, a modern corporate governance platform was set up. The advanced human resource platform, which was upgraded with modern intranet, is also the entry point for all employees and an effective communication channel to exchange experience, transfer know-how and foster mutual motivation.

IT support upgrading and process optimisation with an aim to increase the level of digitalisation were also carried out in other business lines. With the goal of implementing lean business, cost-effectiveness and more efficient performance, improvements and innovations were made in subsidiaries at an accelerated pace so as to unify the best practices at the Group level. Great effort was put into building the target organisational culture, which is directly connected with business transformation [-> for more information see Section 12. Sustainable development in the Triglav Group, particularly Sections 12.4 and 12.5].

11.4 Efficient asset management in the Triglav Group

Asset management is a core activity and effective asset management is a key strategic guideline of the Group. The Company is focused on increasing the value of assets managed in financial and pension (guarantee) funds and the value of discretionary mandate assets.

The development of the regional platform for alternative investments (Trigal) and the processes for investing in alternative investments were upgraded. Activities took place to improve the cost-effectiveness of asset management at the Group level and to increase visibility in the asset management segment in all markets where the Group operates.

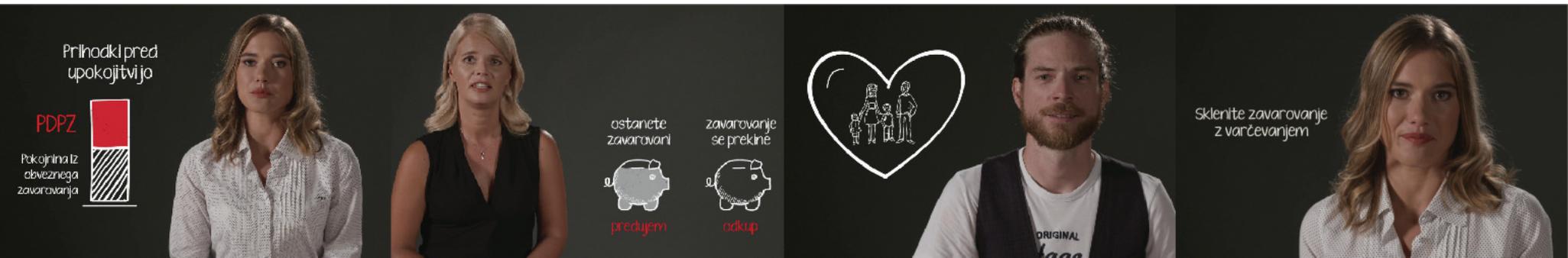
Opportunities for development and growth on target markets were actively monitored. By signing the agreement to acquire a pension company so as to enter the Croatian pension insurance market, the Group pursues both the market processing and the market development strategy.

The management of risks, capital, assets and liabilities has a significant impact on the value of assets and the efficiency of asset management. The internal processes of the Group are being upgraded through the project of setting up the asset liability management (ALM) process and capital management.

11.5 Development of a modern culture and engaged employees

The common values, rules and methods of operation of all employees enable the realisation of the strategic guidelines.

The project of renovating the organisational culture is carried out in several parts based on the situation analysis and the planned activities. The emphasis is on implementing systemic measures in all Group members and on the development of leaders using the coaching method. The share of engaged employees is determined by measuring organisational vitality, which increased in 2018 compared to the year before [-> more information in Section 12., particularly in Section 12.4].



11.6 Marketing activities

Marketing activities inform both the existing and potential clients about products and services in a targeted manner, while devoting much attention to the development of advanced IT solutions that support marketing and sales activities. Marketing activities were performed by using modern CRM tools. In the reporting period, adjustments in marketing activities were required due to the new regulations and directives, particularly with respect to personal data protection and distribution of insurance products and services. In addition to numerous existing marketing and sales campaigns, new marketing opportunities were sought, and exploited, through partnerships that bring additional and joint benefits to policyholders. The client-centric approach was supported with the establishment of the Triglav Lab digital centre (more details below).

The Triglav komplet bonus programme was intensively marketed under the slogan Good night, worries.



Brand management and marketing communications

To maintain and enhance the reputation of the Triglav brand and the Triglav Group, loyalty and a two-way client relationship, the Company deepens its knowledge about consumers, their habits and future expectations. Brand redesign efforts continue by applying a comprehensive approach to branding at corporate (i.e. at the Group level) and product levels (i.e. at the level of individual products, product groups and services); in addition, the brand identity is implemented within the entire Triglav Group and in all target markets.

Zavarovalnica Triglav adhered to the Slovenian Code of Advertising Practice. In 2018, no proceedings for infringements related to marketing communications were initiated against Zavarovalnica Triglav and its subsidiaries.²² The Company received many international and domestic awards for its marketing communication activities and achieved results, such as Websi, Arc Award, IADA Awards, awards from the Finance newspaper, Trusted Brand and Somo Borac [[→ more information in Section 12.1](#)].

Verification of effectiveness and market research

With the introduction of key performance indicators (KPIs) and the first media audit, in 2015 Zavarovalnica Triglav was one of the pioneers in the Slovene market to start strategic planning of media buying. In 2018, the second media audit was conducted. In the coming year, this practice will be transferred to other markets.

The Company regularly monitors the impact of its activities on brand reputation as well as the efficiency and effectiveness of advertising campaigns. Zavarovalnica Triglav is among the most renowned brands in Slovenia. Good results are also achieved in the markets outside of Slovenia, where Triglav is ranked among top five brands in terms of brand reputation. The Group members are recognised as well-known and reputable companies, which openly communicate with their clients, provide a broad range of insurance products and services, and make quick claim payments.

The analysis of the Slovene insurance industry in 2018 (content and heuristic analysis of websites of the Slovene insurance companies and their social media profiles) provided an insight into the quality of the Company's services and its online approach to

the users of these services as well as into comparability within the industry. With respect to effectiveness and comprehensibility of key advertising campaigns among insurance companies, the Company most often ranked 1st and its messages recorded a good comprehension rate. The satisfaction of participants at the events organised by the Company (e.g. Triglav Run) is carefully monitored, in addition to improving event organisation and communication.

Product campaigns

Product campaigns are used to promote insurance sale and cooperate with other companies. An integrated marketing and communication campaign was carried out under the slogan *For people we care about*, with the key emphasis on raising awareness about the importance of life insurance and promoting the use of digital channels. The Triglav komplet bonus programme, which rewards client loyalty in a simple and transparent way, was intensively marketed for the fifth consecutive year. Care for clients in both the present and the future is promoted under the slogan *Good night, worries*.

In the context of sponsorship partnerships, such as the partnership with the Football Association of Slovenia, a long-term integrated campaign was launched to increase visibility and promote the sale of additional health insurance and the Triglav Zdravje brand. Interest for travel insurance, agricultural insurance, personal protection insurance and insurance for motorcyclists, etc. was actively promoted. An innovative address remains



²² GRI GRI GS 417-3

characteristic of the campaign promoting accident insurance for children and youth under the PAZI TO! (Watch This!) brand. In asset management, a new approach was taken. *You deserve more* is the umbrella slogan of the integrated campaign, the aim of which is to position the Triglav Skladi brand as a differentiator.

Corporate image building

With the new Triglav Lab digital centre in Ljubljana, Zavarovalnica Triglav is promoted as an innovative, advanced and digital-centric company, addressing all generations, including young people. Triglav Lab creates innovative and other memorable experiences for its users and allows them to explore the 3D world. Furthermore, it not only provides access to the whole range of digital insurance-assistance services and support in transitioning into the digital world but also presents the possibilities and extent of paperless, digital operations. In 2018, over 100 different events, trainings, workshops and seminars were hosted in Triglav Lab, which focused on improving insurance literacy, raising awareness about everyday dangers and presenting the Company's products and services. With the help of simulators, visitors are able to experience ski jumping in Planica and rescue operations following a traffic accident and an earthquake. Over 800 visitors tested the Drajev safe driving simulator, while young drivers used it to complete the safe driving course.

The corporate identity is also built through the Zavarovalnica Triglav's Mladi upi project and events, presented in [→ *Section 12. Sustainable development in the Triglav Group*].

11.7 Investments in real property and equipment

In the reporting year, the Triglav Group invested EUR 11.0 million in property, plant and equipment, EUR 4.1 million in investment property and EUR 7.6 million in intangible assets (software and property rights). Zavarovalnica Triglav invested EUR 6.5 million in property, plant and equipment, EUR 3.5 million in investment property and EUR 4.4 million in intangible fixed assets (software and property rights).

Through careful management of investment properties, their value is not only preserved but also increased. In 2018, investment properties were intensively renovated in order to make the

best use of their capacity and achieve high standards consistent with advanced technological and functional guidelines and energy efficiency requirements. A complete energy-saving renovation of the commercial building at Dunajska cesta 22 in Ljubljana was undertaken, which is set to continue in 2019. Apart from that, the renovation of the parent company's headquarters at Miklošičeva 19 in Ljubljana began by paying special attention to quality renovation while preserving Plečnik's cultural heritage.

In the coming strategy period, several major complete renovation projects of strategic real properties are planned. Moreover, small-scale retrofitting (in terms of energy-efficiency and use of space) of other commercial buildings, which includes the commercial buildings of the Company's regional units, is planned so as to improve their use, functionality and safety and to lower their operating costs. This does not only ensure the necessary major maintenance and renovation but also improves energy-efficiency, workplace equipment, and the health and safety at work of employees and other stakeholders [→ *more information in Section 12.7*]. The efficient use of own real property once again contributed to lower property rental costs and related operating costs of the property not owned by the Group members. Employee relocation to own real property and cost optimisation continued. The lease or sale of redundant property is planned to continue. Growth in total real property owned by the Group is the result of investments in these real properties so as to improve their use, functionality and energy-efficiency. In 2018, no high-value real property was acquired, with the exception of the land and business premises in Banja Luka in order to relocate the headquarters of Triglav Osiguranje, Banja Luka to a new, cost-effective and more functional own location.

The Company exploits real property market trends so as to improve its own-use real property portfolio. In 2018, several non-strategic investment properties were sold, because they did not meet the expected profitability. At the same time, important steps were made in the sale of development projects. Optimisation of the real property portfolio is planned to continue in the coming period. By making prudent investments in real property, including purchasing and selling, which improves the structure of the real property portfolio intended for investment and own use, the Company will significantly contribute to the implementation of the strategic guideline of efficient asset management and increasing the value of the Group.



11.8 Adjustment to the regulatory changes

In planning and implementing all development and sales activities, the Group complies with the applicable legal provisions and regulatory frameworks. Regulatory changes are regularly monitored and promptly incorporated into the operations of both the parent company and the other Group members.

In 2018, the Group's activities were primarily focused on implementing the changes introduced by the General Data Protection Regulation (GDPR) and the requirements of the Insurance Distribution Directive (IDD) as well as on adjusting to the new International Financial Reporting Standards (IFRS 9, IFRS 16 and IFRS 17). Special attention was also paid to the implementation of the regulatory requirements for money laundering and terrorist financing prevention. In the pension insurance and asset management segments, the emphasis was on implementing the requirements of the amended Investment Trusts and Management Companies Act (ZISDU-3) and the Alternative Investment Fund Managers Act (ZUAIS).