



Dutch Life Insurance is Changing

Société Générale Dutch Insurance Day

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www.ing.com

BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES

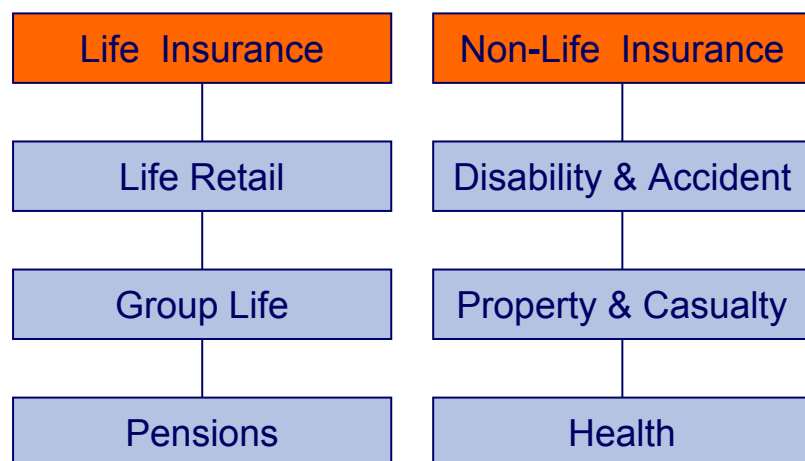


ING Insurance Netherlands: Key points



































1. ING is well positioned in the Dutch Insurance market and has a powerful multi-channel distribution platform
2. Commercial performance has been resilient
3. ING Insurance Netherlands has reduced its operating expenses by approx 8%
4. Profitability has been significantly impacted by the market turmoil
5. We are actively managing the business through the changing market environment:
 - a. Actively and efficiently managing capital
 - b. De-risking the investment portfolio
 - c. Continued focus on expense reduction

The Dutch Insurance market

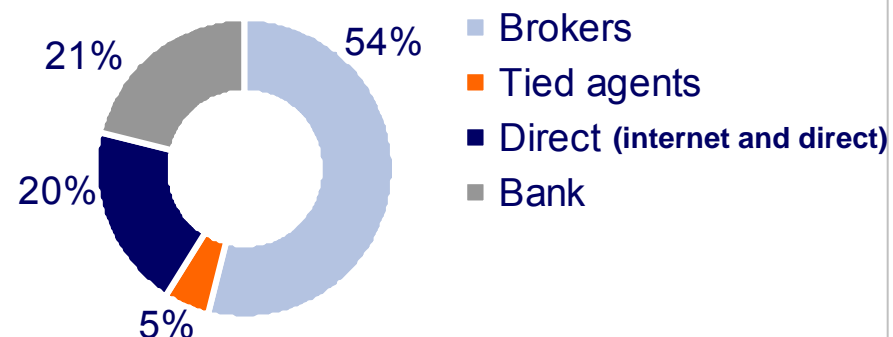
Market segments



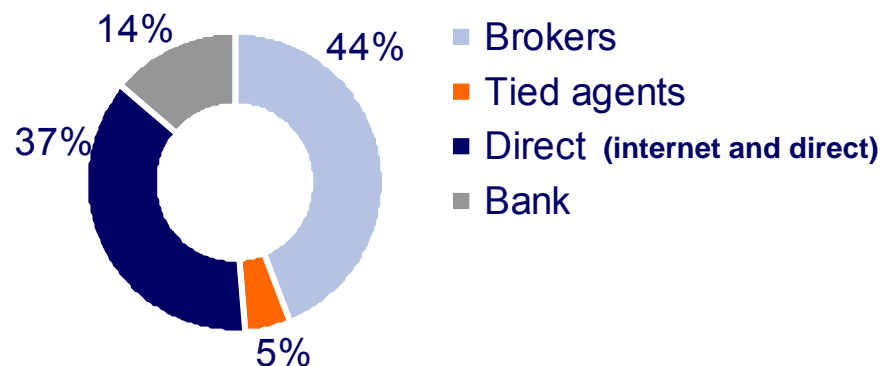
Market players

Company	Broker channel	Direct channel	Bank
ING	 movir	  	
DELTA LLOYD GROEP	 delta lloyd	  	
AEGON	 AEGON	 	
Fortis	  	  	
Eureko	 	  	
SNS Reaal	   	 	

Distribution channels – Life*



Distribution channels – Non Life*



Source: CVS, TOF, AM Jaarboek & own analysis. * Based on GWP of the industry portfolio



Trends in the Dutch Insurance market

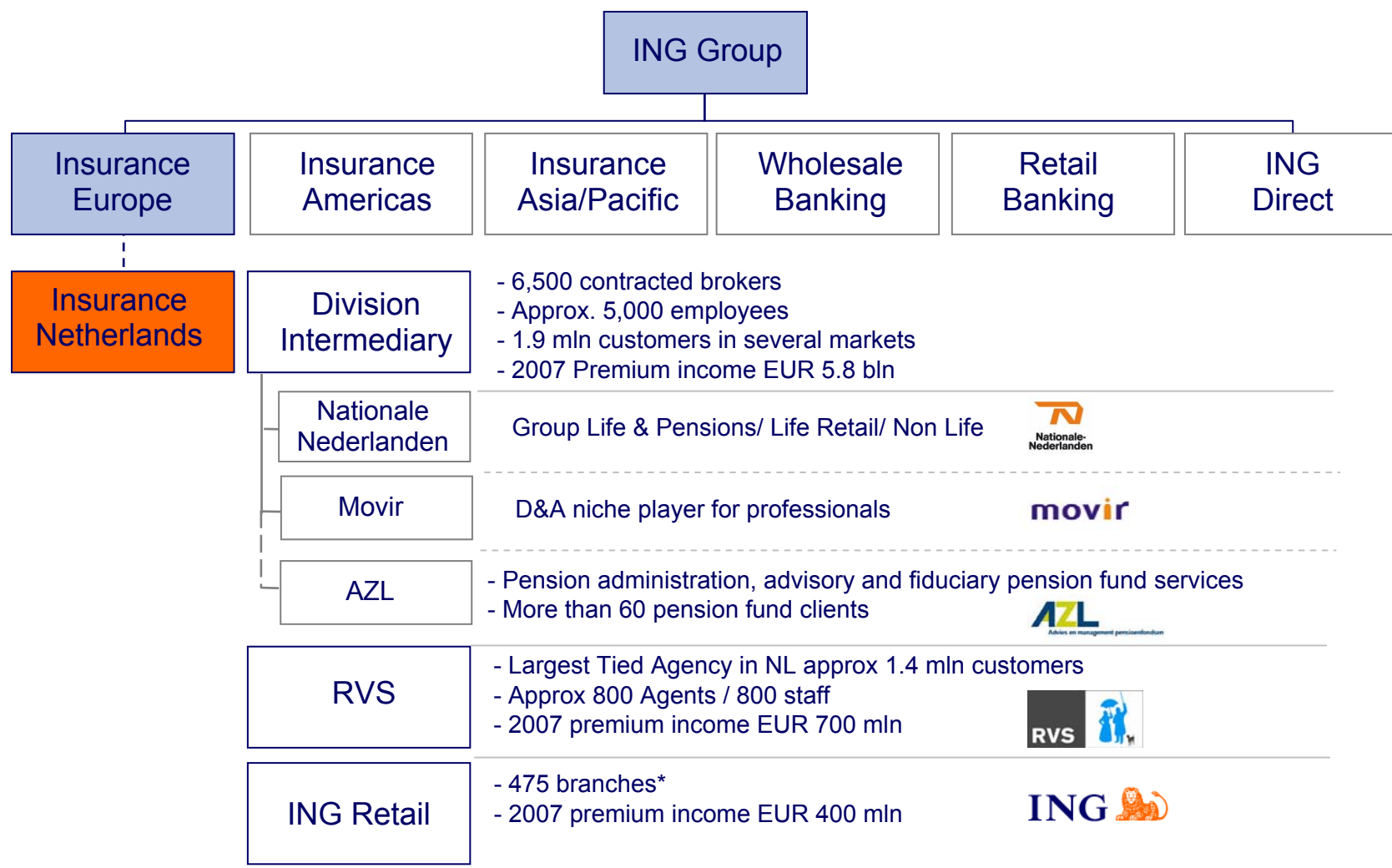
Market trends

- The Dutch insurance market is mature: cost reduction and economies of scale become more important
- Revised focus on the customer and greater transparency
- Customers want value-for-money, performance and simplicity
- Customer trust will need to be re-earned
- Increasing and changing legislation (customer protection, new compensation rules for brokers etc.)
- Focus on investment portfolio and risk management

Distribution trends

- Customers choose the most convenient channel depending on product and customer's life cycle
 - Shift of focus of the broker channel to advice sensitive products/ SME
 - Focus of banks and internet channels on simple products / retail
- Greater demand for worksite marketing
- Brokers want reliable services, chain integration and knowledge support

ING has a strong position in the Netherlands



* Postbank only

ING maintains strict pricing discipline in NL

- ING is the largest life insurer in the Dutch insurance market
- ING benefits from a multi-distribution platform and takes advantage of emerging distribution trends e.g. bancassurance
- Insurance NL has an embedded value (net of tax) of EUR 9.7 billion in the Netherlands (EOY 2007). The major driver for value creation is efficiency improvements in the back book.
- ING's new business needs to be profitable and comply with a 11% - 12% IRR

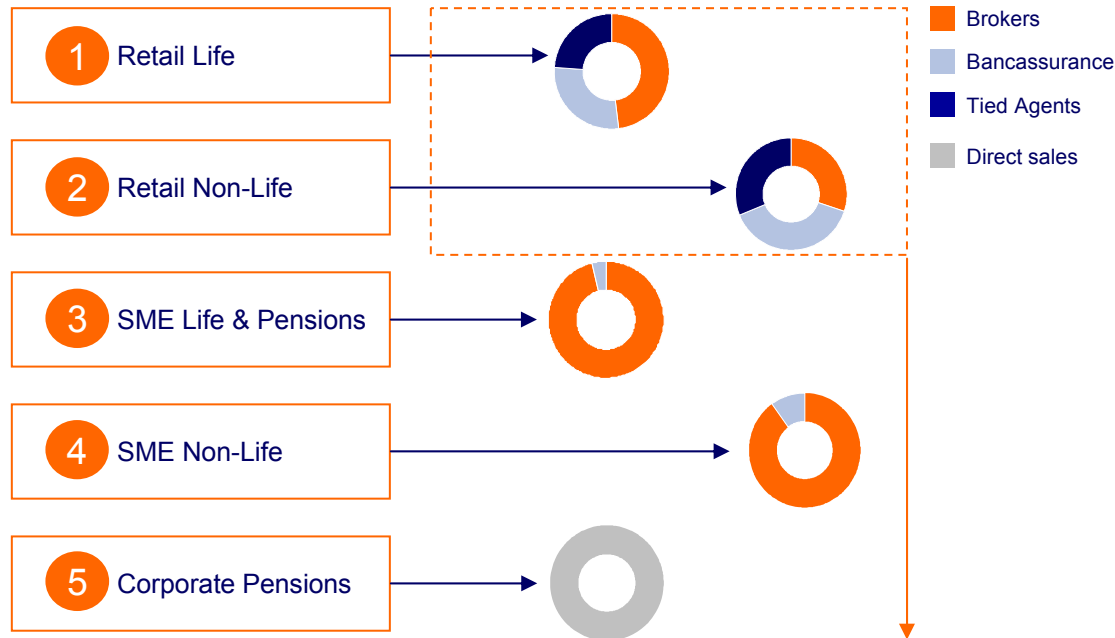
	Market share 2006	Market share 2007	Market ranking 2007	Premium Income 2007 (EUR mln)
Individual life	20.6%	19.4%	1	3,419
Group Life	22.5%	21.2%	2	1,850
D&A	18.7%	18.0%	3	686
P&C	6.8%	6.8%	5	867
Total				6,822

Market share and rankings include all ING owned insurance entities in the Netherlands. Source AM Jaarboek (2008)



ING Insurance Netherlands has a powerful multi-channel distribution platform

Client Segment



Brands



- **Retail accounts for a large part of Insurance NL's portfolio and in this area ING has clear multi-channel capability.**
- Brokers are dominant in SME as these clients are more advice oriented.
- ING has the flexibility to adapt its distribution mix

Source – Division Intermediary / RVS and Postbank. Calculation based on APE in 2007

ING Insurance Netherlands is focussed on life and pensions

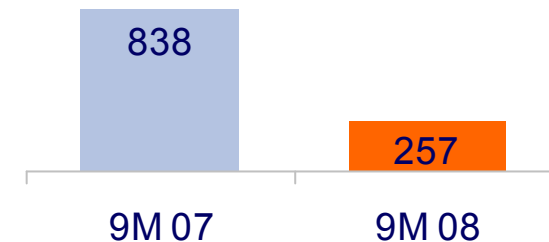
- Strong market positions, distribution platform and knowledge base
- Products: Individual and Group pension plans, Term Life, Unit Linked, Direct Annuities, Single Premium, Euro insurance
- The financial turmoil shifts customer demand to insurance products with a guarantee
- Increased drive towards simplicity and transparency
- NN has responded to these trends by launching a fully transparent product with a guaranteed benefit.

* APE increase in 2008 includes Group renewals

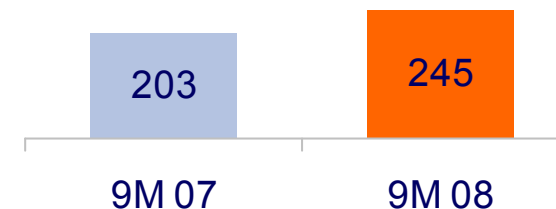
Source: ING Quarterly Report Statistical supplement

Life Insurance NL

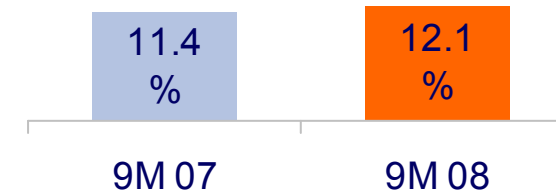
Underlying Result Before Tax (EUR mln)



APE* (YTD)



IRR (YTD)



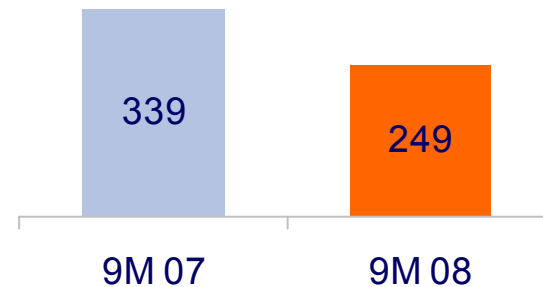
Non Life performs relatively well in the current environment

- P&C is a non-core part of ING Group's strategy
- Life and non-life insurance are intertwined in the Netherlands in broker distribution
- Non life is providing relatively stable and healthy returns
- Products: Commercial Line P&C products with focus on SME and Personal Line P&C basic insurance packages. Disability & Accident.
- Significant success with Belgian car insurance (approx. 50,000 net policies sold in 2008).
- Continue to look into efficiencies (central manufacture product, pricing) as well as responding to customer behaviour trends (increasingly selling direct)

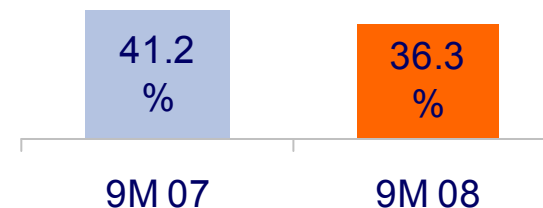
Source: ING Quarterly Report Statistical supplement

Non-Life Insurance NL

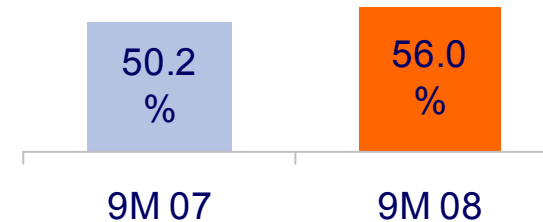
Underlying Result Before Tax



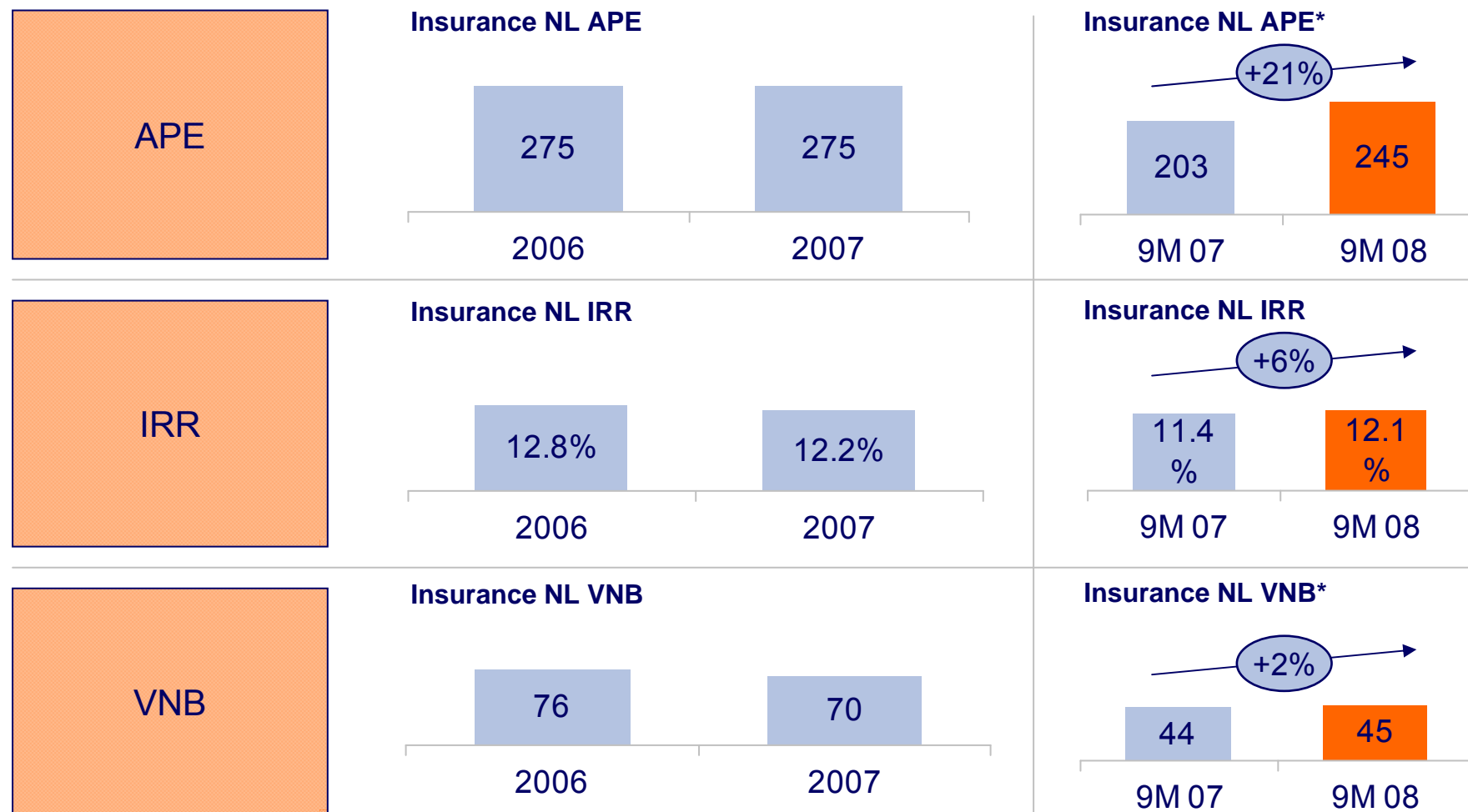
Expense Ratio (YTD)



Claims Ratio (YTD)



Commercial performance has been resilient

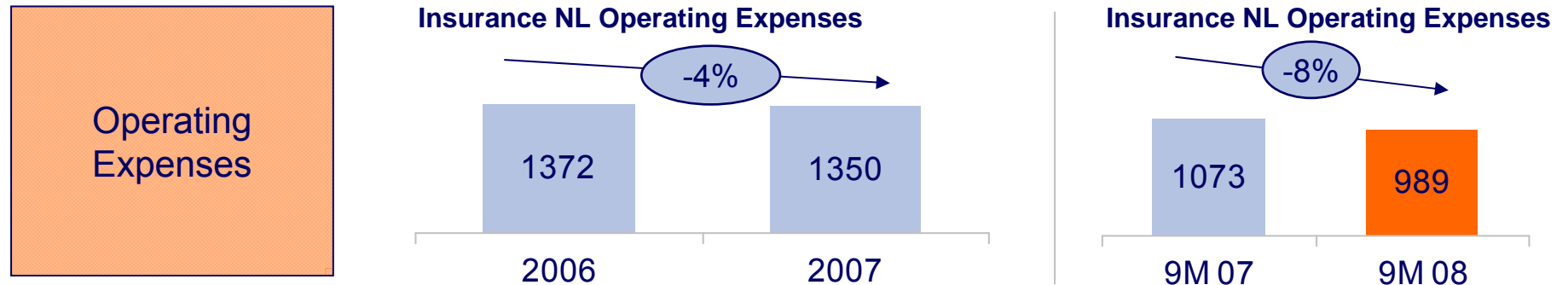


Source: GF & C, ING Quarterly Report

* VNB / APE increase in 2008 includes Group renewals



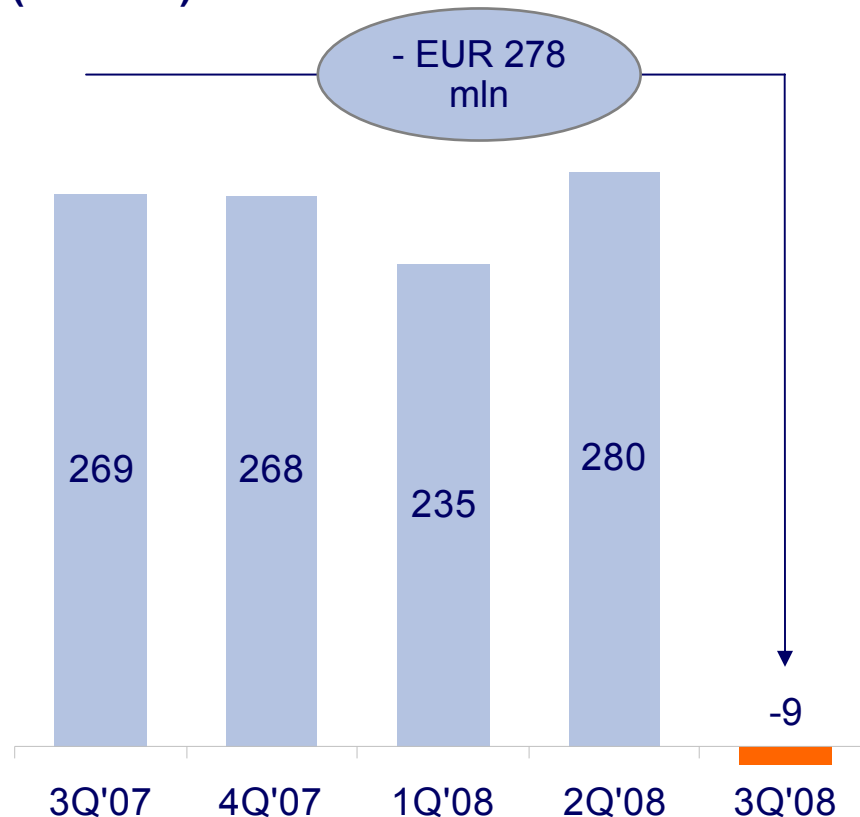
ING Insurance Netherlands has reduced costs considerably



- Despite increased regulation, higher IT investments and own pension and wage obligations (CAO), ING Insurance NL has managed to reduce costs considerably. Main cost reduction initiatives:
 - Lower internal staff expenses
 - Decrease number of external staff
 - Decrease number of IT applications: rationalization and standardization
 - Higher level of STP
- Further cost reduction initiatives are being reviewed for 2009

The significant decrease in profitability has been driven entirely by the market turmoil

ING Insurance NL Underlying Profit Before tax (EUR mln)



The decrease in profit is due to market volatility

Real Estate: EUR – 69 mln (compared EUR 63 mln 3Q 07)	- EUR 132 mln
Private Equity: EUR – 72 mln (EUR 12 mln 3Q 07)	- EUR 84 mln
Other revaluations (incl. hedging positions)	- EUR 54 mln
Impact of 2007 capital upstream	- EUR 32 mln
Total	- EUR 302 mln

ING Insurance Netherlands has agreed on a settlement of the Unit-Linked issue

ING reached agreements with customer organisations regarding the cost charges related to individual universal life insurance products:

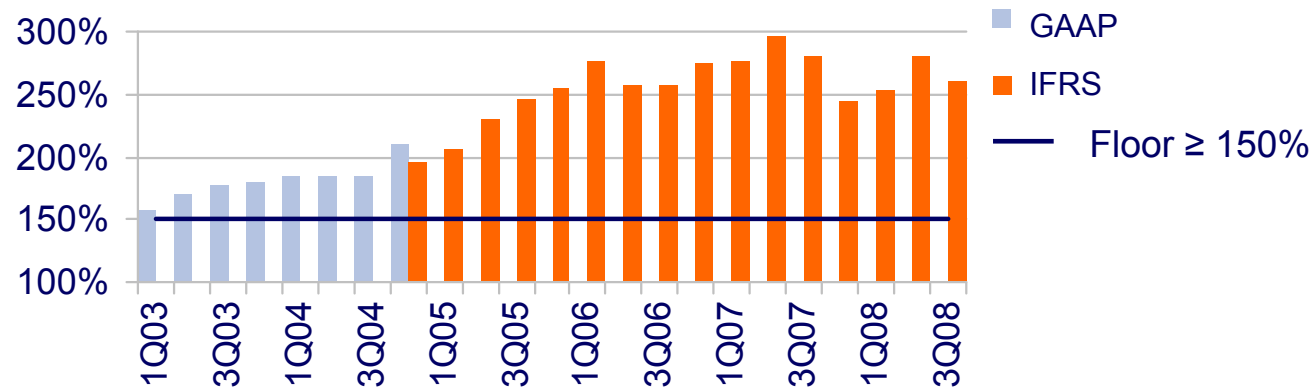
- ING's Dutch insurance subsidiaries will offer compensation to policyholders where individual universal life policies have a cost charge in excess of an agreed maximum
- The costs of the settlement have been valued at EUR 365 million

ING had established adequate provisions in the fourth quarter of 2007 and the second quarter of 2008. Therefore there is no material impact on results in the fourth quarter of 2008

ING in the Netherlands is actively and efficiently managing its capital

Effective capital management: ING well above required EU solvency levels

ING Insurance EU Solvency



150% EU solvency is consistent with an AA rating

Efficient capital management: adequate allocation

- The Group's capital management policy is to target AA solvency levels and have all Business Units adequately capitalised
- Capital can be upstreamed as dividend to ING Group or downstreamed into the business units
- Capital is allocated to business units that generate healthy returns
- Within Insurance Europe we have shifted capital from the Netherlands into ING Insurance and business units in Central Europe

ING Insurance Netherlands is actively de-risking its investment portfolio

Equity risk

- Reduction in equity assets in 9M 08. Equities sold when equity markets rebounded in April.
- Actively hedging our exposure
- Equities are 9% of investment portfolio (as at Sept 08)

Interest Rate risk

- Increased duration of fixed interest assets and purchased Govt bonds
- Assessing methods to reduce / offset interest rate volatility even more

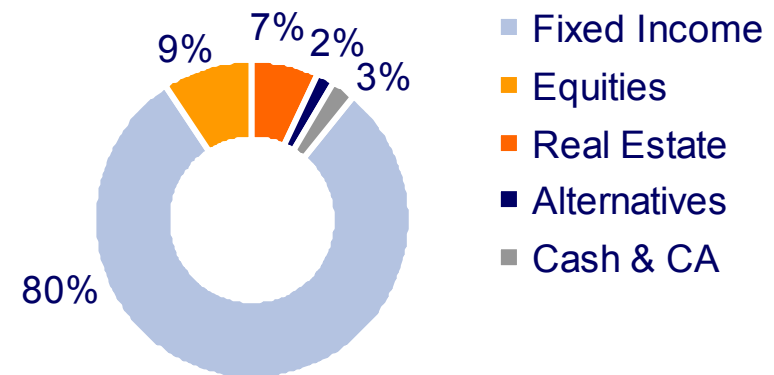
Real Estate risk

- Pursuing a measured reduction of real estate risk through prudent divestment and de-leveraging

Private Equity Risk

- Investigating hedging where appropriate

Investment portfolio - breakdown
30 September 2008



Source: Portfolio management

Priorities Insurance Netherlands

Customers

Focus on the customer and adapt products to meet their needs

Focus

Reduce complexity of processes and simplify

Capital

Balance sheet risk minimisation and efficient capital allocation

Risk

Reduce equity exposure

Volatility

Reduce P&L volatility from investment portfolio

Costs

Tightly manage costs in leaner operating environment

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