



European Insurance in Figures

2015 data

December 2016

Insurance Europe is the European insurance and reinsurance federation. Through its 35 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of €1 200bn, directly employ 985 000 people and invest nearly €9 900bn in the economy.

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Member associations and country codes

Austria (AT) — Verband der Versicherungsunternehmen Österreichs (VVO)

Belgium (BE) — Assuralia

Bulgaria (BG) — Association of Bulgarian Insurers (ABZ)

Croatia (HR) — Hrvatski ured za osiguranje

Cyprus (CY) — Insurance Association of Cyprus

Czech Republic (CZ) — Česká asociace pojišťoven (ČAP)

Denmark (DK) — Forsikring & Pension (F&P)

Estonia (EE) — Eesti Kindlustusseltside Liit

Finland (FI) — Finanssialan Keskusliitto

France (FR) — Fédération Française de l'Assurance (FFA)

Germany (DE) — Gesamtverband der Deutschen Versicherungswirtschaft (GDV)

Greece (GR) — Hellenic Association of Insurance Companies

Hungary (HU) — Magyar Biztosítók Szövetsége (MABISZ)

Iceland (IS) — Samtök Fjármálafyrirtækja (SFF)

Ireland (IE) — Insurance Ireland

Italy (IT) — Associazione Nazionale fra le Imprese Assicuratrici (ANIA)

Latvia (LV) — Latvijas Apdrošinātāju asociācija (LAA)

Liechtenstein (LI) — Liechtensteinischer Versicherungsverband

Luxembourg (LU) — Association des Compagnies d'Assurances et de Réassurances du Grand-Duché de Luxembourg (ACA)

Malta (MT) — Malta Insurance Association (MIA)

Netherlands (NL) — Verbond van Verzekeraars

Norway (NO) — Finance Norway

Poland (PL) — Polska Izba Ubezpieczeń (PIU)

Portugal (PT) — Associação Portuguesa de Seguradores (APS)

Romania (RO) — Uniunea Națională a Societăților de Asigurare și Reasigurare din Romania (UNSAR)

Slovakia (SK) — Slovenská asociácia poisťovní (SLASPO)

Slovenia (SI) — Slovensko Zavarovalno Združenje (SZZ)

Spain (ES) — Unión Española de Entidades Aseguradoras y Reaseguradoras (UNESPA)

Sweden (SE) — Svensk Försäkring

Switzerland (CH) — Schweizerischer Versicherungsverband (ASA/SVV)

Turkey (TR) — Türkiye Sigorta, Reasürans ve Emeklilik Şirketleri Birliği

United Kingdom (UK) — The British Insurers' European Committee:
Association of British Insurers (ABI)
International Underwriting Association of London (IUA)
Lloyd's

Methodological note

Insurance Europe compiles and analyses annually a substantial amount of general, financial and technical data relating to insurance, obtained from its members. This financial information is collected in each market's national currency. For non-eurozone countries, it is then converted into euros at the end-of-period exchange rate of each year, as published by Eurostat.

Growth rates are calculated in nominal terms but at constant exchange rates (2015) in order to remove the impact of variations in exchange rates on the growth rate calculation. Year-on-year changes have been calculated in nominal terms at constant exchange rates and for comparable samples (ie by subtracting from the total amount the countries for which there is no information for the previous or following year).

In some cases, the figures in the 10-year graphs differ from those in the text and other charts (which are based on a three-year sample) due to different sample sizes. The countries in each sample are listed in the Notes on pxx.

Unless otherwise stated in the Notes, premiums are gross written premiums (direct business) on home territory underwritten by domestic companies.

A full data set is available on the Insurance Europe website (www.insuranceeurope.eu).



Foreword

A trusted, competitive and responsive insurance industry is a vital part of every developed economy. In this era of political, economic and social uncertainty, individuals and companies need insurers' protection and long-term savings products more than ever. Economies need the long-term, stable investments of the insurance industry in order to support growth and create stability.

Europe's insurance industry is a world leader in both its size and its levels of innovation. It remained the largest market in the world in 2015, with a 32% share of global premiums. This latest edition of "European Insurance in Figures" shows that European insurers generated total premium income of €1 207bn last year. They also remained the continent's largest institutional investors, with €9 897bn invested in the economy.

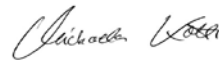
The size and importance of the European insurance industry is shown clearly in this report, which includes data on insurers' life, health and non-life premiums, benefits paid and investment portfolios, as well as market structure and distribution information. A separate, more extensive dataset is available on the Insurance Europe website at www.insuranceeurope.eu.

The European market continued to grow in 2015, with total premium income up 2%. Within that total, non-life business lines

grew 2.4% and there was an increase of 3.5% in the burgeoning private health insurance sector, which plays an increasingly important role in many countries as the pressures of ageing populations and rising medical costs hit state health systems. Growth was lower in the life insurance sector — just 1.5% — as extremely low interest rates continued to create a challenging environment in which to provide long-term products.

The overall economic environment in 2015, although it improved slightly, remained unfavourable for insurers. Nevertheless, the industry paid out a total of €975bn in claims and benefits over the course of the year — the equivalent of €2.7bn every day.

To be able to play its vital role, the insurance sector needs a robust and workable regulatory framework. Insurance Europe is committed to working with regulators and supervisors — both in Europe and globally — to ensure that framework not only protects and gives confidence to policyholders, but also allows insurers the flexibility to adapt their products and services to changing policyholders needs and to invest in ways that benefit the European economy as a whole.



Michaela Koller
Director General

Economic environment¹

The macroeconomic environment for European insurers improved in 2015. The European economy continued to grow modestly, with the real gross domestic product (GDP) of the 28 EU member states increasing by 2.2%, after 1.6% growth in 2014. This tentative EU economic recovery occurred amid decreasing or stagnating GDP growth rates in the world's other large economies.

In the US, economic activity remained resilient, with real GDP growth at 2.4% on average in 2015, unchanged from the previous year. In China, annual GDP growth decreased to 6.8% in 2015 from 7.3% the previous year.

Within the EU, economies grew at different speeds: Spain at 3.2%, the Netherlands 2%, Germany 1.7% and France 1.3%. Italy's real GDP increased by 0.7%, the highest rate in five years. The UK economy grew 2.2%, a significantly slower pace than the 3.1% recorded in 2014.

As austerity policies (increased taxes, lower public spending or both) continued, the overall ratio of deficit to GDP in the EU fell from 3% to 2.4%. The average ratio of government debt

to GDP decreased as well, from 86.7% to 85%. Meanwhile, unemployment fell in the EU from 10.2% in 2014 to 9.4% by the end of 2015.

After a significant depreciation in 2014, the euro continued to fall against the US dollar in 2015, going from a high of \$1.18 in January to \$1.09 at the end of the year.

This depreciation was due in large part to diverging monetary policy stances in the US and the euro area but also to different growth prospects in the two economies. Neither the growth in GDP nor the depreciation of the euro resulted in higher inflation in the euro area. In fact, the Harmonised Index of Consumer Prices (HICP) remained stubbornly close to 0% throughout 2015, weighed down primarily by sharp falls in commodity prices and, in particular, energy prices. Core inflation (which excludes highly volatile food and energy prices) was 0.8% on average.

The European Central Bank's monetary policy continued to be extremely accommodative; this is explained by the fact that the inflation rate remained significantly below its objective of a rate below, but close to, 2%.

The bank's key interest rates remained at historically low levels in 2015, namely 0.05% for main refinancing operations, which

¹ All figures in this chapter are from Eurostat and the European Central Bank



provide the bulk of liquidity to the banking system. The marginal lending facility rate, at which overnight credit is offered to banks, was 0.3%, while the rate on the deposit facility that banks use to make overnight deposits with the eurosystem was actually lowered deeper into negative territory in December — to -0.3% from -0.2%. Financing conditions in Europe eased considerably as a result of the ECB's measures and bank lending rates fell by around 80 basis points in the euro area compared to the previous year.

Major stock market performance was mixed, with very modest gains in Europe. Equities were strong during the first half of the year, with the MSCI Europe Index climbing from a value of 1 525 in January to a peak of 1 740 around the beginning of June. This was mainly driven by firms taking advantage of being able to borrow cheaply and subsequently funding share buybacks.

Most of these gains were lost in the second part of the year, however, with concerns about long-term economic growth and low inflation in Europe affecting major indices and the MSCI Europe finishing the year at 1 537.

Overall, the combination of recovering economic growth, ultra-low interest rates and broadly stable financial markets resulted in an improving economic environment that remained, however, rather unfavourable for insurers.

1. European insurance in 2014

€1 207bn

Total gross written premiums

€975bn

Total benefits and claims paid

€2 022

Average spent per capita on
insurance



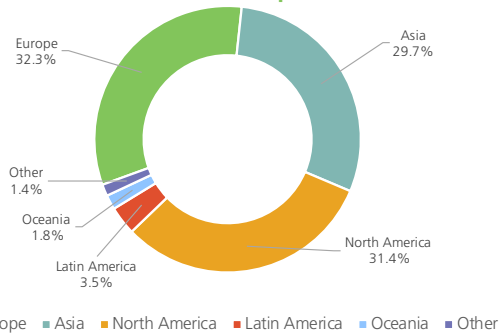
1.1 Overview

Premiums

Total premiums in Europe continued to grow in 2015 although at a lower rate than the year before; up 2% to €1 207bn compared to 4% growth in 2014. Overall, premiums grew 11.7% between 2006 and 2015.

Globally², premiums increased by 3.8% to €4 104bn in 2015, after the 3.5% increase recorded in 2014. The highest premium growth was recorded in Asia (8.2%) and Latin

Chart 1: Distribution of worldwide premiums — 2015²

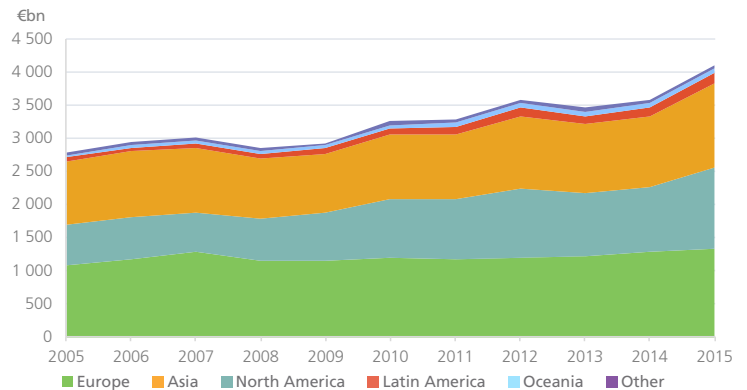


² Source: Swiss Re Sigma world insurance database, Insurance Europe conversion into €. See infographic (http://media.swissre.com/documents/sigma3_2016_infographic.pdf), which explains the strong impact on the numbers of the depreciation of advanced market currencies against the US dollar in 2015.

Table 1: Premiums and growth — 2013–2015

	Gross written premiums (€bn)			Nominal growth	
	2013	2014	2015	2013/2014	2014/2015
Life	679	722	733	6.3%	1.5%
Health	121	123	127	1.5%	3.5%
Non-life	338	339	347	0.3%	2.4%
Motor	133	130	133	-1.8%	2.2%
Property	91	91	93	0.0%	1.9%
General liability	33	34	36	1.6%	5.5%
Accident	34	34	34	-0.1%	2.1%
Other non-life	47	50	50	6.0%	1.7%
Total	1 138	1 184	1 207	4.1%	2.0%

Chart 2: Worldwide premiums — 2005–2016 (€bn)²



America and the Caribbean (4.6%). In North America, premiums grew by 3.5% compared with the year before. Premium income decreased in Oceania by 4.5% in 2015.

Claims and benefits paid

Total benefits and claims paid to customers by European insurers started to increase again, after a dip in 2014. In 2015, total claims paid amounted to €975bn, a 1.6% increase on the year before.

The four largest European economies in terms of market share (the UK, France, Germany and Italy) accounted for 67.3% of claims and benefits paid in 2015, compared to 67.5% in 2014.

Total claims paid increased in France and Italy by 3.9% and 5.5% respectively, while they decreased by 1.1% in the UK and remained broadly stable in Germany.

Table 2: Claims and benefits paid and growth — 2013–2015

	Benefits and claims paid (€bn)			Nominal growth (%)	
	2013	2014	2015	2013/2014	2014/2015
Life	656	638	640	-2.8%	0.2%
Health	98	99	103	1.3%	4.4%
Non-life	211	222	232	5.2%	4.3%
Motor	99	100	103	0.2%	3.1%
Property	57	52	55	-7.8%	4.4%
Other non-life	55	70	75	27.5%	5.9%
Total	965	960	975	-0.6%	1.6%

Table 3: Density — 2013–2015 (€)

	2013	2014	2015
Life	1 148	1 214	1 227
Health	205	207	213
Non-life	572	570	581
Motor	225	220	223
Property	154	153	156
General liability	56	57	60
Accident	60	60	61
Total	1 925	1 993	2 022

Table 4: Penetration — 2013–2015 (%)

	2013	2014	2015
Life	4.51	4.64	4.49
Health	0.80	0.79	0.78
Non-life	2.25	2.18	2.13
Motor	0.88	0.84	0.82
Property	0.61	0.59	0.57
General liability	0.22	0.22	0.22
Accident	0.24	0.23	0.22
Total	7.57	7.62	7.41

Density and penetration

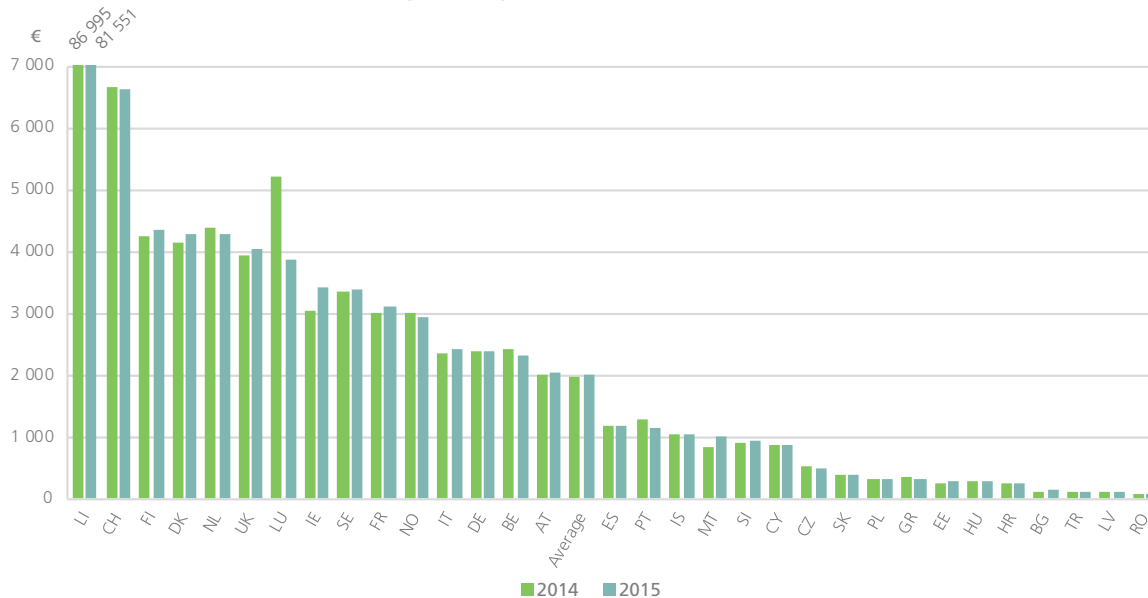
In 2015, the average amount per capita spent on insurance in Europe increased by €30 on the previous year.

In total, €2 022 per capita was spent on insurance: €1 227

on life insurance, €213 on health insurance and €581 on non-life insurance³.

Insurance penetration is a commonly recognised indicator of insurance activity, expressed by gross written premiums as a

Chart 3: Total premiums per capita by country — 2014–2015 (€)



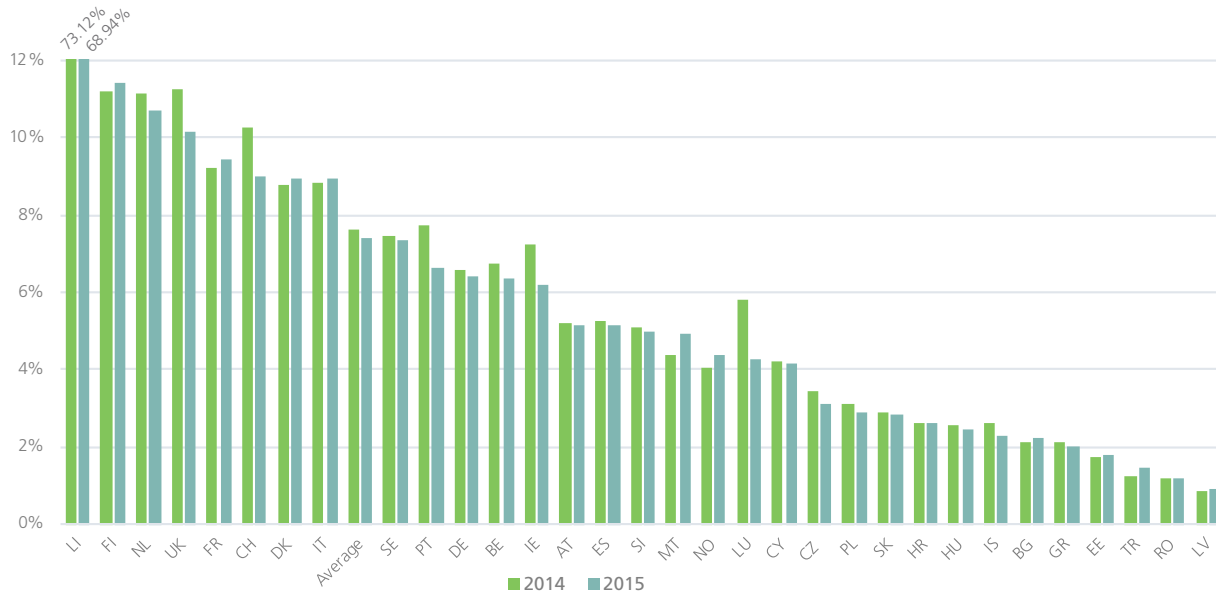
³ The total density differs from the sum of the life, non-life and health densities due to differences in the sample sizes (the number of countries reporting)

percentage of GDP. Average insurance penetration in Europe decreased slightly from 7.62% in 2014 to 7.41%⁴ in 2015.

hand, decreased from 4.64% to 4.49%, while non-life insurance penetration decreased slightly from 2.18% to 2.13% in 2015.

Health insurance penetration remained broadly stable compared to 2014 at 0.78%. Life insurance penetration, on the other

Chart 4: Total premiums as % of GDP by country — 2014–2015 (%)



⁴ The total penetration differs from the sum of the life, non-life and health penetrations due to differences in the sample sizes (the number of countries reporting)

Premiums

2014	2015
€722bn	€733bn ↑ 1.5%

Benefits paid

2014	2015
€638bn	€640bn ↑ 0.2%

Density

2014	2015
€1 214	€1 227 ↑ 1.1%

Penetration

2014	2015
4.64%	4.49%

1.2 Life insurance

Premiums

The protracted low interest rate environment notwithstanding, the European life insurance industry remained resilient in 2015, recording premium growth of 1.5% to reach €733bn. However, that growth was far slower than the strong 6.3% growth in 2014. Life benefits paid remained broadly stable (+0.2%) at €640bn.

The majority (72%) of premiums were written in Europe's four largest life insurance markets: the UK, France, Italy and Germany. Their combined share of Europe's total premiums in 2015 grew by 0.6 of a percentage point year-on-year as a result of strong premium growth in France (5.2%) and Italy (4.0%) offset by a slight decline in premiums in Germany (-1.1%). UK life insurance premiums grew by a steady 1.4%.

There is a common underlying dynamic in most markets; a shift from traditional, fixed-yield to unit-linked products. In Italy, strong growth in life premiums resulted from a substantial increase (45.8%) in unit-linked policies compared with a small contraction in traditional ones (-5.7%).

In France, too, the driver of life premium growth in 2015 was growth in unit-linked contracts of 32%.

In Germany, the shift from traditional to unit-linked products continued for the third consecutive year, with the latter now accounting for 16.2% of all contracts.

Overall, German life premiums decreased by 1.1%, with an accompanying 1.6% decline in contracts in 2015. Premiums declined due to a reduction in single premiums (-4.0%), while regular premiums remained broadly stable (+0.3%). New business premiums also decreased by 4.2%, with an accompanying 8.1% decline in new contracts. This year-on-year decline is due to the comparison with particularly strong performance at the end of 2014, immediately prior to a reduction in the guaranteed rate of return for traditional products from 1.75% to 1.25%.

In Belgium life premiums dropped 5.8%, owing to a 10% decrease in premiums for traditional, fixed-yield products —



Chart 5: Life premiums — 2006–2015 (€bn)



mainly because of lower yields — offset by premiums for unit-linked products increasing 20%.

Some of Insurance Europe's markets registered strong performances in 2015. In Malta, life premiums grew 29%, compared to 24% in 2014. In Iceland, premiums grew 19% and in Ireland they grew 18%.

In Switzerland, life premiums remained stable in 2015 as a result of a slowdown in the economy. Moreover, low interest rates and low rates of guarantees offered by insurance companies dampened Swiss demand for conventional life insurance products.

Premiums in Luxembourg contracted 35% after growing 62% in 2014. This large fluctuation is the result of a one-off premium collection in 2014, with the drop in 2015 bringing the life premiums collected closer to their usual (pre-2014) level.

Portugal recorded a significant 17% reduction in life premiums in 2015, explained by a decline in contributions to savings products, particularly to traditional products. Persistently low long-term interest rates, major reductions in the rate of savings by households and the new Solvency II regulatory regime forcing the industry to take a conservative approach towards financial guarantee risks all contributed to this development.

Another significant fall in premium — of 16% in the Netherlands — reflects the difficult low interest rate environment for life insurers.

A similar fall (-16%) occurred in the Czech Republic. Early contract terminations have been on the rise over the last few years, dampening life insurers' performance indicators. Furthermore, weak performance by the financial markets and the recent restrictions on the tax deductibility of life premiums



In 2015 life insurers paid out €1.75bn a day in benefits

resulted in considerably reduced demand for life policies in 2015.

Bucking the trend, a 4.2% decline in life premiums in Greece was mainly driven by a large drop in unit-linked products (-18%), reinforced by a smaller decrease in traditional products (-2.8%).

Benefits paid

Life benefits paid remained broadly stable in Europe in 2015; up 0.2% on 2014 to €639bn or €1 071 per person per year.

Looking at longer-term trends, insurers paid 19.2% more in benefits in 2015 than in 2006. This translates into an increase

Chart 6: Life benefits paid — 2006–2015 (€bn)



of €137 per inhabitant per year in benefits paid over the decade.

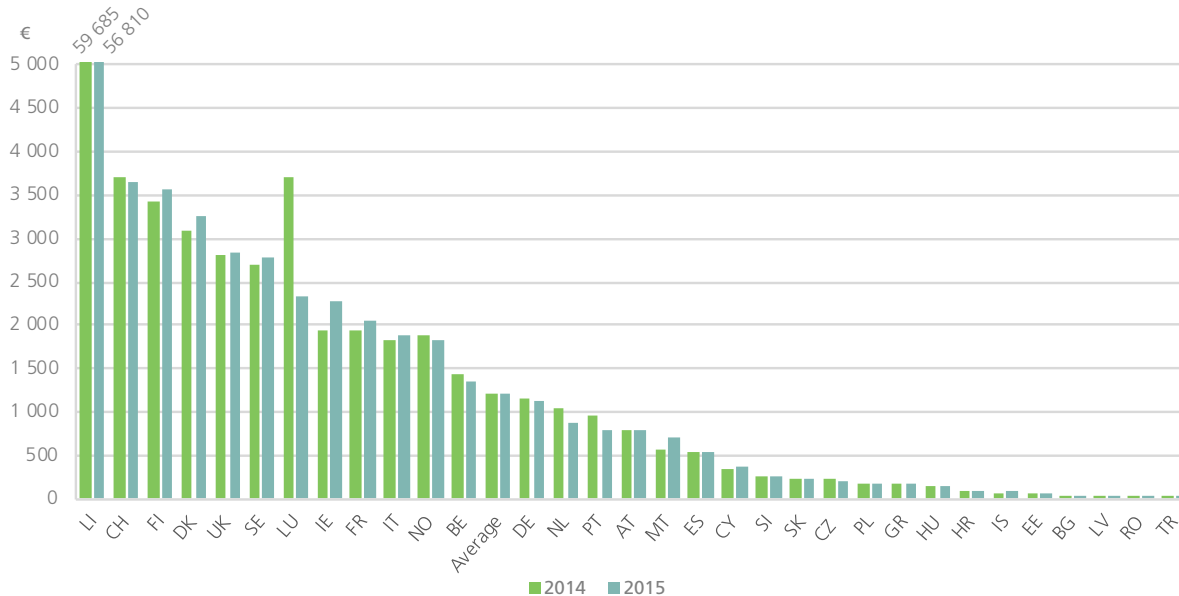
The top four markets recorded different dynamics in 2015. In Germany and the UK, insurers paid fewer benefits than in 2014, -3.7% and -4% respectively. Meanwhile, in France and Italy benefits paid grew 5.2% and 8.3% respectively.

Density and penetration

An average of €1 227 per capita was spent on life insurance in Europe in 2015, the highest amount since 2008. This represents a 1.1% increase in life insurance density compared with 2014.

Overall life insurance penetration in Europe fell 0.1 of a

Chart 7: Life premiums per capita by country — 2014–2015 (€)

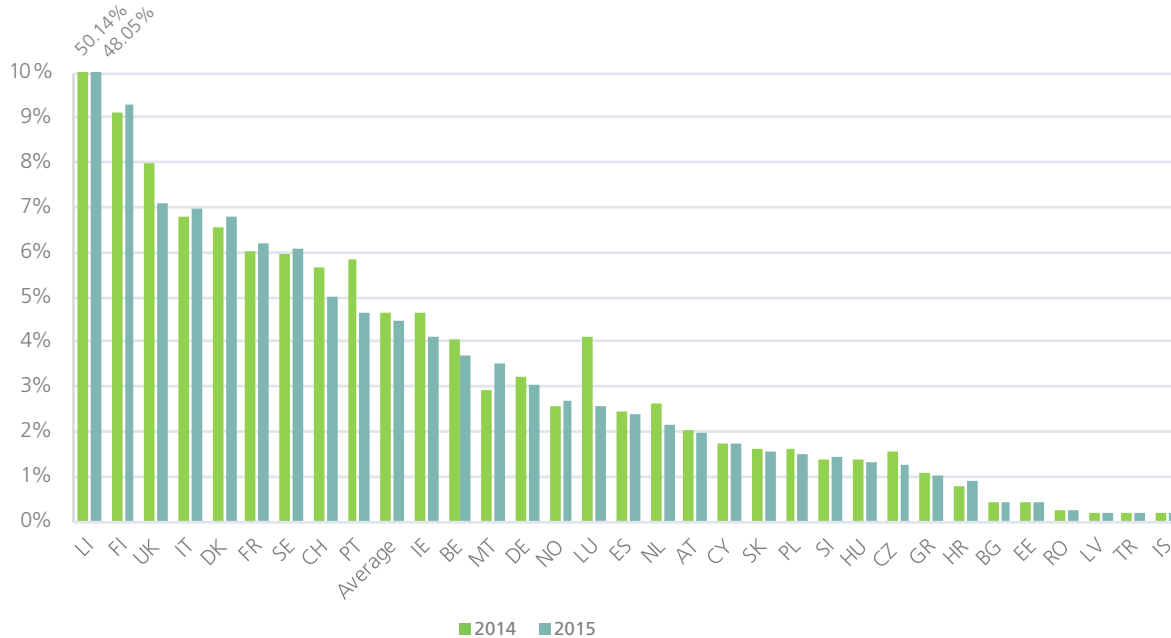


percentage point to 4.49% in 2015. This was due to GDP (the denominator of the penetration ratio) growing faster in Europe than premiums (the nominator of the ratio).



In 2015 average life insurance penetration was 4.49% in Europe

Chart 8: Life premiums as % of GDP by country — 2014–2015



Premiums

2014	2015
€123bn	€127bn ↑ 3.5%

Claims paid

2014	2015
€99bn	€103bn ↑ 4.4%

Density

2014	2015
€207	€213 ↑ 3.0%

Penetration

2014	2015
0.79%	0.78%

1.3 Health insurance

Premiums

Ageing populations and rising medical costs continue to drive demand for private health insurance and most European markets experienced growth in 2015.

Overall, premiums rose 3.5% year-on-year to €127bn. Private health insurers not only provide individuals or groups with cover for the medical costs of illness or accidents, but also offer other products, such as critical illness cover, and disability or long-term care insurance.

Of the largest markets, the Netherlands, Switzerland and Germany recorded the highest growth in premiums in 2015 (3.6%, 2.5% and 1.4% respectively).

In the Netherlands, after a stable year, premiums grew by 3.6%. This was mainly due to an increase in healthcare costs in the basic coverage resulting from changes in legislation.

An increase in healthcare costs was also behind the increase in premiums in Switzerland, whereas Germany recorded a moderate growth of 1.4% despite a decrease (of 47 100) in the number of policyholders with comprehensive insurance.

Table 5: Health insurance overview — 2013–2015

	Benefits and claims paid (€bn)			Nominal growth	
	2013	2014	2015	2013/2014	2014/2015
Premiums	121	123	127	1.5%	3.5%
Claims paid	98	99	103	1.3%	4.4%
Density	205	207	213	1.0%	3.0%
Penetration	0.80	0.79	0.78	-1.4 p.p	-1 p.p

In France, the market grew 1.9%, a slowdown compared to the 4.1% increase recorded in 2014.

Most Nordic countries performed strongly; Denmark saw premium volumes rise by 10%, while in Finland the increase was 11.5%. One of the main reasons for the growth in Finland in recent years is the rising popularity of medical expenses insurance. The number of such insurance policies has increased by more than 40% in five years. In Sweden, 2015 premiums fell due to a large repayment of collective health insurance premiums by AFA Insurance, a mutual insurer.

In general, the increasing popularity of supplementary healthcare systems largely explains the big year-on-year changes in central and eastern European markets.

This is notably the case in Bulgaria, with 18.2% growth in premium volumes, Croatia (18.3%), Latvia (13.3%) and Turkey

(17.3%). Premium income in Romania grew 53% in 2015, following a 25.3% fall in 2014 due to the special supervisory measures imposed on one of its largest insurers.

Claims paid

Total European health claims paid amounted to €103bn in 2015, up 4.4% on the year before. Almost 80% of the total was paid in the Netherlands (39.3%), Germany (25.0%), France (8.6%) and Switzerland (6.7%).



An average of €213 was spent on health insurance in Europe in 2015

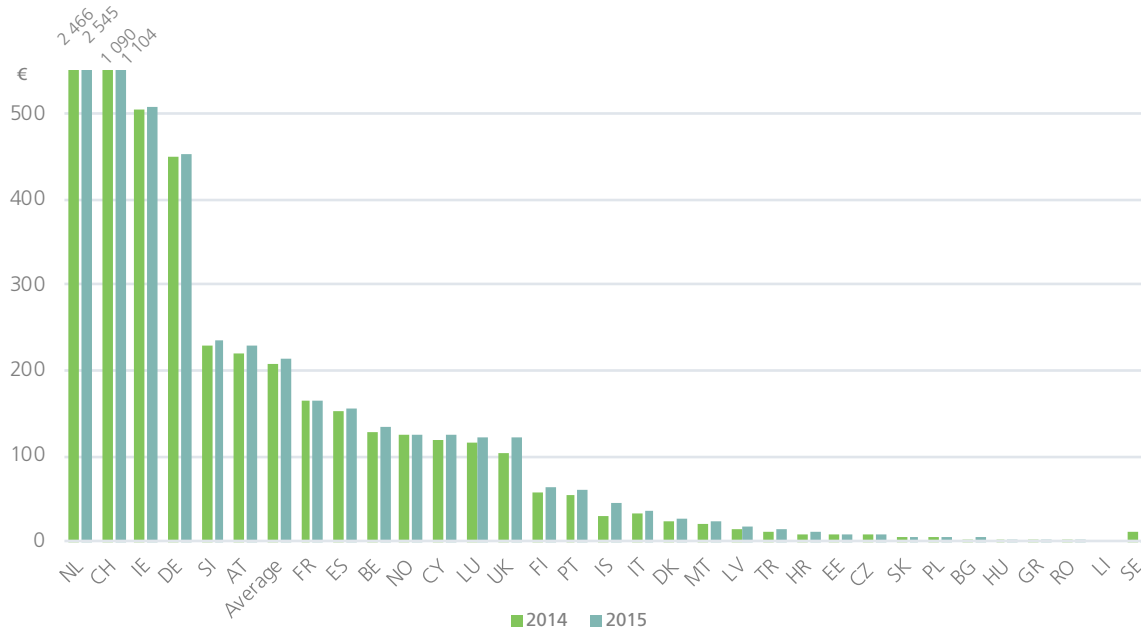
Density and penetration

On average, the amount spent per capita on private health insurance (insurance density) in Europe in 2015 was €213, which is €6 more than in 2014. Health insurance penetration in Europe remained stable at an average of 0.78%.



In 2015 average health insurance penetration was 0.78%

Chart 9: Health premiums per capita by country — 2014–2015 (€)



National differences

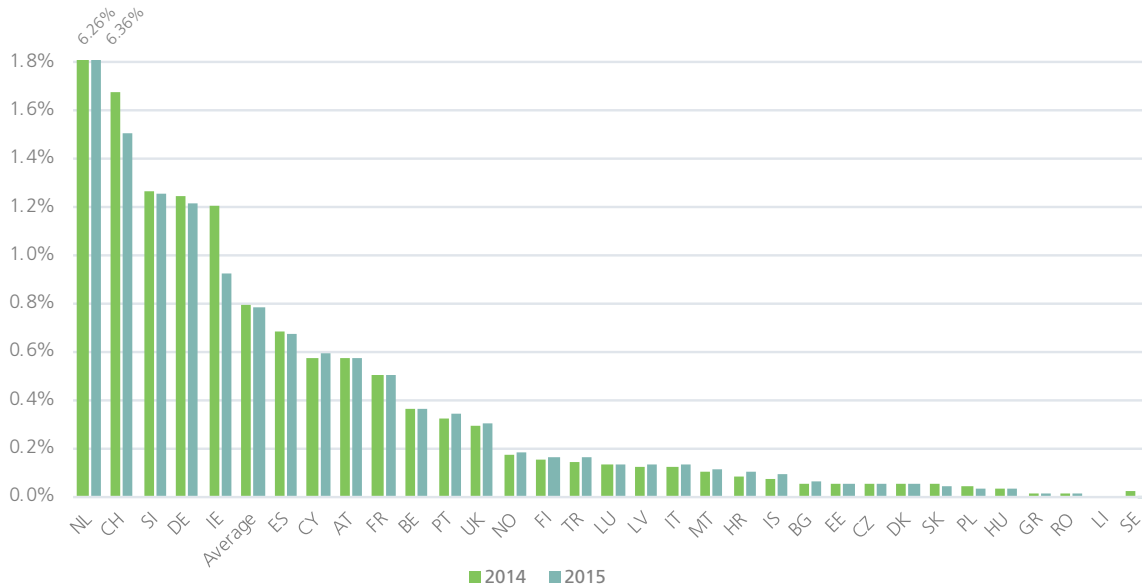
The role of private health insurance differs significantly between markets due to the differences in national health and social security systems. Private health insurance in Europe takes four basic forms:

- **Additional** (complementary and supplementary) insurance is voluntary cover to complete the health insurance needs of the

statutory insured

- **Substitute** insurance replaces publicly funded healthcare
- **Duplicate** insurance operates as a private alternative in parallel to the public system (as in the UK and Spain)
- **Mandatory** private health regimes, such as the Dutch and Swiss health systems, include some public aspects and fully private complementary cover

Chart 10: Health premiums as % of GDP by country — 2014–2015 (%)



Premiums

2014	2015
€339bn	€347bn ↑ 2.4%

Claims paid

2014	2015
€222bn	€232bn ↑ 4.3%

Density

2014	2015
€570bn	€581 ↑ 1.9%

Penetration

2014	2015
2.18%	2.13%

1.4 Non-life insurance

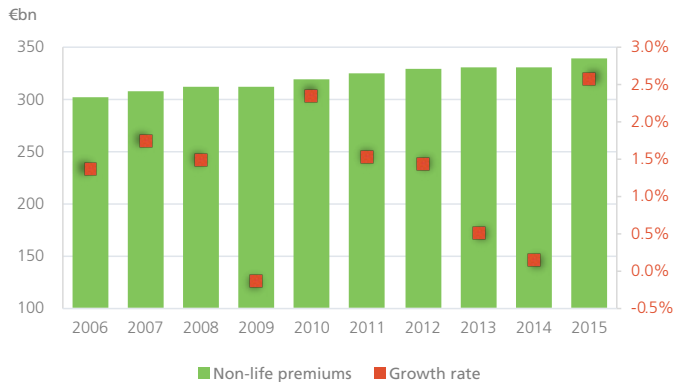
The four main business lines of the non-life insurance market are motor, property, general liability and accident. Economic conditions affect the performance of the non-life sector, since levels of economic activity affect demand for protection products. The non-life sector is also cyclical; when the price of risk is high, new capital is attracted into the market, but the increased competition that results then pushes prices down and some providers exit, thus creating an insurance cycle.

Premiums

European non-life premiums totalled €347bn in 2015, growing 2.4% year-on-year. Motor premiums accounted for 38.5% (€133bn) of the total, stable compared to 2014. Property premiums accounted for 26.8% (€93bn), general liability 10.3% (€36bn) and accident 10% (€34bn).

As in the life sector, positive growth in non-life premiums was registered in most European countries, especially in some of the developing markets such as Bulgaria, Latvia, Romania and Turkey. Ireland and Portugal both experienced growth of close to 7%. In Portugal, 2015 was the first year of growth since 2010.

Chart 11: Non-life premiums — 2006–2015 (€bn)



Some markets did, however, experience continued decline in their premium income in 2015 and these included Greece and the Netherlands. In the case of Greece, the 7.5% decline was linked to developments in the motor insurance market, making 2015 the fifth consecutive year of decreasing premiums.

The four largest non-life insurance markets (Germany, the UK, France and Italy) increased their share of total European premiums from 64.1% to 64.5% in 2015. The UK, German and French markets all continued to enjoy growth in 2015, increasing by 6.3%, 2.9% and 2.5% respectively. Italy's premiums, on the

Chart 12: Breakdown of non-life premiums — 2015

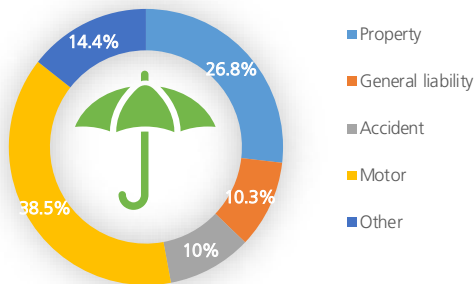


Chart 13: Non-life premiums by business line — 2006–2015 (€bn)

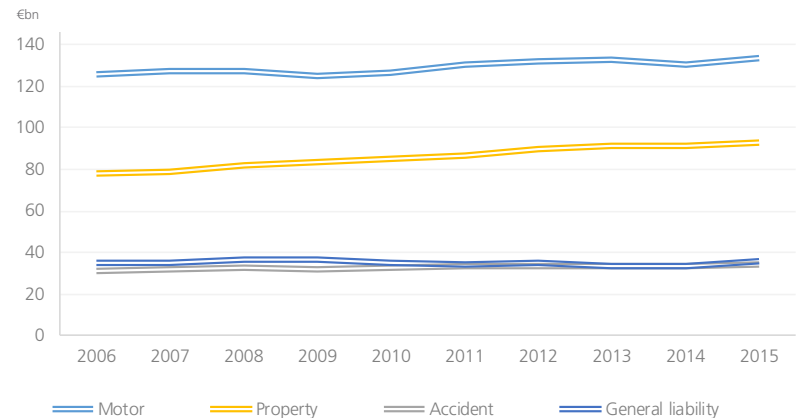


Chart 14: Non-life combined ratio — 2005–2014

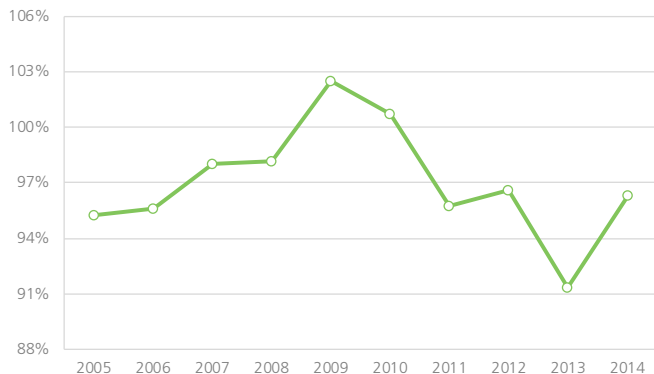
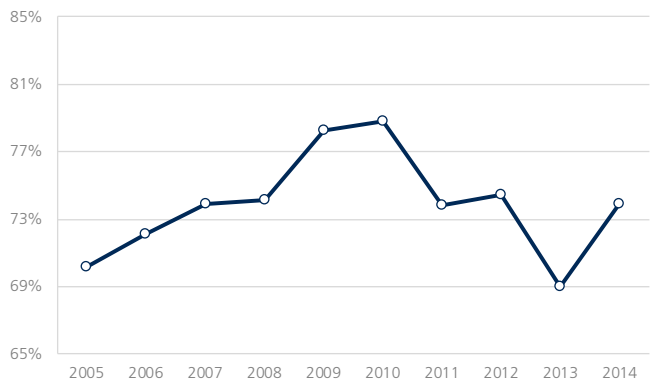


Chart 15: Non-life loss ratio — 2005–2014



other hand, continued to decrease for the fourth consecutive year, falling by 2.9% in 2015.

In Germany, non-life premiums grew 2.9% in 2015; a slower pace than the year before. This was mainly due to steady growth in the total number of contracts. The property and motor sectors showed the strongest growth: 4.1 and 3.4% respectively.

The 6.3% increase in the UK's non-life premiums was mainly due to an 8.6% increase in the biggest non-life business line — motor — which accounted for almost 30% of non-life premiums in 2015. Motor premiums increased significantly in 2015 as a result of an increase in the cost of personal injury claims.

In 2015, French premiums increased at a higher rate than the year before (2.5% compared to 1.6% in 2014). Legislative changes may have stimulated competition in the motor and property markets, pushing companies to customise their offerings to retain clients.

In Italy, the 5.3% decrease in motor premiums led non-life premiums overall to decrease by 2.9% in 2015. The dynamics in the motor sector have a significant impact on non-life business in Italy, as almost 56% of non-life premiums are motor.

Claims paid

Total non-life claims paid increased by 4.3% in 2015 to €232bn. Looking at the national trends, claims grew significantly in a number of countries, including Turkey, Poland and Switzerland (20.2%, 12.2% and 5.1% respectively). In Turkey, an increase in the number of insureds and the costs of handling claims led to a 20% increase in the amount spent on claims in 2015. In Poland, the growth was mainly due to a 12.8% rise in motor claims. Insurers started to adjust their tariffs to take account of the rapidly increasing claim costs resulting from higher levels of customer protection (especially in personal injury claims). An

Chart 16: Non-life claims paid — 2006–2015

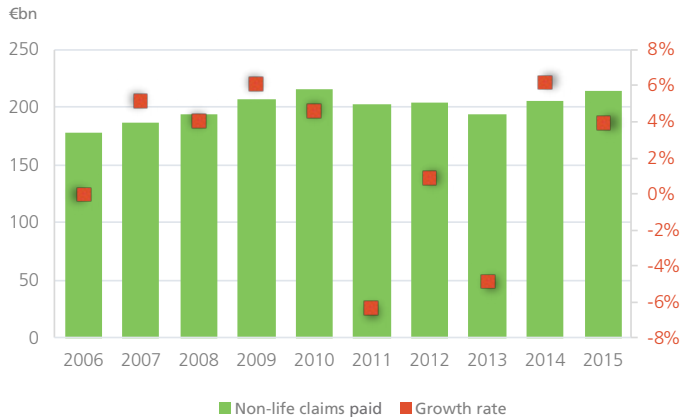
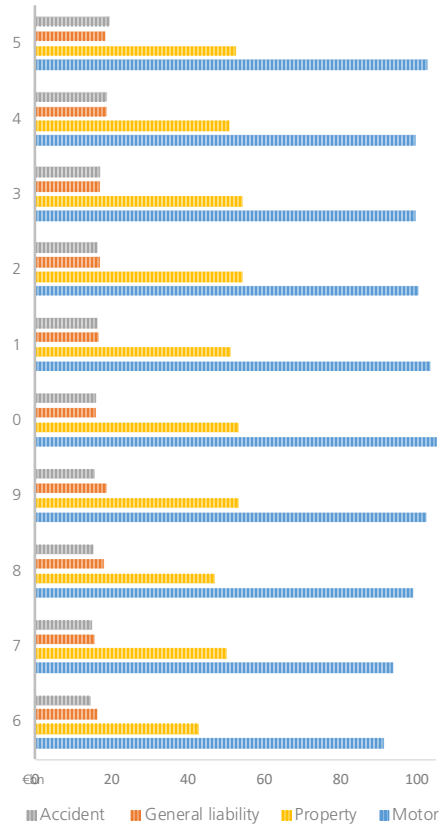


Chart 17: Motor, property, general liability and accident claims paid — 2006–2015 (€bn)



increase in the number of claims and natural catastrophes in 2015 was behind the 5.1% increase in Switzerland.

A few countries experienced a fall in their total claims paid. Greece, in particular, registered a 11.8% drop in 2015 due to the reduced purchasing power of consumers.

Among the largest eurozone markets, claims paid remained stable in Spain and France. The UK and Germany, on the other hand, experienced significant year-on-year change with growth of 11.8% and 6.1% respectively. These changes were linked to developments in the motor and property insurance markets in both countries. In Italy, the level of claims paid decreased by 2.5%.

Density and penetration

An average of €581 per capita was spent on non-life insurance in 2015, compared to €570 in 2014. Non-life insurance penetration in Europe decreased slightly to 2.13%, compared to 2.18% in 2014.



In 2015 total non-life claims paid increased to €232bn

1.4.1 Motor insurance

Motor insurance is the most widely purchased non-life insurance product in Europe. With a 38.5% share of the whole non-life market, motor insurance remains the largest non-life business line, followed closely by property insurance.

Premiums

After decreasing in 2014 for the first time since 2009, European motor insurance premiums grew by 2.2% in 2015 to €133bn, reaching their highest level in a decade. With the exception of 2008 and 2009, motor premiums grew steadily from 2006 to 2015, increasing by 6% over the period.

Most European countries experienced premium growth in 2015, while in a few highly-competitive motor markets growth was limited.

Table 6: Motor insurance overview — 2013–2015

	Benefits and claims paid (€bn)			Nominal growth	
	2013	2014	2015	2013/2014	2014/2015
Premiums	133	130	133	-1.8%	2.2%
Claims paid	99	100	103	0.2%	3.1%
Density	225	220	223	-2.3%	1.8%
Penetration	0.88	0.84	0.82	-4.3 p.p	-2.1 p.p

Some of the highest growth rates were recorded in Europe's less mature markets, such as Turkey (21.5%), Bulgaria (7.7%) and Latvia (7%), but there was also strong growth in Ireland (14%) and the UK (8.6%). However, a limited number of countries experienced a significant decrease in premium income: Greece (-11.6%), Cyprus (-7.5%), Croatia (-8.6%) and Italy (-5.3%). The 8.6% decrease observed in Croatia was due to the liberalisation of motor vehicle liability insurance tariffs, which significantly increased price competition. A reduction in the number of vehicles on the road, and thus in the frequency of claims, was the main reason behind the 11.6% decrease in Greece.

Chart 18: Motor premiums — 2006–2015



The largest markets — Germany, France, the UK and Italy— accounted for 62.4% of all European motor insurance premiums in 2015.

The largest motor market, Germany, registered 3.4% growth in premiums in 2015, following 4.8% growth the year before. This is due to a steady increase in the number of vehicles on the road, and thus in contracts, in recent years.

France, the second largest motor market in Europe, continued to grow in 2015 at the same pace as the year before (2%). Legislative change increased the competitive pressure on prices. However, this was offset by a significant increase in new car registrations.

The third largest motor market, the UK, registered an 8.6% increase in premiums, due to an increase in the cost of personal injury claims. This comes after two consecutive years of reduced premium income (-1.9% in 2014, -3.6% in 2013) due to strong competition.

The motor market in Italy experienced a decline of 5.3% in motor premiums in 2015. This was the fourth consecutive year of decline, with a decrease of almost 20% in premium income compared to 2011. This decline can be explained by strong competition between insurers, which has affected motor third-party liability

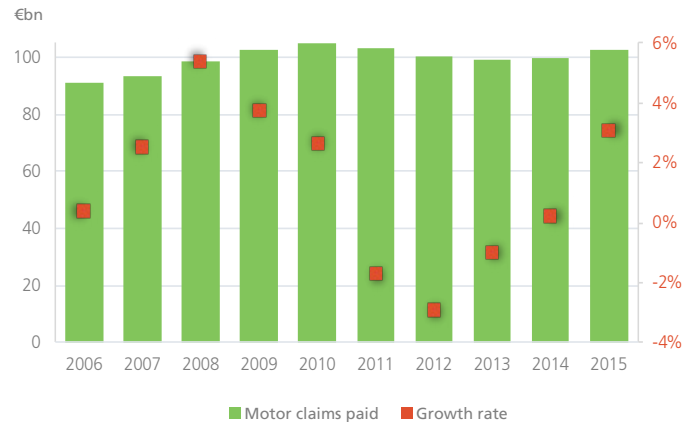
(MTPL) premiums in particular, and by the 40% fall in new car sales between 2009 and 2013, which affected premium volumes.

Claims paid

European motor insurers paid €103bn in claims in 2015, a 3.1% increase on the year before. Looking at a 10-year period, motor claims paid grew 12.3%.

The four largest markets — Germany, France, the UK and Italy— accounted for 65.5% of all claims paid in Europe in 2015. Germany saw a 6% increase in claims paid, which was directly

Chart 19: Motor claims paid — 2006–2015



linked to loss costs (ie handling costs as well as loss frequency and severity). An increase in personal injury claims was behind the 5.7% increase in the UK. While claims paid grew in the UK and Germany, in France and Italy they went down by 1.2% and 1% respectively.

Among countries that registered an increase in claims paid in 2015, Turkey (17.8%) and Poland (12%) stand out.

Density and penetration

An average of €223 per capita was spent on motor insurance in 2015, compared to €220 in 2014. Motor insurance penetration in Europe remained stable at 0.8%.



In 2015 total motor claims paid increased to €103bn

1.4.2 Property insurance

Property insurance includes a variety of policies that protect property against risks such as fire, theft and some types of weather damage.

Premiums

Total property premiums grew 1.9% in 2015 to €93bn. Since 2006, property premiums have increased constantly, growing by 19.7% in the decade. The four biggest markets — Germany, the UK, France and Spain — accounted for 64.4% of all European property insurance premiums.

The largest property insurance market in Europe, Germany, continued to grow in 2015, and grew faster than in 2014. Premiums increased by 4.1% in 2015 to €18bn, compared to

Table 7: Property insurance overview — 2013–2015

	Benefits and claims paid (€bn)			Nominal growth	
	2013	2014	2015	2013/2014	2014/2015
Premiums	91	91	93	0.0%	1.9%
Claims paid	57	52	55	-7.8%	4.4%
Density	154	153	156	-0.6%	1.4%
Penetration	0.61	0.59	0.57	-1.9 p.p	-1.6 p.p

Chart 20: Property premiums — 2006–2015 (€bn)



3.4% in 2014. Premium income in the UK, the second largest market, grew by 1.9% to €17.9bn, recovering only partially from the 4.7% decrease of 2014. Property premiums in France, the third largest property market in Europe, continued to enjoy growth, albeit at a slower pace than the year before. In 2015, premiums grew by 2.6% to €16.8bn, compared to 3.4% the year before. Premium income in the Spanish property market remained stable at €7bn.

Some of Europe's less mature markets experienced solid premium growth in 2015. This is particularly the case for Turkey (+17.3%), Bulgaria (+10.5%), Latvia (+9.4%) and Estonia (+7.8%).

Claims paid

Total European property claims paid in 2015 amounted to €54.6bn, which represents a 4.4% increase on 2014. The four largest markets — Germany, France, the UK and Spain — accounted for 66.4% of all claims paid in 2015.

Claims paid went up in a number of countries that experienced exceptional natural catastrophes, in particular the UK and Germany. In the UK, for instance, severe flooding and heavy rains caused devastation across many parts of the country and a huge loss to the industry in 2015, estimated to be €1.7bn. As a result, claims paid in the UK increased by 23.3% in 2015 after a 15% rise in 2014. Germany was also affected by winter storms in 2015, leading to an increase in claims paid of 6.8%, after a 19.4% decrease in 2014. The state and the insurance sector have cooperated on a risk-awareness campaign that highlights the benefits of natural catastrophe insurance. The result has been a higher take-up of insurance, which inevitably leads to more claims.

Some eastern European countries were affected by periods of drought, due to prolonged high temperature and dry weather. Claims paid increased significantly as a result in Turkey (33.6%), Latvia (18.7%), Poland (18%) and Bulgaria (15.6%).

Chart 21: Property claims paid — 2006–2015 (€bn)



Meanwhile, claims paid went down in most markets, including France (4.3%) and Spain (1.6%). One of the reasons for this trend was the decrease in the number of natural catastrophes that affected Europe in 2015. According to Swiss Re, the losses for natural disasters amounted to €11.7bn in 2015, compared to €12bn in 2014 and €24.8bn in 2013⁵.

Density and penetration

In 2015, €156 per capita was spent on property insurance, compared to €153 in 2014. Property insurance penetration in Europe remained stable at 0.6%.

⁵ Source: Swiss Re Sigma No.1/2016 “Natural catastrophes and man-made disasters in 2015”

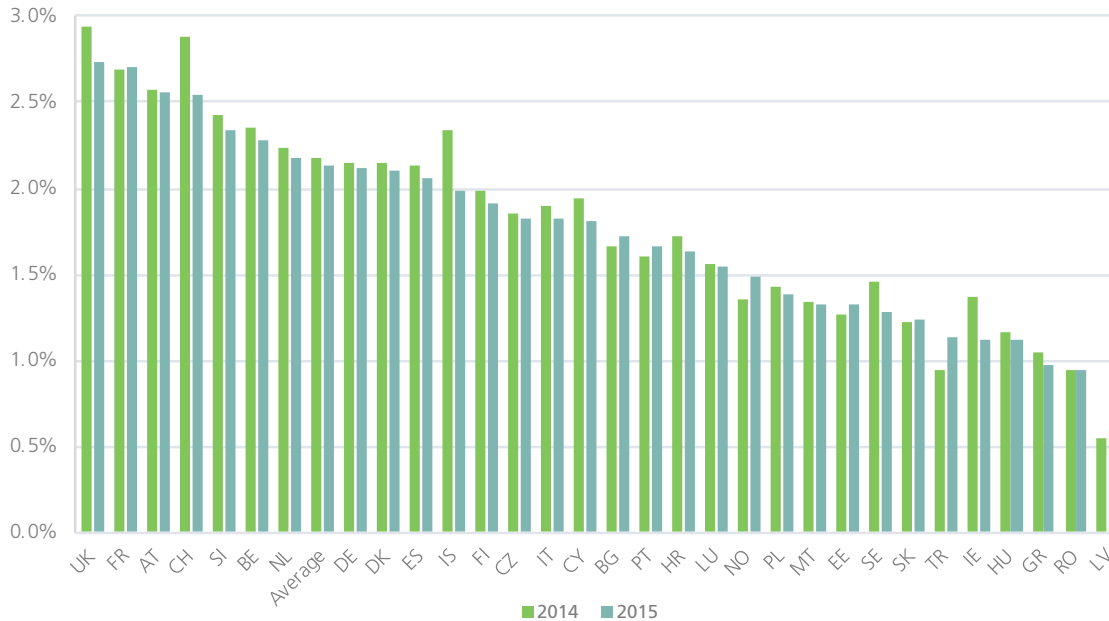
1.4.3 Accident and general liability insurance

General liability premiums totalled €36bn in 2015; an increase of 5.5% on 2014, which had seen a 1.6% decrease. Over a 10-year period, premiums remained broadly stable, growing by only

2.3% since 2006. General liability premiums remained stable in Germany compared to 2014, while France registered a decrease of 2.3%. In Italy, premiums grew 1.7% year-on-year.

Premiums for accident insurance — which provides financial

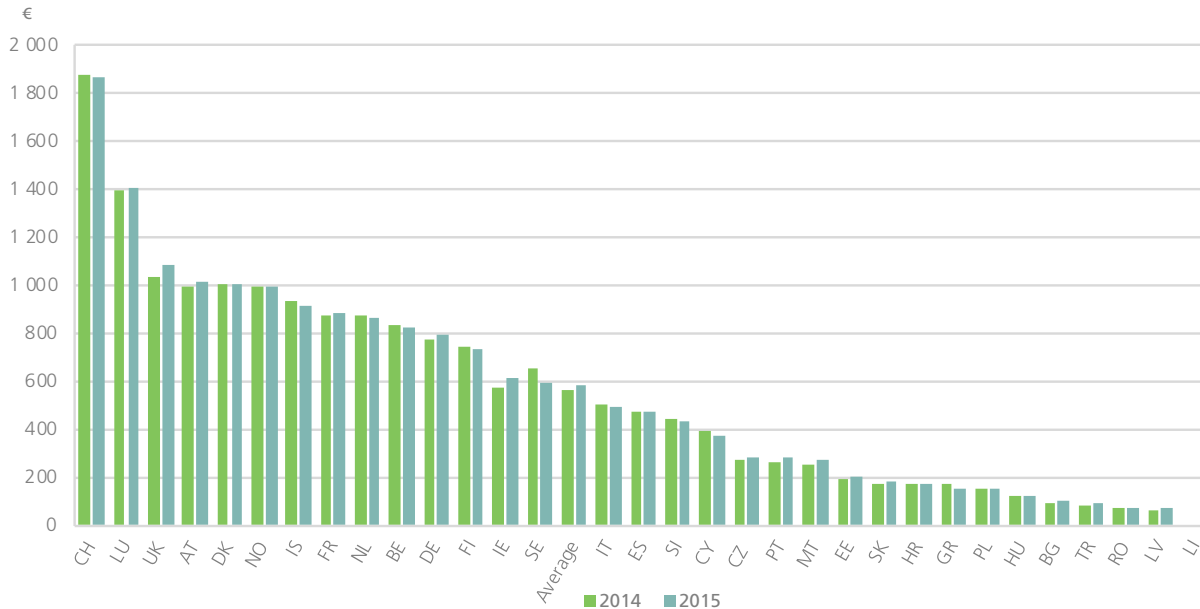
Chart 22: Non-life premiums as % of GDP by country — 2014–2015 (%)



help to an insured in the event of a serious accident or injury, or to their beneficiaries in the event of a fatal accident — totalled €34bn, a 2.1% increase on 2014. Since 2006, accident premiums have increased 9.5%. France, the leading market in accident insurance, continued to experience growth in 2015. Premiums

grew by 3.7% in 2015, following a 2.7% increase in 2014. The second largest market, Germany, decreased slightly, by 1.1%. In the third largest accident market, the Netherlands, premiums remained broadly stable in 2015, after a 3.6% decrease in 2014. Premium income in Italy remained stable compared to 2014.

Chart 23: Non-life premiums per capita — 2014–2015 (€)



2. Insurers' investment portfolio

€9 897bn

Total value of insurers' investment portfolio

61%

Ratio of the investment portfolio to EU GDP

48%

of insurers' assets are government and corporate bonds



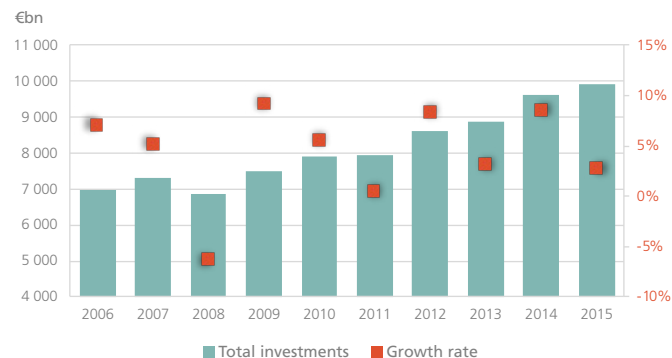
2.1 Evolution of the portfolio

Investments are a key component of the insurance business model, in which the premiums paid to insurers are invested until liabilities fall due.

Insurers are the largest institutional investor in Europe, making them an important provider of the investment needed for economic growth.

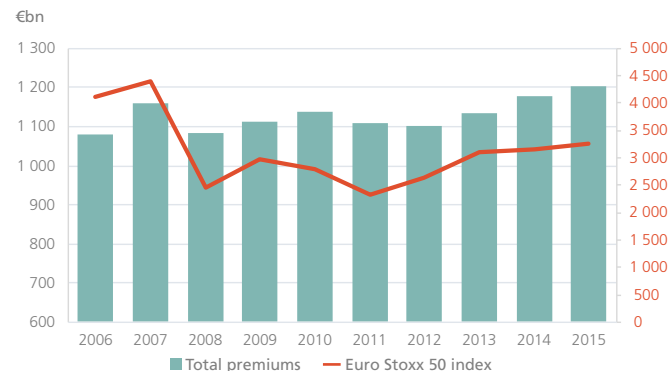
Since most of their assets back long-term liabilities, insurers invest long-term. How their investment portfolio evolves is

Chart 24: Insurers' investment portfolio — 2006–2015 (€bn)



⁶ UK 2015 total is an estimate

Chart 25: Premiums provide a stable source of funding



therefore closely linked to a range of (macro)economic factors and developments in financial markets. (Macro)economic developments and a range of other factors such as monetary policy rates can affect the levels of premiums insurers receive to invest, while developments in financial markets directly affect the performance of their long-term assets.

The total investment portfolio managed by Insurance Europe's member companies grew by 2.8% in 2015 to €9 897bn⁶. The growth can be explained by a modest increase in premiums (2% in 2015), creating a larger investable asset base, and increased existing assets

due to the moderately positive performance of the financial markets. Life insurers' investment portfolio grew by 3.3%. Of the large markets, the ones that underpinned investment portfolio growth in 2015 were Italy (+10.6%), the UK (+6.1%) and France (+3.8%). Smaller markets that registered high growth in their life investment

portfolios were Iceland (+22.4%), Ireland (10.6%), Turkey (+8.7%), Estonia (+8%), Norway (+6.7%) and Slovenia (+7.8%).

Meanwhile, life insurers' investments shrank in Germany (-0.3%), Austria (-0.4%), Belgium (-1.5%), Poland (-1.7%), Denmark

Chart 26: Insurers' investment portfolio as % of GDP — 2014–2015

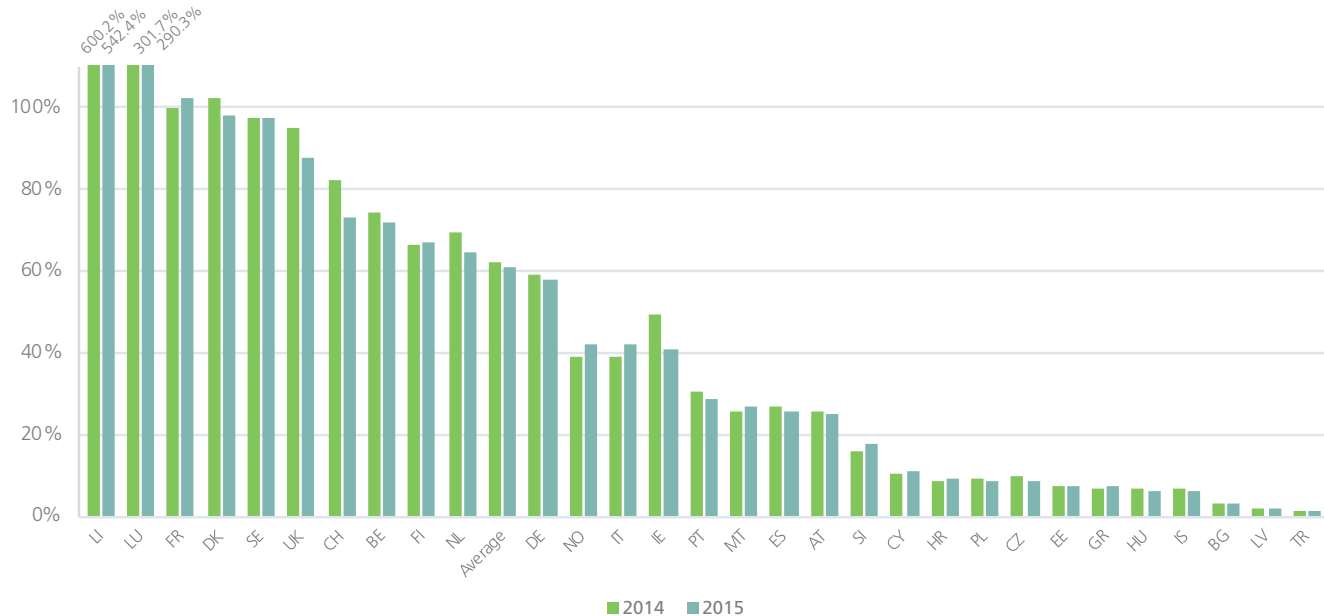
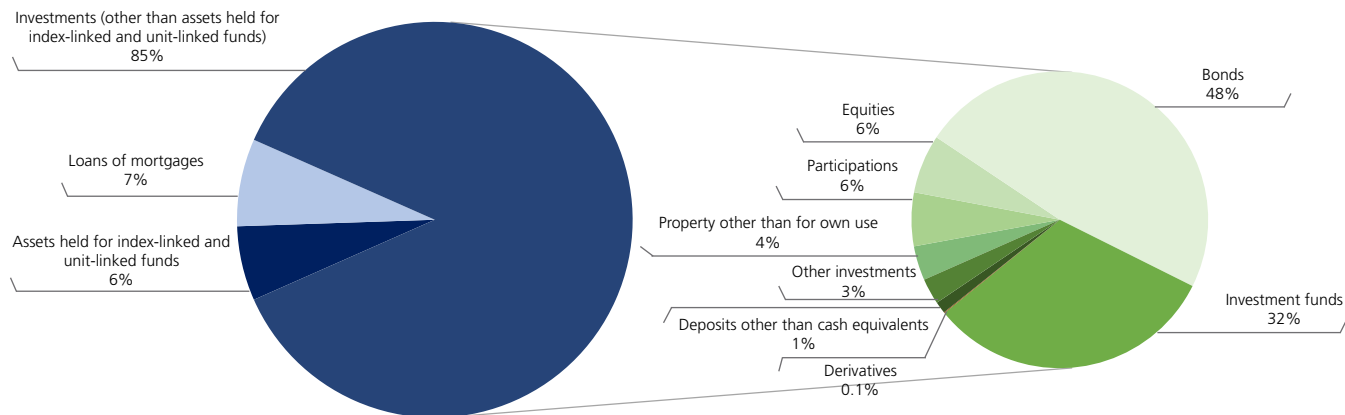


Chart 27: Structure of insurers' investment portfolio — 2014 (%)



(-1.9%), Portugal (-2.7%) and the Netherlands (-5.8%), with the largest decreases observed in the Czech Republic (-7.7%) and Liechtenstein (-10.9%).

Non-life insurers' investment portfolio grew by 1.7% in 2015. The market with the largest non-life investment portfolio, Germany, registered a 3% increase. Of the other largest insurance markets, France saw growth of 6.5% and Italy of 5.7%, but the UK fell

6.5%. Double-digit growth was recorded in Greece (26.6%), Cyprus (16.9%), Malta (15%), Turkey (17%), Slovenia (18.9%) and Latvia (13.4%). However, non-life investment portfolios shrank in the Netherlands (-4.5%), Sweden (-6.4%) and Ireland (-6.8%).

All these changes can be partially attributed to insurers' different asset allocations and the respective performance of each asset class.

In 2015, financial markets continued to be characterised by ultra-low interest rates (and therefore high bond-market values) and highly volatile yet growing equity markets.

Over the course of 2015, the euro-area 10-year Government Benchmark bond yield fell by 25 bps from 1.45% to 1.20%, translating into an increase in the market value of euro-denominated government bonds, with the Bloomberg Barclays EU Government All Bonds TR Index gaining 1.7% over the year (see also the Economic environment chapter).

As shown in Chart 27, in aggregate insurers' allocations to debt-like products are generally significantly higher than to equity. Given the traditionally long duration of these debt investments (particularly in the case of life insurers), changes in yield and spread levels have the biggest impact on overall investment performance.

Although the allocations above are from 2014, on average insurers are unlikely to have made significant changes to their strategic asset allocations, which will be predominantly invested in government and corporate bonds.

A key shift in asset allocation can nevertheless be noted in the area of infrastructure, where insurers have significantly increased their

exposures over recent years. This came against the background of low interest rates and low returns on traditional assets, but also as a consequence of a strong political push in this area, focused on both the creation of infrastructure pipelines throughout the EU and the review of excessive prudential barriers about which the insurance industry had expressed concerns. While the average EU allocation remains in the area of 1% of insurers' total portfolios, a range of European companies have publicly expressed their intention to increase the average weight to as much as 5-10%.



3. Market structure

3 600

insurance companies

985 000

direct employees

Distribution structures across EU markets are diverse, adapted to consumers' needs and constantly evolving



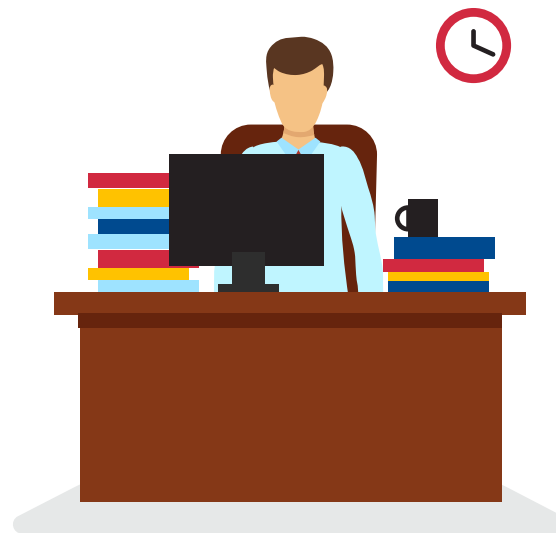
3.1 Companies and employees

Consolidation dominated the insurance industry in 2015, with most countries experiencing a decrease in the number of companies. The biggest year-on-year changes were in Croatia (-8%), Switzerland (-7%) and Sweden (-7%). For some markets this trend has been underway for longer than others. In Sweden, for example, the number of companies has decreased every year since 2010.

Around 3 600 insurance companies were active in Europe in 2015, a decrease of 3.7% on the previous year. This total refers to the number of domestic companies and branches of non-EU/EEA (European Economic Area) country companies. In addition, in 2014, 540 branches of EU/EEA companies were operating in the EU and around 7 400 licensed insurance operations were overseen by national supervisory authorities on the basis of freedom of services.

Germany was the market with the highest number of companies in 2015 (539), down 1.6% on 2014. In the UK, the second highest, the number of companies decreased for the second consecutive year in 2015 to 496 companies. The third and fourth markets — France and Sweden — also experienced a decrease in their number of companies, by 4% and 7% respectively.

In 2015, the number of employees in the European insurance sector decreased slightly by 0.6% to 985 000. At national level, the most significant increases in employment levels were in Luxembourg (10.6%) and in Liechtenstein (7.4%), while the biggest reductions were in Finland (-10.9%), Croatia (-9.8%) and the Netherlands (-4.1%).



3.2 Distribution channels⁷

Insurance is sold either directly by insurers or through a number of different channels, the most common of which are brokers, agents and bancassurance.

The popularity of each channel varies depending on both the market and the insurance product. This diversity of channels, which makes it possible for insurers to adjust to differing cultures, needs and preferences in different markets, is in the interest of consumers.

Life insurance

Among the largest life insurance markets, most products were sold via bancassurance in Italy (79% of gross written premiums) and France (64%), while in the UK⁸ and Germany⁹ most life products were sold by agents and brokers (83% and 73% respectively).

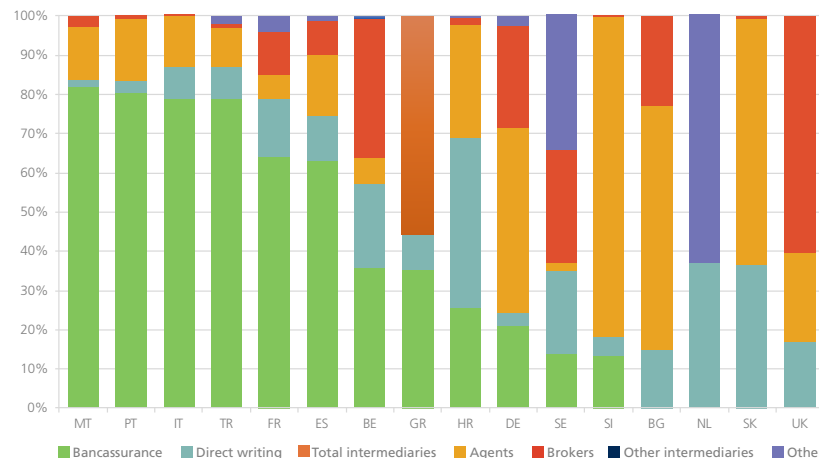
The other European markets in which bancassurance was most dominant were Malta (82%), Portugal (80%), Turkey (79%) and Spain (63%).

⁷ 2014 data

⁸ UK data is 2013

⁹ For Germany, the data is for new business

Chart 28: Life distribution channels (% of GWP) — 2014



The market in which agents and brokers were most dominant was Bulgaria (85%). Agents alone were the main distribution channel in Slovenia (82%) and Slovakia (63%).



Bancassurance is one of the main life distribution channels

Non-life insurance

In both large and small markets, non-life insurance policies are mainly distributed through agents and brokers.

Agents predominate in Slovakia (80%), Italy (79%), Turkey (66%), Slovenia (62%), Germany (58%) and Portugal (56%). Meanwhile, brokers account for 61% of non-life premiums in Belgium and 50% in Bulgaria.

In contrast, Croatia had the largest proportion of non-life products sold directly (70%).

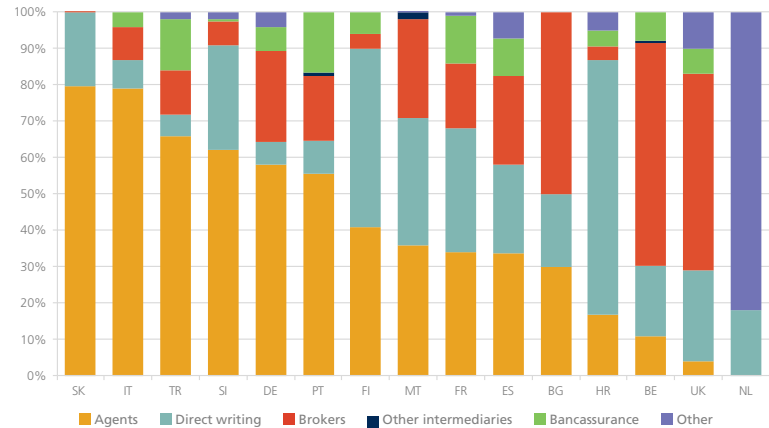
Developments in distribution

Advances in distribution are driven by changes in consumer needs and preferences, as well as by regulatory and technological developments.

Insurers continue to develop multi-channel strategies and invest in new technologies to create innovative ways of selling products that can improve their service to consumers and respond to their expectations.

On the regulatory side, recent EU legislation — such as the Insurance Distribution Directive and the Packaged Retail and

Chart 29: Non-life distribution channels (% of GWP) — 2014



Insurance-based Investment Products (PRIIPs) Regulation — is likely to have an impact on existing distribution structures, as are regulatory developments in individual EU countries.



Agents and brokers are the main non-life distribution channel

Reporting countries

Chapter	Indicator	Reporting countries	3-year sample size
1.1 Overview	Total premiums	Full sample	100%
	Total claims and benefits	Missing: LI	99.8%
	Life premiums	Full sample	100%
	Life benefits	Missing: LI	99.8%
	Non-life premiums	Missing: LI	99.8%
	Non-life claims	Missing: IS, LI	99.7%
	Health premiums	Missing: IS, LI	99.7%
	Health claims	Missing: IS, LI	99.7%
1.2 Life insurance	Life premiums	Full sample	100%
	Life benefits	Missing: LI	99.8%
	Life benefits, individual contracts	Missing: AT, BG, CY, CZ, DK, GR, HU, IE, IS, LI, LU, PL, RO, SI, SK, TR, UK	70.2%
	Life benefits, group contracts	Missing: AT, BG, CY, CZ, DK, EE, GR, HU, IE, IS, LI, LU, PL, RO, SI, SK, TR, UK	70.2%
	Life benefits, non-linked (traditional contracts)	Missing: BG, CY, DK, IE, IS, LI, LU, PL, RO, SK, UK	73.6%
	Life benefits, unit-linked contracts	Missing: BG, CY, DK, IE, IS, LI, LU, PL, RO, SK, TR, UK	72.8%
1.3 Health insurance	Health premiums	Missing: IS, LI	99.7%
	Health benefits	Missing: IS, LI	99.7%

Chapter	Indicator	Reporting countries	3-year sample size
1.4 Non-life insurance	Non-life premiums	Missing: LI	99.8%
<i>Chart 11: Non-life premiums — 2006–2015</i>	<i>Non-life premiums (10-year sample)</i>	<i>Missing: IS, LI, SE, SK</i>	96.8%
	Non-life claims	Missing: IS, LI	99.7%
<i>Chart 16: Non-life claims paid — 2006–2015</i>	<i>Non-life claims (10-year sample)</i>	<i>Missing: DK, FI, IS, LI, LU, NO, SE, SK</i>	91.4%
	Motor premiums	Missing: LI	99.8%
	Motor claims	Missing: LI	99.8%
	Property claims	Missing: GR, LI	99.5%
	Accident premiums	Missing: CY, IE, LI, SE	95.7%
	Accident claims	Missing: CY, FI, GR, IE, LI, RO, SE, SK	93.0%
	General liability premiums	Missing: LI	99.8%
	General liability claims	Missing: CY, GR, HU, LI, RO	99.0%
<i>Chart 17: Motor, property, general liability and accident claims paid — 2006–2015</i>	<i>Motor claims paid (10-year sample)</i>	<i>Missing: LI</i>	99.8%
	<i>Property claims paid (10-year sample)</i>	<i>Missing: DK, GR, IE, LI</i>	96.0%
	<i>Accident claims paid (10-year sample)</i>	<i>Missing: CY, CZ, DK, FI, GR, IE, LI, NO, SE, SK</i>	89.5%
	<i>General liability claims paid (10-year sample)</i>	<i>Missing: CY, CZ, DK, GR, HU, IE, LI, NO, RO, SK</i>	93.8%

Chapter	Indicator	Reporting countries	3-year sample size
1.4.1 Motor insurance	Motor premiums	Missing: LI	99.8%
	Motor claims	Missing: LI	99.8%
1.4.2 Property insurance	Property premiums	Missing: LI	99.8%
	Property claims	Missing: GR, LI	99.5%
<i>Chart 21: Property claims paid — 2006–2015</i>	<i>Property claims paid (10-year sample)</i>	<i>Missing: DK, GR, IE, LI</i>	96.0%
2.1 Insurers' investment portfolio	Total investment portfolio	Missing: RO, SK	99.7%
	Life investment portfolio	Missing: RO, SK	99.7%
	Non-life investment portfolio	Missing: RO, SK	99.7%
3.1 Companies and employees	Insurance companies	Full sample	100%
	Branches of EU/EAA companies	Missing: CH, DK, HR, IS, LI, LU, NL, NO, PL, RO, SK, UK	63.1%
	Companies operating through FOS	Missing: AT, CH, DK, EE, GR, HR, HU, IE, IS, LI, LU, NL, NO, PL, RO, SE, SK, TR, UK	56.6%
	Number of employees	Missing: BG, EE, NO	98.6%

Explanatory notes

1. European insurance in 2014

Total, life, health and non-life premiums

For DE, figures include “Pensionskassen” and pension funds
Figures are for the total market

Total, life, health and non-life claims and benefits paid

For DE, figures include “Pensionskassen” and pension funds
For GR, 2015 figures are from Hellenic Supervisory Authority (Bank of Greece)

Life benefits paid — 2015

For DE, figures include “Pensionskassen” and pension funds
For LU, figures are from Commissariat aux Assurances

Non-life claims paid

For DE, figures refer to P&C. Gross claims expenditure is reported (ie claims paid plus provision for claims)

2. Insurers' investment portfolio

Total investment portfolio in domestic market

For BE, includes foreign activities of domestic companies
For DE, figures are for total market
For LU, figures are from Commissariat aux Assurances
For the UK, figures are estimated

Life insurers' investment portfolio

For DE, figures exclude unit-linked life insurers' investment portfolio
For LU, figures are from Commissariat aux Assurances
For the UK, figures are estimated

Non-life insurers' investment portfolio

For LU, figures are from Commissariat aux Assurances
For the UK, figures are estimated

3. Market structure

Number of active licensed enterprises

For DE, figures are for companies under Federal supervision (including “Pensionskassen”, funeral expenses funds and non-EEA branches). They exclude companies under Land supervision and pension funds. Figures are for the total market

For NL, figures are for licenced companies (active and inactive) under Dutch supervision, excluding funeral-in-kind insurers

Number of direct employees

For DE, figures refer to employees subject to social security contributions in primary insurance and reinsurance companies and insurance intermediation firms as at 30 June of the respective year. They also refer to employees in the insurance industry and not insurance in companies. The 2015 value is not comparable to that for 2014 due to a statistical special effect in 2014. Figures are for the total market.

European Insurance in Figures and its dataset are available on the Insurance Europe website: www.insuranceeurope.eu.

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