

European Insurance — Key Facts

September 2009

CEA member associations

Austria (AT) — Versicherungsverband Österreich (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 des Sociétés d'Assurances (FFSA)

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) — Irish Insurance Federation (IIF)

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

Latvia (LV) — Latvijas Apdrošinātāju asociācija (LAA)

Liechtenstein (LI) — Liechtensteinischer Versicherungsverband

Lithuania (LT) — Lietuvos draudikų asociacija

Luxembourg (LU) — Association des Compagnies d'Assurances (ACA)

Malta (MT) — Malta Insurance Association

Netherlands (NL) — Verbond van Verzekeraars

Norway (NO) — Finansnæringens Hovedorganisasjon (FNH)

Poland (PL) — Polska Izba Ubezpieczeń (PIU)

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

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

Slovakia (SK) — Slovenská asociácia poisťovní

Slovenia (SI) — Slovensko Zavarovalno Združenje (SZZ)

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

Sweden (SE) — Sveriges Försäkringsförbund

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

Turkey (TR) — Türkiye Sigorta ve Reasürans Şirketleri Birliği

United Kingdom (GB) — The British Insurers' European Committee:

Association of British Insurers (ABI)

International Underwriting Association of London (IUA)

Lloyd's

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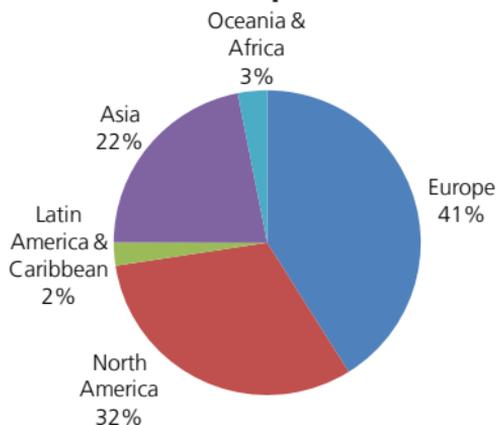
This booklet provides key facts about the European insurance market and the contribution of European insurance to society and the economy. All figures are the latest available, with 2008 data being provisional.

The figures do not include the small mutual insurance associations under regional “Land” supervision in Germany, the 45 mutual insurers (“Mutuelles 45”) in France, the Belgian mutuals and the companies under regional supervision in Spain.

I. European insurance in the world

With a 40% share of the global insurance market, the European insurance industry is the largest in the world.

Distribution of insurance premiums — 2008



Source: Swiss Re, Sigma No.3/2009: “World insurance in 2008”

NB: “Europe” covers western, central and eastern Europe and therefore includes Russia and Ukraine (which together account for less than 1% of global premiums)

II. Insurance in the economy

Insurance enables households and corporations to live and operate in a stable environment.

Insurance not only facilitates economic transactions by providing risk transfer and indemnification, it can also promote financial stability, mobilise savings, enable risks to be managed more efficiently, encourage loss mitigation, and foster efficient capital allocation.

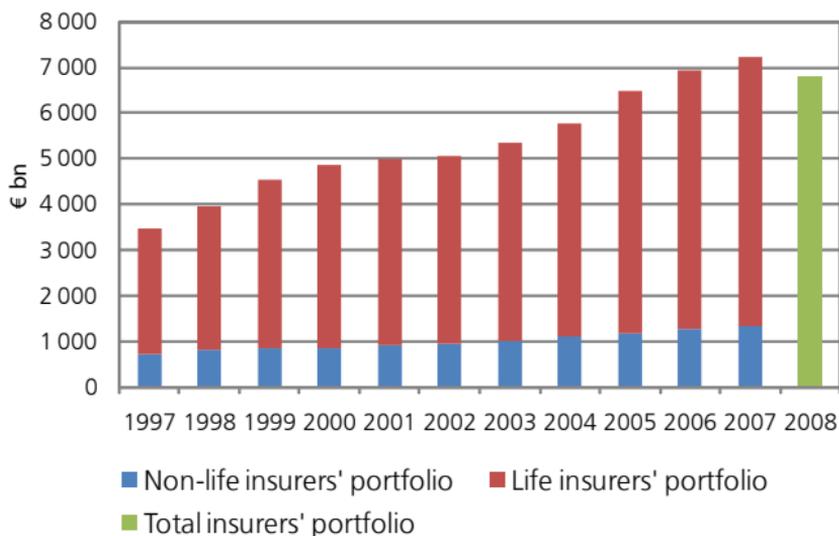
- Life insurers paid out more than €610bn in benefits to insureds in 2007, providing them with capital, annuities, pension revenue and protection against death.
- Non-life insurers paid out more than €200bn in claims to insureds in 2007, of which €90bn was for motor insurance claims.
- Private health insurers provided around 12% of all current health expenditure in the European Union in 2007.
- European insurers invested more than €6 800bn in the economy in 2008, or around 50% of the GDP of the European Union.
- The European insurance industry employs almost 1 million people directly¹.

1 There are also around 1 million outsourced employees and independent intermediaries

III. Insurers' investment portfolio

As at 31 December 2008, the European insurance industry had around €6 800bn invested in company shares, bonds and other assets on behalf of millions of savers and non-life insurance customers.

European insurers' investments — 1997–2008 (€bn)



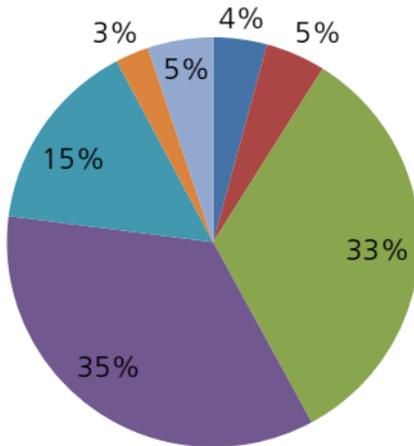
NB: Accident and health business is included in non-life

The drop expected in investments in 2008 is for the most part explained by the economic turmoil that has affected the whole financial industry and thus the value of assets, although the strong depreciation of the pound sterling against the euro has also played a role.

The development of the total investment portfolio is mainly driven by life business, since the investment holdings of the life insurance industry account for more than 80% of the total. The UK and France are the most significant market players as they jointly account for over 50% of all European life insurers' investments.

The largest components of European insurers' investment portfolios are debt securities and other fixed income assets (35%), followed closely by shares and other variable-yield securities (33%). Loans represent 15% of the total.

European insurers' investment portfolio — 2007



- Land and buildings
- Investments in affiliated undertakings and participating interests
- Shares and other variable-yield securities and units in unit trusts
- Debt securities and other fixed-income securities
- Loans, including loans guaranteed by mortgages
- Deposits with credit institutions
- Other

IV. Premiums

Total gross written premiums for the whole of the European market have almost doubled over the last ten years and amounted to €1 058bn in 2008. The total breaks down as follows:

- Life 61%
- Property and casualty 27%
- Accident and health 12%

However, this breakdown varies widely between countries.

In 2008, the average premium per capita amounted to €1 803 compared to €1 154 ten years earlier². The 2008 figure breaks down as follows:

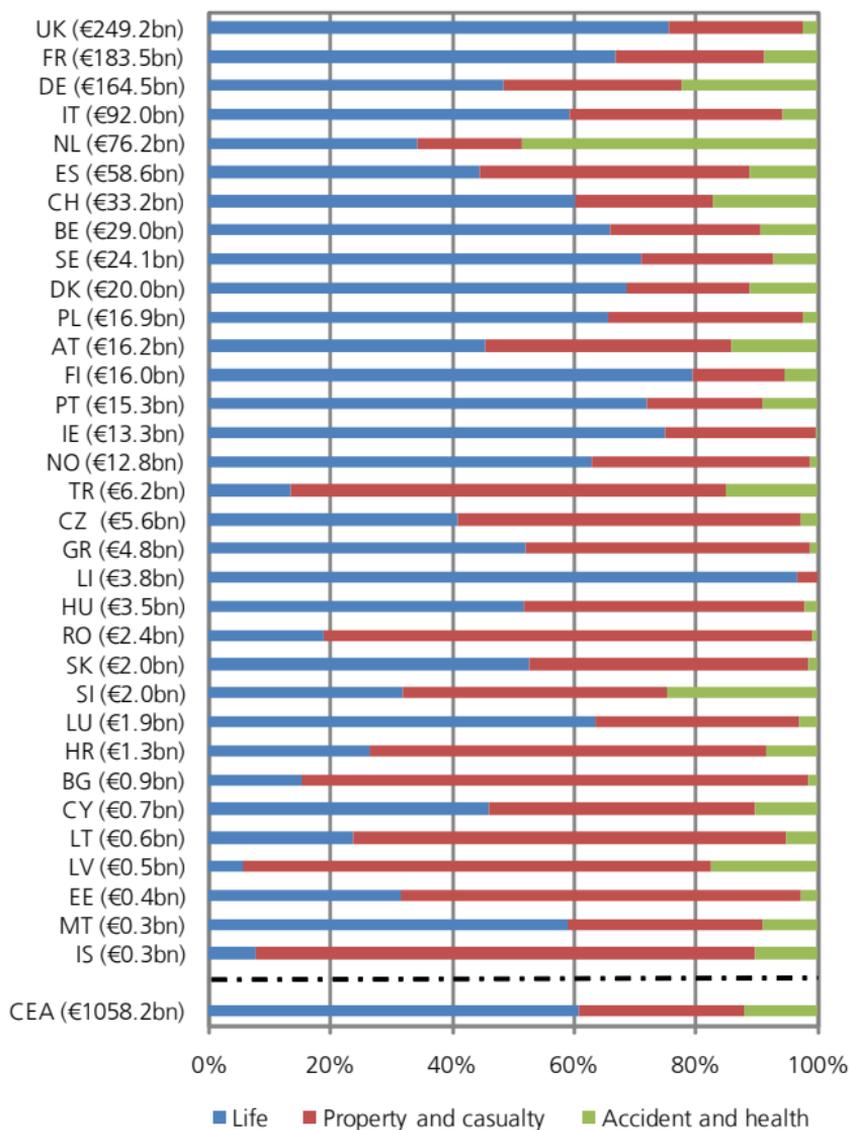
- Life €1 095
- Property and casualty €496
- Accident and health €212

In 2008, the premium to GDP ratio reached 7.7%, up from 7% ten years earlier³. This ratio varies considerably from country to country, ranging from 1.2% in Turkey to 13.8% in the UK.

² In nominal terms

³ This indicator measures insurance activity in terms of premium volume as a share of GDP. It should be stressed that it does not indicate the contribution of the insurance industry to the economy but rather allows comparisons between countries and over time.

European insurance premiums by country — 2008



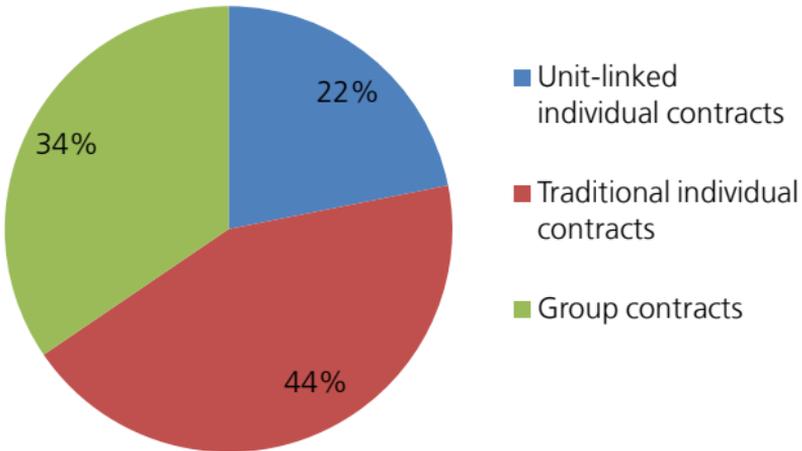
NB: For Greece, a large part of health business is included in life

IV.1 Life insurance products

The main value of a life insurance policy is that it is both “pure insurance” and a savings product. Life insurance policies can be purchased either by individuals or in the form of group policies, mostly by employers.

In Europe, two thirds of individual premiums relate to traditional life products, which offer capital and/or return guarantees, while the remaining individual life premium income stems from unit-linked products, in which the risk is borne by the policyholder.

European life premiums by type of contract — 2007

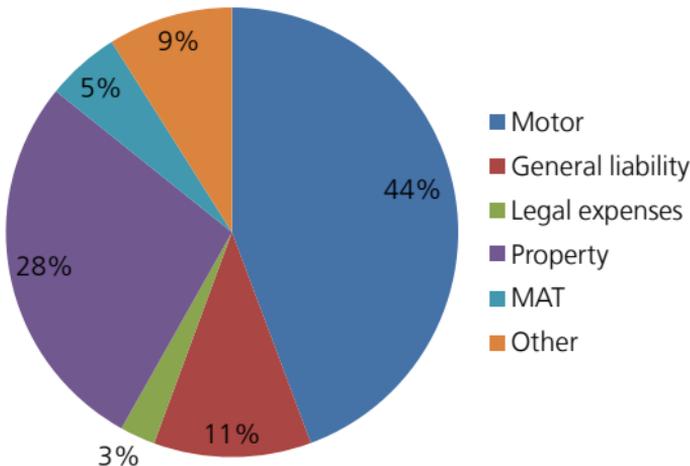


IV.2 Property and casualty insurance products

Property and casualty (P&C) insurance includes a wide range of cover for homes, cars and businesses.

- With €130bn of premium income, motor insurance is the biggest class of property and casualty business, accounting for 44% of premiums.
- The second largest class is property, with a 28% share of the market.
- General liability and marine, aviation and transport (MAT) account respectively for 11% and 5% of property and casualty premiums.

European P&C premiums by product — 2008



V. Companies

Around 5 200 insurance companies⁴ were operating in Europe in 2008. The majority were joint stock companies and mutual insurance associations, but insurers can also be public institutions, cooperatives, etc.

The number of insurance companies has decreased over the last ten years as a result of the wave of mergers and acquisitions that took place at the end of the 1990s following the liberalisation and deregulation of the market in the EU.

VI. Distribution channels

Insurers sell their products either directly or through a variety of distribution channels, of which the most familiar are brokers, agents and bancassurance.

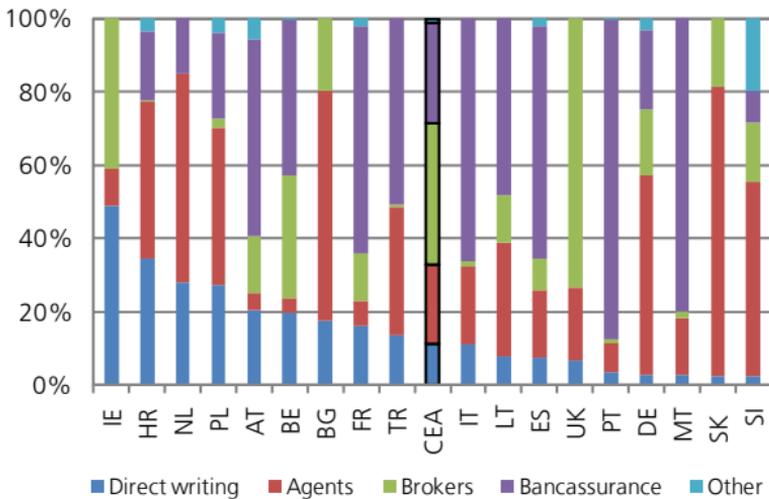
The distribution of insurance products has evolved significantly. Technological developments, such as the internet and mobile phones have opened up new distribution channels and insurers are increasingly developing multi-channel strategies.

4 Not including the small regional German insurance associations, France's "Mutuelles 45", Belgium's "mutuelles" and Spain's regionally supervised insurers

VI.1 Life insurance

- Bancassurance has developed over the last decade alongside life insurance and is today the main distribution channel in many western European countries.
- Agents and brokers also play an important role in the distribution of life policies.
- Direct sales through employees or distance-selling are less developed in life than in non-life insurance.

Life insurance distribution channels (gross written premiums) — 2007



NB: Data for Germany and Luxembourg refers to new business only

VI.2 Non-life insurance

The distribution of non-life policies in Europe relies mainly on intermediaries (agents and to a lesser extent brokers) and on direct sales by employees and distance-selling.

Non-life insurance distribution channels (gross written premiums) — 2007



NB: Data for Germany and Luxembourg refers to new business only

“European Insurance – Key Facts” is available to download from the CEA website. Also available at www.cea.eu is the annual detailed statistical publication “European Insurance in Figures”.

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About the CEA

The CEA is the European insurance and reinsurance federation. Through its 33 member bodies – the national insurance associations – the CEA represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. The CEA represents undertakings that account for approximately 94% of total European premium income.

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