ITALIAN INSURANCE

2013 - 2014

Ania

Associazione Nazionale fra le Imprese Assicuratrici

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THE RESULTS FOR THE YEAR

Total premium income rose by 12.7% in 2013…

Italian insurance companies' direct and indirect premium income from domestic and foreign business, gross of cessions and retrocessions, recorded an overall increase of 12.7% (-4.6% in 2012).

…+21.3% in life, -3.9% in non-life…

The expansion was the result of a rise of 21.3% in premiums in the life sector (after the reduction of 2.8% in 2012) and a contraction of 3.9% in non-life insurance premiums after that of 2.7% in 2012.

…technical account result: non-life, Euro +3.6 billion; life, Euro +3.3 billion…

For non-life business the technical account result was positive by Euro 3.6 billion (Euro 2.8 million in 2012) and its ratio to premiums rose to 11.2% in 2013 (8.4% a year earlier). In the life sector the result was positive by Euro 3.3 billion (compared with over twice as much in 2012); the ratio to premiums fell from 9.8% in 2012 to 4.0% in 2013.

...result of ordinary and extraordinary activities: Euro +8.3 billion...

The result of the ordinary activity, life and non-life, in 2013 was Euro 6,969 million, down from nearly Euro 9,500 million a year earlier. Extraordinary income showed net income of Euro 1,313 million (after only barely exceeding extraordinary charges in 2012). Overall, profit for the year before tax thus amounted to Euro 8,282 million.

…operating profit: Euro 5.2 billion…

After taxes totaling Euro 3,049 million, the industry showed an overall net profit of Euro 5,233 million: Euro 2,143 million for the non-life sector and Euro 3,090 million for the life sector (compared with net profit of Euro 640 million and Euro 5,129 million respectively in 2012).

…solvency margin: Euro 45.2 billion, nearly twice the minimum requirement…

Insurance companies' solvency margin at the end of 2013 amounted to Euro 45.2 billion, down by 10% from a year earlier. The available margin was, however, still almost twice the minimum required by law. For the life sector, the available margin (Euro 29.0 billion) was 1.75 times the minimum requirement (Euro 16.6 billion), compared with a cover ratio of 1.98 in 2012. In non-life business the available margin (Euro 16.2 billion) came to 2.56 times the minimum requirement (Euro 6.3 billion), compared with a cover ratio of 2.75 in 2012.

This year's Report has features on:

…"special" tax measures for insurers

Over the past few years, a series of specific fiscal measures have been adopted, which have burdened insurance companies exclusively. In particular, the measures adopted in the last year have consisted of "special" levies or of targeted increases to tax rates affecting all taxpayers. On a preliminary basis, in 2013 the industry paid more than Euro 3 billion of direct taxes (3.7 billion in 2012). This includes an estimated 200 million in connection with the revaluation of the companies' holdings of shares in the Bank of Italy under Decree Law 133 of 30 November 2013.

EXECUTIVE SUMMARY

FORECASTS FOR 2014

Premium income should rise again in 2014…

Given the slightly better performance of the economy, confirmed by the projections of the main forecasting institutions for a return to GDP growth in the course of the year, total premium income should expand for the second consecutive year in 2014. Our projection is for a further increase in the life sector, with forecast growth of nearly 30% on the heels of the 22.1% gain registered last year, more than offsetting the expected decline of 1.7% in the non-life sector.

…to over Euro 140 billion…

In 2014 total written premiums (life and non-life) of direct domestic business should exceed Euro 140 billion (+20.3% on 2013), further lifting its ratio to GDP from 7.7% to 9.0%.

…motor and general liability premiums will decline, those of the other branches should increase…

Total direct premiums of Italian insurance companies in the non-life sector are expected to diminish for the third year running, owing above all to the decline in the motor liability and marine liability branches. In this sector, in fact, the improvement in the overall technical results both in 2012 and in 2013 has been reflected in prices, and the sharp fall of 7.0% in written premiums in 2013 should be followed by a comparable decline of 6.0% this year. In the other non-life branches, owing to the positive signs for the economy, premium income should increase modestly (2.3%). In particular, except for general liability, where premium income is again expected to contract (by 2.0%), all classes should show an increase: sickness (5.0%), other property damage and fire (3.0%) accident and other non-life (2.5%). After six years of decline, there should be a gain of 3.5% in premium income for land vehicle insurance, owing mainly to the modest recovery in new car sales (a rise of between 3% and 5% is expected in 2014.

Total non-life premium income is thus expected to amount to Euro 33 billion in 2014, while in proportion to GDP it should remain the same as in 2013 (2.1%).

…life premium income will increase…

In life insurance, the surge in written premiums will continue, with a forecast jump of 29% to Euro 110 billion, following the 22% gain registered in 2013. This is the expected effect of continuing growth in Class I products sold through bank branches and Class III (essentially unit-linked) products.

In the first four months of 2014, new life insurance business amounted to Euro 30.8 billion, compared with Euro 20.4 billion in the same period of 2013. The increase involved mainly Class I products, new business in which gained more than 70%, and to a much lesser extent Class III products, in which premiums rose by 1.6%.

…Class I products will gain 35%…

For Class I products, assuming that short-term interest rates (3-month Treasury bills) remain well below 1% as in the first four months (when they averaged 0.24%) and that financial markets remain stable, premium income can be expected to rise by 35% for the year as a whole, from Euro 65 billion to about Euro 90 billion.

…and Class III products 5%

For Class III (linked) policies, assuming no major turmoil in the equity and financial markets, it is estimated that premiums will increase by 5% for the year as a whole to a total of nearly Euro 16 billion.

In 2014 the ratio of life premium income to GDP could rise to 6.9%, from 5.5% in 2013.

LIFE INSURANCE – DIRECT ITALIAN BUSINESS

Purchasing power declined in 2013…

Italian households' nominal disposable income rose by 0.3% in 2013 after falling by 2.0% in 2012. This caused households' purchasing power (real disposable income) to fall by 1.1% for the year as a whole, an improvement compared to the slump of 4.6% in 2012.

…but the saving rate rose…

Italian consumer households' propensity to save – defined as the percentage ratio of savings, gross of amortizations and net of changes in pension fund reserves, to disposable income – was 9.8% in 2013, according to ISTAT's official data, up sharply from the previous year (8.4%). This was the first positive change for this indicator since 2004.

In 2013 the net flow of financial investment by Italian households and non-profit institutions came to nearly Euro 30 billion, with a strong increase compared with a year earlier (18.3 billion). Financial saving – the difference between the flows of financial assets and liabilities – almost doubled, from Euro 21.2 billion to Euro 40.2 billion.

Net investment in equity increased

Investment in shares and other equity attracted net resources worth Euro 29.4 billion, compared to Euro 1.9 billion a year earlier, while investment in insurance policies, pension funds and severance pay increased to an inflow of Euro 22 billion (of which 18.6 billion in life premium reserves), compared to the 1.6-billion-Euro outflow of 2012. Italian households also returned to net investment in domestic investment funds, with net purchases of nearly Euro 9 billion, against net redemptions of Euro 2.3 billion in 2012.

The stock of financial assets comes to nearly Euro 4 trillion

At the end of 2013 the stock of financial assets held by Italian households amounted to Euro 3,897 billion, up by Euro 153 billion from a year earlier. As to the composition of the portfolio, the portions invested in shares and other equity, in investment fund units and in insurance and pension funds increased by 1.4, 0.8 and 0.5 percentage points respectively, while that invested in bonds decreased by 2.6 points.

Households' net wealth equals 8 times their disposable income

According to Bank of Italy calculations based on ISTAT data, households' net wealth was equal to about 7.9 times disposable income in 2013, somewhat less than in 2012 (8.0). The slippage reflected a fall in house prices, an increase in savings and a rise in securities prices. Households' financial assets, however, increased to 3.6 times disposable income, 2.1% more than a year earlier. The ratio in Italy is still among the highest in the euro area.

This year's Report offers a special inquiry into the long-term trend in Italian households' propensity to save.

Life premiums came to Euro 85.1 billion in 2013…

Premiums from direct domestic business of the 64 insurance companies operating in the life sector totaled Euro 85.1 million, up 22.1%, after falling by 5.5% in 2012 and 18% in 2011. New business was distributed evenly throughout the year with an average growth of 30%. Life premiums made up 71.6% of total life and non-life premiums, compared with 66.3% in 2012.

…and net cash flow came back into positive territory…

Net cash flow, defined as the difference between premiums and incurred claims, was positive by Euro 18.4 million, whereas in 2012 it had been negative (Euro -5.3 million). The increase in the mathematical provisions and other technical provisions amounted to approximately Euro 30 billion, compared with Euro 10 billion a year earlier.

The technical provisions amounted to Euro 453.1 billion, with an increase of 7.0% (compared with +2.4% in 2012).

…incurred claims diminished…

Incurred claims, defined as the amounts paid plus the change in the amounts reserved in respect of claims net of recoveries, totaled Euro 66.7 million (down 11% from 2012) as a result of a decrease in amounts paid for claims (down 16.3%) due to a fall in expiring policies and in the disbursement of annuities (down 5.0%).

…as did operating expenses…

Operating expenses, which along with administration expenses also include acquisition costs, premium collection costs and costs relating to the organization and operation of the distribution network, amounted to Euro 3.5 billion (Euro 3.4 billion in 2012). The increase of 5.1% was smaller than that in premiums, so that the ratio to premiums diminished from 4.8% to 4.2%. The decline in the ratio was due mainly to the fall in dealer commissions from 2.6% to 2.3%.

…investment income amounted to over Euro 18 billion…

Investment income in 2013 was equal to Euro 18.5 billion, but the contribution of this item to the profit-and-loss account shrank by over 27% from 2012. This weighed on the result of the technical account which, although amply positive, was halved compared with 2012 (only Euro 3.1 billion). The ratio of the technical account result to gross written premiums dropped from 9.3% in 2012 to 3.7% in 2013.

The result of reinsurance cessions and net indirect business was positive by Euro 0.37 billion (Euro 0.39 billion in 2012).

…and the overall technical account result was positive by Euro 3.5 billion

The overall technical account result was positive by Euro 3.5 million, whereas in 2012 it had been positive by Euro 6.9 million. There was thus a decline both in the ratio to premiums (from 9.8% in 2012 to 4.1% in 2013) and in the ratio to technical provisions (from 1.64% to 0.80%).

NON-LIFE INSURANCE – DIRECT ITALIAN BUSINESS

Non-life premiums came to Euro 33.7 billion…

In 2013 non-life premium income amounted to Euro 33.7 billion, down 4.6% from 2012. Its share of total premiums fell from 33.7% to 28.4%, in part because of the especially sharp rise in life sector premiums.

…the combined ratio improved…

Given a slight increase in the expense ratio, the fall in the loss ratio caused the combined ratio to improve to 89.9% from 95.9%. In spite of the lower return on investment together with a negative contribution from reinsurance, the overall technical account result was still positive by about Euro 3.4 billion.

The Report describes: …developments in malpractice insurance…

The Report presents a detailed analysis of the medical malpractice insurance cover of healthcare institutions and individual physicians. The number of claims registered has diminished slightly (-0.7% compared to 2011), in line with the trend that began in 2010, resulting in a decrease of over 8% in the 3-year period 2010-2012. Claims by institutions have gone down by 1.0%, while claims by individual practitioners are virtually unchanged.

…non-life policies subscribed by Italian households

According to the Bank of Italy's household budget survey, in 2012, 4.3% of households subscribed at least one health and/or accident premium, much less than the percentage recorded in 2010 (5.5%); in absolute terms, insured households were 1 million out of a total of 24 million (1.2 million in 2010). In 2012, 23% of households subscribed at least one non-life premium (other than motor liability insurance), slightly less than the percentage recorded in 2010 (25.5%); in absolute terms, insured households numbered 5.6 million out of a total of 24 million (6.2 million in 2010).

This chapter also has a special section:

– Natural disasters in Italy and the forecast exposure of the insurance industry to damage from floods and earthquakes in 2014.

MOTOR LIABILITY INSURANCE

Motor liability premiums declined by 7.0% in 2013…

In 2013 motor insurance premiums registered a drop of 7.0%, following the 2012 decrease of 1.2%. The cost of claims also fell, by 4.7%, contributing to an improvement in the combined ratio to 88.1% (92.5% in 2012). The positive contribution of the financial component in connection with returns on investment helped produce a positive overall technical balance. The overall technical results for land vehicles remained positive, although lower than in 2012, and for the sixth consecutive year premiums registered a decrease (of 8.6%).

…and the number of vehicles insured by 2.5%…

The number of insured vehicles in 2013 was 38.2 million, down 2.5% from 39.2 million a year earlier. The number refers only to Italian insurance companies and units of non-EEA insurance companies. Counting all the other types of insurer doing business in Italy, the fall in the number of insured vehicles comes to 2.7%.

…the average premium fell by 4.6%, and by 6.3% in the first three months of 2014

After the overall increase in the average premium of 10.7% in 2010 and 2011 owing to the particularly negative results of this branch, in 2012 the premium held basically stable (up 0.7%), thanks to an improvement in the technical indicators (especially claims frequency), which helped bring the accounts back into balance. This effect was even more pronounced in 2013, and the average premium was accordingly lowered by 4.6%. ANIA's quarterly survey indicates that this downtrend actually steepened in the first quarter of 2014, with a drop of 6.3% by comparison with March 2013.

The number of claims, hence their frequency, decreased in 2013…

The total number of claims incurred and reported during the accident year that have given or will give rise to compensation was 2.1 million in 2013, down 7.1%. Claims frequency, defined as the ratio between the number of claims and the number of vehicles exposed to the risk of claim-generating accident (measured on the basis of days of exposure during the year, converted into "vehicle-years"), was 5.60%, down from 5.87% in 2012. Including an estimate of claims incurred but not reported, claims frequency in 2013 would be 6.19%, down from 6.48%.

…owing to contingent factors…

To provide statistical data to help determine the extent to which the change in claims frequency depends on contingent or on or structural factors, the Report describes a multiple linear regression analysis designed to identify a statistical model which could express a functional correlation between different economic factors – such as households' economic situation, fuel consumption and the use of public transport (taken as independent variables) – and claims frequency (the dependent variable).

…but higher average claims costs partly offset the positive effect on total claims cost…

The incurred claims cost for the current accident year, defined as the sum of the total cost paid and the total cost reserved for all claims incurred in the current accident year, amounted to Euro 11.6 million, with a 4.7% decrease compared to 2012. Given the change in the total number of claims (including those incurred but not yet reported), the average cost of claims was Euro 4,875, a rise of 2.4% from Euro 4,763 the previous year. Excluding claims incurred but not reported and insurers' contributions to the Road Accident Victims Guarantee Fund and other residual items, the average cost of claims incurred in 2013 came to Euro 4,597, up from Euro 4,495 in 2012. In other words, the effects of the 4.6% decline in claims frequency were partly annulled by the 2.3% rise in average claims cost.

…incurred claims cost fell by 11.8%…

The incurred claims cost, which also includes any excess/shortfall of reserves for claims incurred in previous accident years, was equal to Euro 11.6 million (Euro 13.1 million in 2012), decreasing by 11.8%. This was due to the near sufficiency of reserves for previous years, after the substantial contribution of over Euro 1 billion made by the industry in 2011 and 2012 to top these reserves up.

…improving the loss ratio…

The decrease in written premiums was more than offset by the decrease in claims costs, resulting in a considerable improvement of the loss ratio, which dropped from 74.1% in 2012 to 68.7% in 2013.

Operating expenses amounted to Euro 3.2 billion, as in 2012; they consist in administration expenses relating to technical management of insurance business, acquisition costs, costs arising from premium collection and costs relating to the organization and management of the distribution network. Owing to the decline in premium income, the ratio to premiums rose from 18.4% to 19.5%. The rise essentially reflected an increase in acquisition costs from 3.6% to 4.2%. The ratio of commissions to written premiums was broadly stable, while that of other administration costs increased slightly (from 4.3% to 4.6%).

…and the technical account result was again positive

The technical balance for direct business was positive at Euro 1.9 million. With profits from investments amounting to Euro 613 million, the result of the technical account for direct business reflected a profit of Euro 2.5 billion (1.9 billion in 2012). Taking the balance for reinsurance into account, the overall technical account result was positive at Euro 2.4 billion (Euro 1.9 billion in 2012).

The Report has special sections on:

…a European comparison of motor liability premium prices by BCG…

A special section reports the conclusions of study commissioned by ANIA and carried out by the Boston Consulting Group to determine the technical causes for the differences, within Europe, in the prices of motor liability insurance. The many factors considered (legislation, differences in the products offered, national distribution systems) included in particular, through an exhaustive, homogeneous comparison, the crucial indicators of total claims cost: namely claims frequency and average claims cost, broken down into its components (average cost of property damage, average cost of mild-to-medium injury, average cost of severe injury and death).

…the incidence of number and cost of personal injuries in total damage compensation…

A special section of this year's Report offers an analysis of the cost of personal injuries, which account for over two-thirds of motor liability compensation, or some Euro 7.7 billion in 2013. In detail, Euro 2.6 billion consisted in payments for permanent disability of between 1% and 9% and Euro 5.1 billion for more severe injury or death. The percentage of motor liability claims involving personal injury fell significantly last year, from 20.1% to an estimated 19.3%. To trace the trends in the various components of personal injury damages, their evolution from 2009 to 2013 was examined with a view to determining their relative impact on premium requirements. The study found that Law 27/2012 (the "liberalizations decree") reduced the frequency of minor injury claims (1% to 3% permanent disability) and had a positive effect in decreasing average motor liability premiums. No comparable reduction is observed for serious or fatal injuries, as there are no specific rules governing their economic and forensic evaluation. The Report examines the evolution of awards for serious injury and death by the Milan Court over the past twenty years.

EXECUTIVE SUMMARY

…the diffusion of claims at risk of fraud and the number of uninsured vehicles…

This year's Report gives the findings of a 2012 study on claims carrying a risk of fraud, based on the data in the second part of the annual report that insurance companies must submit to IVASS pursuant to the "liberalizations decree". The national average of potentially fraudulent claims was 14.1%, but with significant regional variation. A further analysis gauges the geographical correlation between insurance fraud and motor liability disputes, in particular civil litigation. The province-level data drawn from the Highway Police, municipalities, and municipal police permitted an estimate of the number of uninsured vehicles on the roads.

…and black boxes…

There is also a discussion of the increasingly common installation of "black boxes" on vehicles in Italy. The number of vehicles carrying these instruments nearly doubled from 1.2 million in 2012 to over 2 million last year, making Italy the world leader in this sector.

…a balance of seven years of direct indemnity

As in years past, a specific part of the Report is given over to drawing a balance on the application of the direct indemnity system, which has now been in effect for seven years. Speed of settlement of motor liability claims has increased: the percentage of claims settled in the year they were incurred has risen from 65.2% in 2006 to 71.3% in 2013.

The Report details the series of initiatives undertaken by the ANIA Foundation for Road Safety and the ANIA-Consumers Forum.

The Report offers a special chapter on:

…the initiatives undertaken by the ANIA Foundation for Road Safety…

ISTAT data on road accidents in Italy show that they numbered 186,726 in 2012, resulting in 3,653 fatalities and 264,716 injuries, decreasing by 5.4% and 9.3% respectively by comparison with 2011 (when there had been reductions of 3.5% and 5.6%). The overall reduction between 2001 and 2012 came to 48.5%.

The accident rate for vulnerable road users is much higher than for other users. Normalizing the injury rate for car drivers/passengers to 1.0, then pedestrians have an injury rate of 6.7, cyclists of 9.4, and drivers of motorcycles and scooters of 12.0.

At present the Transport Committee of the Chamber of Deputies is discussing a bill for the reform of the Highway Code within the Select Committee. In ANIA's view, three issues have priority:

- the creation of many more 30 km/h zones, urban districts with a speed limit of 30 km/h;
- alcolock devices to prevent engine ignition when the driver's breath alcohol level exceeds the limit;
- introduction of the crime of "vehicular homicide" into the penal code.

The ANIA-Consumers Forum also dealt with numerous issues last year.

…and the ANIA-Consumers Forum

The second monitoring campaign of the Observatory on the economic vulnerability of Italian households was prepared and carried out. The Observatory's 2013 report is the fruit of two distinct research projects developed for the Forum by the University of Milan, entitled "Italian Households: Vulnerability and Welfare" and "Innovative responses to face vulnerability risk and enhance welfare".

In the framework of the study on the "Sustainability of the Italian welfare system," Censis and the ANIA-Consumers Forum developed a range of research activities (surveys, panel studies, interviews with qualified persons, international case studies, and online focus groups), dealing with the theme of welfare sustainability from a variety of standpoints.

THE REGULATORY FRAMEWORK

The Report has pieces on:
…the IVASS consultation on internal controls, risk management and outsourcing…

By its measure 14/2014 (dated 28 January), IVASS amended ISVAP Regulation 7 (3 July 2007) on the format for the accounts of the insurance and reinsurance companies required to adopt the international accounting standards.

The Report relates developments on the Insurance Contracts and IAS 39 accounting projects.

…the rise in the payment of corporate income tax on account…

Decree Law 133/2013 (30 November), Article 2, raised the payment of corporate income tax on account due from insurance companies, credit institutions and the Bank of Italy against tax liabilities for the year to 128.5%. The increase also applied to the regional tax on productive activity. For corporate income tax only, a surtax of 8.5% was enacted.

…the lowered ceiling on premium deductibility…

Decree Law 102 of 31 August 2013 lowered the ceiling on the tax deductibility of insurance premiums (life and capital redemption policies stipulated or renewed before 1 January 2001, coverage against the risk of death or loss of self-sufficiency (long term care) and permanent disability of at least 5% from €1,291.14 to €630 for 2013 and €230 from 2014.

…IRES and IRAP deductibility…

The Stability Law enacting the 2014 budget includes several measures of special interest to the insurance industry, revising the rules on the deductibility of writedowns of credit claims for purposes of company income tax (IRES) and the Regional Tax on Productive Activity (IRAP).

…the institution of the Single Euro Payments Area…

Directive 2007/64/EC, of 13 November 2007, was transposed into Italian law by Legislative Decree 11/2010. This instituted a single system for payment services within the European internal market. Payment services include the execution of payment orders, hence direct debits and credit transfers, which are commonly used by policyholders for premium payments.

…electronic signatures…

The prime minister's decree of 22 February 2013 on the generation, affixing, and verification of advanced, qualified, and digital electronic signatures completed the legal framework on this matter by instituting new technical rules.

…the draft regulation on investments and assets covering technical provisions

On 10 June 2014 IVASS released a draft Regulation for public consultation, containing proposed updates on the guidelines concerning investments and assets covering the technical provisions, set out in ISVAP Regulation 36 of 31 January 2011. Comments were to be received by 10 July 2014. The insurance supervisory authority's introductory report notes that its amendments to the Regulation were the result of reflection on requests received from the market and other informal forums on "the need to extend the possibilities of insurance companies to invest and diversify their investments, taking account of the added or reinforced internal controls with a view to the preparation for Solvency II."

By a decision of 7 May 2014, the pension fund supervisory authority COVIP published the amendments to the decision of 15 July 2010, containing the "Regulation on the procedures for the authorization of complementary pension funds, of amendments to by-laws and regulations, of the recognition of a party as a legal person, of mergers and sales and cross-border activities".

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THE ITALIAN INSURANCE MARKET: KEY FIGURES 2013

THE ITALIAN INSURANCE MARKET: KEY FIGURES 2013

A sharp downturn of 25% in the return on investments translated into a fall in insurance companies' net profit for 2013 to Euro 5.2 billion, from 5.8 billion the previous year. The industry's ROE went down to 9.7%, from 11.5% in 2012. The result was driven both by life insurance – which thanks to a positive net premium income of approximately Euro 18 billion, posted a positive result for the year of Euro 3 billion – and by non-life insurance, which recorded a 3.5% shrinkage in the volume of premiums but a fall of 9.2% in claims costs. In 2013 the number of Italian insurance companies operating in the domestic market diminished slightly, from 135 to 132. The number of branch offices of foreign companies operating in Italy remains stable.

OPERATING INSURANCE COMPANIES

Insurance companies operating in Italy numbered 232 at the end of 2013, compared with 235 at the end of 2012. They counted 132 companies with registered offices in Italy (135 a year earlier) and 100 branches of foreign insurance companies (as in 2012), the bulk of which 98 are based in other EU countries. In addition, 978 insurance companies with registered offices in other EU countries (or other countries belonging to the European Economic Area) were operating in Italy at the end of 2013 under the freedom to provide services.

Number of companies by legal status

BUSINESS SECTOR	YEAR (situation as at 31 December)	DOMESTIC COMPANIES				FOREIGN BRANCHES		TOTAL
		Limited companies	Cooperatives	Mutuals	Total	with head office in non-EU countries	with head office in EU	
Non-life	2012	67	–	2	69	2	60	131
	2013	66	–	2	68	2	58	128
Life	2012	52	–	–	52	–	20	72
	2013	49	–	–	49	–	20	69
Professional reinsurers	2012	–	–	–	–	–	7	7
	2013	–	–	–	–	–	7	7
Multi-sector	2012	12	1	1	14	–	11	25
	2013	13	1	1	15	–	13	28
TOTAL	**2012**	**131**	**1**	**3**	**135**	**2**	**98**	**235**
	2013	**128**	**1**	**3**	**132**	**2**	**98**	**232**

At the end of 2013, 69 insurance companies (of which 20 branch offices) engaged exclusively in life business and 128 (of which 60 branch offices) exclusively in non-life business. A total of 28 (of which 13 branch offices) did business in both the life and non-life sectors, accounting for more than 30% of total premium income. Seven undertakings, all of them branches of foreign companies, engaged only in reinsurance. At 31 December 2013 ANIA counted 163 member companies (of which 24 correspondent members). ANIA members collected some 85% of total market premiums in 2013.

THE ITALIAN INSURANCE MARKET: KEY FIGURES 2013

The 132 insurers with registered offices in Italy comprised, by legal form, 128 limited share companies, three mutual companies and one cooperative society.

Insurance companies in Italy have a higher average volume of premiums than in the other European countries: Euro 451 million compared with a European average of Euro 237 million in 2012. Italy is followed by France with Euro 446 million (for 405 companies), the Netherlands with Euro 358 million (for 210 companies) and Germany with Euro 319 million (for 570 companies).

Number of companies in EU (15) countries
Data as at 31 December

	2008	2009	2010	2011	2012
Austria	71	72	72	72	70
Belgium	152	148	147	149	146
Denmark	211	195	182	171	156
Finland	63	63	63	64	68
France	461	452	441	434	405
Germany	607	596	582	578	570
Greece	85	82	73	69	69
Ireland	236	227	227	227	227
Italy	247	241	242	239	235
Luxembourg	96	97	97	67	66
Netherlands	301	287	263	227	210
Portugal	85	87	83	79	79
United Kingdom	972	934	1,314	1,213	1,247
Spain	296	294	287	279	270
Sweden	381	381	384	361	337
TOTAL	4,264	4,156	4,457	4,229	4,155

Source: Insurance Europe

Premiums per company in EU (15) countries
Euro million

	2008	2009	2010	2011	2012
Austria	228	228	233	229	233
Belgium	193	192	201	197	221
Denmark	97	105	115	131	135
Finland	251	257	296	284	292
France	397	442	470	437	446
Germany	271	288	307	308	319
Greece	60	66	72	71	63
Ireland	57	55	56	50	47
Italy	373	489	520	461	451
Luxembourg	18	17	20	24	29
Netherlands	261	271	296	347	358
Portugal	180	167	197	148	138
United Kingdom	255	220	157	176	194
Spain	200	208	196	214	208
Sweden	66	62	74	82	77
TOTAL	227	234	225	231	237

Source: Insurance Europe

INCOME STATEMENT

Income statement
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Technical account of non-life and life classes (*)								
Written premiums	106,273	96,765	89,157	115,199	123,546	108,420	103,139	117,364
Changes in reserves (-)	19,189	-9,495	-22,241	40,953	32,825	3,106	9,631	29,512
Investment income	15,132	10,835	-9,813	26,845	14,109	3,978	27,480	20,050
Other technical income	1,337	1,433	1,527	1,448	1,484	1,429	1,560	1,638
Incurred claims (-)	83,971	99,010	91,087	84,207	92,105	99,376	98,776	88,311
Operating expenses (-)	13,345	13,390	12,573	12,633	12,540	12,283	11,539	11,726
Other technical costs (-)	1,434	1,631	2,035	2,230	2,311	2,272	2,537	2,623
Balance	4,803	4,497	-2,583	3,470	-642	-3,210	9,696	6,880
Technical account non-life (*)								
Written premiums	35,458	35,211	34,328	33,791	32,954	34,052	32,763	31,608
Changes in premium reserves (-)	629	602	265	-21	496	462	-494	-626
Investment income	2,115	2,131	829	2,439	1,095	640	1,660	1,264
Other technical income	371	365	423	472	440	451	469	426
Incurred claims (-)	25,058	24,634	25,403	26,865	25,106	25,199	23,480	21,311
Operating expenses (-)	8,366	8,646	8,462	8,465	8,141	8,322	8,018	8,041
Other technical costs (-)	1,082	1,000	1,085	1,165	1,121	1,054	1,124	1,020
Balance	2,808	2,825	365	228	-375	106	2,765	3,553
Technical account life (*)								
Written premiums	70,815	61,554	54,829	81,409	90,592	74,368	70,376	85,756
Changes in technical provisions (-)	18,561	-10,097	-22,506	40,974	32,329	2,644	10,125	30,138
Investment income	13,017	8,704	-10,642	24,406	13,014	3,338	25,820	18,786
Other technical income	967	1,068	1,104	976	1,044	978	1,091	1,212
Incurred claims (-)	58,913	74,376	65,684	57,342	66,999	74,177	75,296	66,999
Operating expenses (-)	4,979	4,744	4,111	4,169	4,399	3,961	3,521	3,685
Other technical costs (-)	352	631	950	1,064	1,190	1,218	1,413	1,604
Balance	1,995	1,672	-2,948	3,242	-267	-3,316	6,931	3,328
Non-technical account (*)								
Other non-life income	777	911	-416	939	201	-734	94	825
Other life income	1,238	980	462	1,177	839	265	1,626	1,440
Balance of other income and expenses	-1,062	-957	-1,601	-1,244	-1,763	-1,551	-1,922	-2,177
Balance of ordinary activities	5,757	5,431	-4,138	4,342	-1,365	-5,230	9,494	6,969
Balance of extraordinary activities	941	1,476	751	840	614	478	-28	1,313
Taxes on income (-)	1,537	1,558	-1,407	1,312	-48	-1,099	3,696	3,049
Result for the financial year	5,161	5,349	-1,980	3,870	-703	-3,653	5,770	5,233
*Profit/loss for the financial year, non-life sector***	*2,430*	*2,802*	*-167*	*63*	*-998*	*-1,016*	*641*	*2,143*
*Profit/loss for the financial year, life sector***	*2,686*	*2,490*	*-1,813*	*3,807*	*295*	*-2,637*	*5,129*	*3,090*
Return on Equity	11.4%	12.5%	-4.7%	8.5%	-1.4%	-7.2%	11.5%	9.7%
Return on Equity (non-life)**	11.6%	14.6%	-0.9%	0.3%	-4.6%	-4.7%	3.1%	9.8%
Return on Equity (life)**	11.3%	10.6%	-7.8%	15.2%	1.1%	-8.8%	17.3%	9.7%

(*) Net of cessions and back-cessions
(**) Excluding professional reinsurers

THE TECHNICAL ACCOUNT

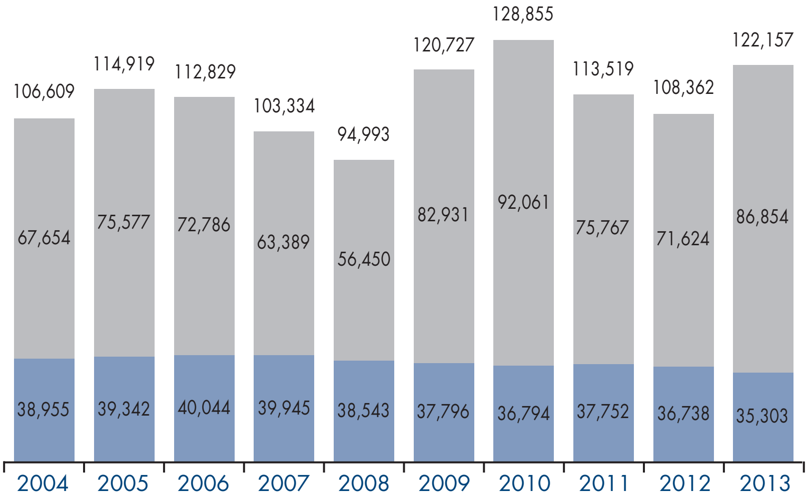
Premiums

Premiums from domestic and foreign business, direct and indirect, gross of reinsurance, collected by the companies having their registered office in Italy and by the Italian branches of non-EU companies totaled Euro 122,157 million in 2013, of which Euro 35,303 million from non-life policies and Euro 86,854 million from life policies. The overall increase of 12.7% followed the decrease of 4.5% in 2012 and the larger one of 11.9% in 2011. The expansion was the result of a rise of 21.3% in premiums in the life sector (after the reduction of 5.5% in 2012), compared with a contraction of 3.9% in non-life insurance premiums after that of 2.7% in 2012.

As a result of these developments, in 2013 life premiums' share of total premium income increased from 66.1% to 71.1%.

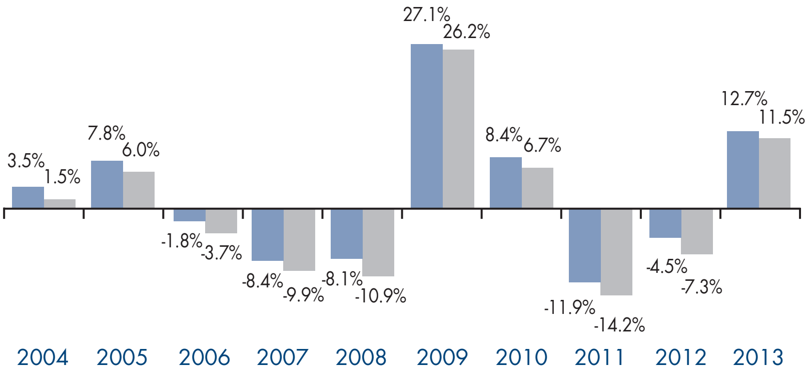
Total premiums
Euro million

Life
Non-life

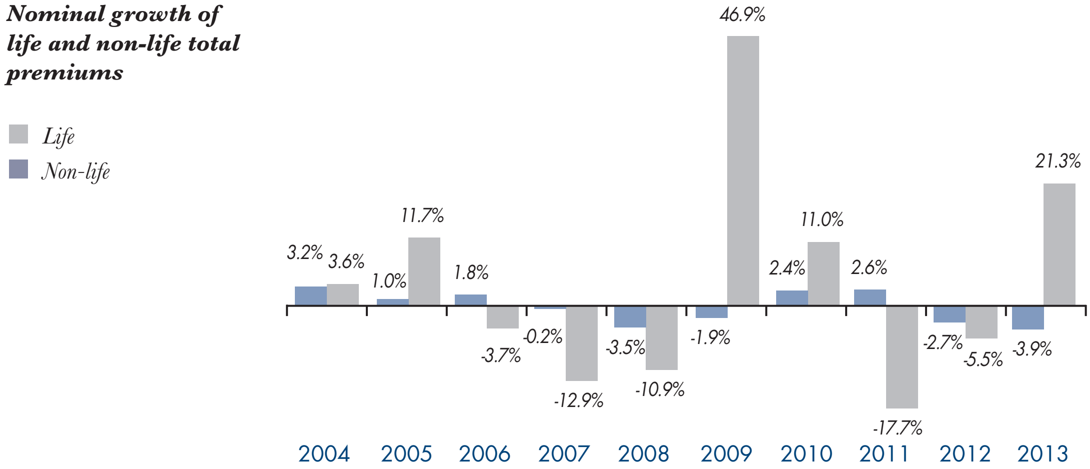


Nominal and real growth of total premium
Euro million

Nominal
Real



Nominal growth of life and non-life total premiums



The percentage of **premiums ceded in reinsurance** went from 4.8% to 3.9%. The amount of these premiums came to Euro 4,793 million, of which Euro 3,695 million in the non-life sector and Euro 1,098 million in the life sector.

Total premiums, net of those ceded, rose by 13.8% from the previous year to 117,364 million, of which Euro 31,608 million from non-life policies and Euro 85,756 million from life policies.

Claims and benefits paid

Benefits and claims paid to insured parties and other persons entitled, **gross of reinsurance**, are calculated as the sum of the following:

- incurred claims cost plus the change in reserves for non-life classes;
- incurred claims cost plus the change in the mathematical provisions and other technical provisions for life classes.

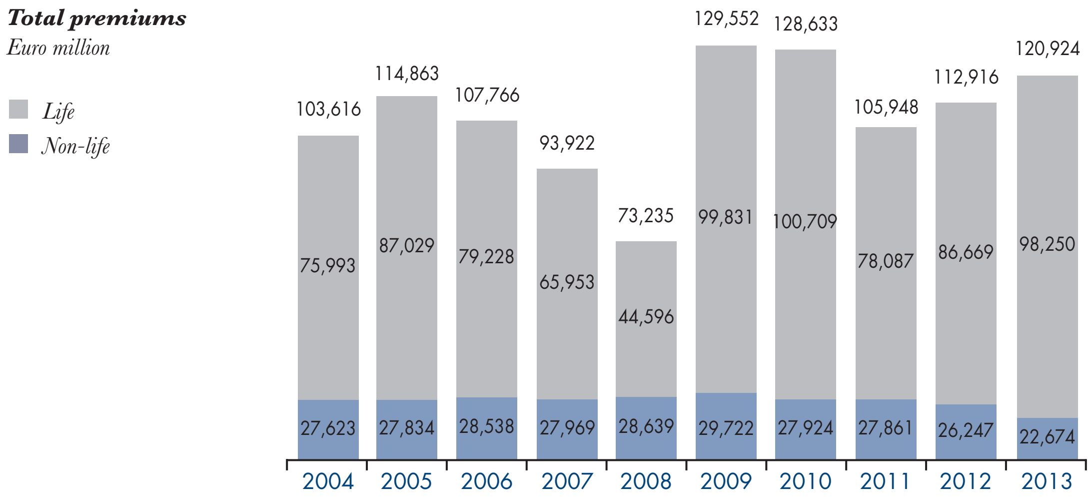
Benefits and claims paid increased by 7.1% in 2013 to total Euro 120,924 million: Euro 22,674 million in non-life classes (down 13.6% from 2012) and Euro 98,250 million in life classes (up 13.4%).

The share borne by reinsurance fell by 31.2% to Euro 3,101 million, of which Euro 1,989 million referring to non-life policies and Euro 1,113 million to life policies.

On a net basis, benefits and claims paid increased by 8.7% to Euro 117.823 million: Euro 20,685 million in non-life classes and Euro 97,137 million in life classes.

THE ITALIAN INSURANCE MARKET: KEY FIGURES 2013

Total premiums
Euro million

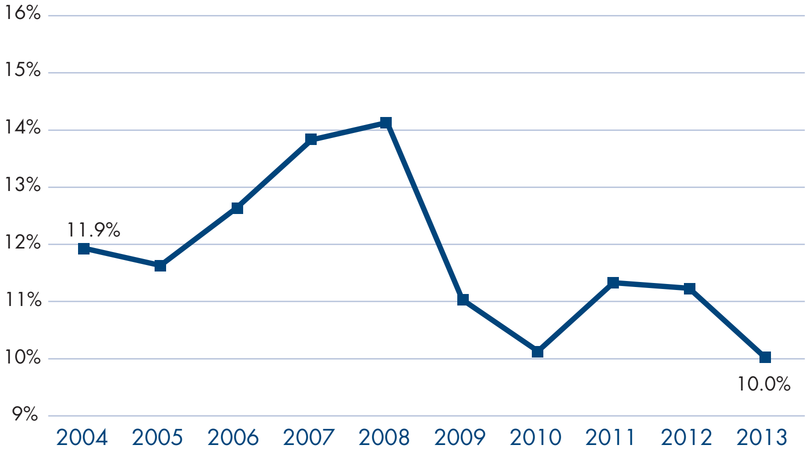


Operating expenses

Operating expenses relating to direct and indirect business, net of reinsurance cessions, which comprise contract acquisition, premium collection, distribution network organizational and operating costs and the administration expenses relating to technical management of insurance business, totaled Euro 11,726 million, 1.6% more than in 2012. Given the larger increase in premiums, the ratio of total operating expenses to written premiums decreased (10.0%, compared with 11.2% in 2012).

For non-life business, operating expenses totaled Euro 8,041 million and amounted to 25.4% of premiums (24.5% in 2012); for life business, they amounted to Euro 3,685 million and 4.3% of premiums (5.0% in 2012).

Operating expenses
Incidence on net written premiums (%)



Technical account result

The overall (non-life plus life) technical account result, net of reinsurance, was positive to the tune of Euro 6,880 million, equal to 5.9% of direct and indirect premiums; the indicator had been higher in 2012 (Euro 9,696 million), amounting to 9.4% of premiums. For non-life business the technical account result was positive by Euro 3.6 billion (Euro 2.8 million in 2012) and its ratio to premiums rose to 11.2% (8.4% in 2012). In the life sector the result was positive by Euro 3.3 billion (compared with over twice as much in 2012); the ratio to premiums fell from 9.8% in 2012 to 4.0% in 2013.

Technical account result/Premiums
Incidence on net written premiums (%)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Overall	5.0%	5.3%	4.5%	4.6%	-2.9%	3.0%	-0.5%	-3.0%	9.4%	5.9%
Non-life	8.6%	9.5%	7.9%	8.0%	1.1%	0.7%	-1.1%	0.3%	8.4%	11.2%
Life	3.1%	3.4%	2.8%	2.7%	-5.4%	4.0%	-0.3%	-4.5%	9.8%	4.0%

RESULT ON INVESTMENT ACTIVITY

In 2013 **investment income** plunged from Euro 36,720 million to Euro 30,336, down by nearly 17% compared with the previous year.

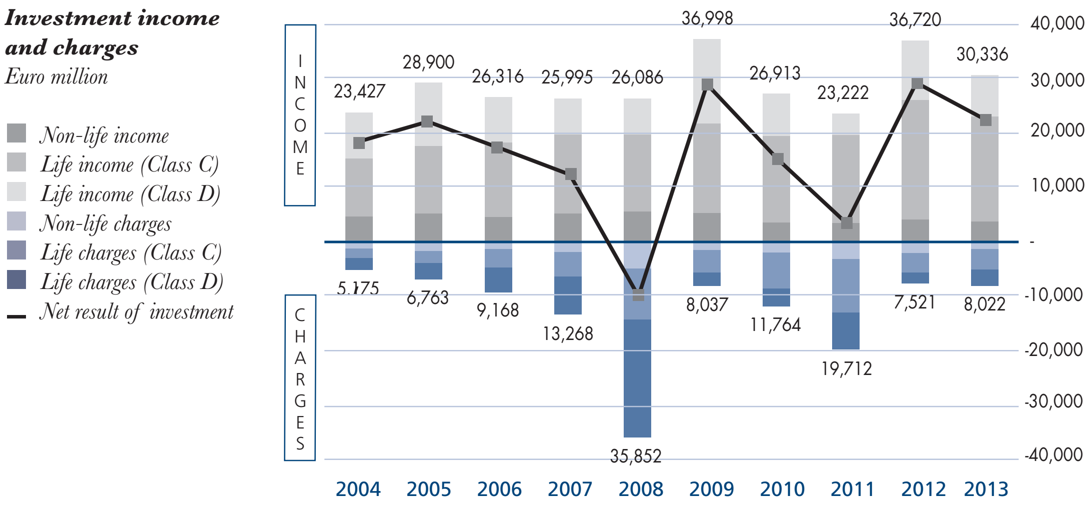
In particular:

– non-life investment income shrank by 10% to Euro 3,595 million;
– life investment income (Class C) decreased by 12% to Euro 19,201 million;
– life investment income (Class D) fell by 30% to Euro 7,540 million.

More in detail, as shown in the table below, the **ordinary gross investment income of life and non-life classes**, amounting to Euro 30,336 million, is divided as follows:

– income from shares and investment fund units, amounting to Euro 1,910 million (+15.4% compared with 2012): 6.3% of the total;
– income from investments held for the benefit of life insurance policyholders and from the management of pension funds (Class D), amounting to Euro 7,540 million (-30.0%): 25% of the total;
– income from land and buildings, amounting to Euro 212 million (-7.5%): 0.7% of the total;
– revaluation gains and realized profits on investment, amounting to Euro 4,494 million (-45%): 15% of the total;
– income from securities, bonds and other investments, amounting to Euro 16,179 million (+2.0%): 53.3% of the total.

Investment income and charges
Euro million



Breakdown of gross ordinary investment income
Life and non-life

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Shares	9.5%	10.8%	11.1%	13.8%	13.3%	5.5%	6.4%	6.8%	4.5%	6.3%
Land and buildings	1.1%	0.8%	0.9%	0.9%	0.9%	0.6%	0.8%	1.0%	0.6%	0.7%
Securities, bonds and other investments	42.7%	37.5%	44.6%	47.2%	47.9%	32.9%	48.8%	63.7%	43.2%	53.3%
Revaluations	11.7%	11.1%	12.3%	13.5%	13.1%	19.4%	15.3%	12.3%	22.3%	14.8%
Income from linked policies and pension	35.0%	39.8%	31.1%	24.6%	24.7%	41.6%	28.6%	16.2%	29.4%	24.9%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Net investment income also suffered from the increase of 7% in investment charges, which rose from Euro 7,521 million in 2012 to Euro 8,022 million in 2013, although with some differences between the non-life and life sectors.

In particular:

– in the non-life sector investment charges fell by more than 30% to Euro 1,506 million, with the sector recording a net investment profit of Euro 2,089 million (against Euro 1,754 million in 2012);
– in the life sector (Class C), investment charges increased by 4% to Euro 3,835 million, with net investment profit down to Euro 15,366 million from Euro 18,248 million in 2012;
– in the life sector (Class D), investment charges rose from Euro 1,581 million to Euro 2,681 million and were a factor in the decline in net investment profit to Euro 4,859 million (against Euro 9,197 million in 2012).

The insurance industry's overall **net profit on investment** amounted to Euro 22,314 million, compared with Euro 29,199 million in 2012.

Extraordinary income, gross of charges, amounted to Euro 2,197 million (Euro 833 million in 2012), set against corresponding charges of Euro 883 million (Euro 861 million in 2012).

THE RESULT FOR THE FINANCIAL YEAR

The **result of the ordinary activity** of the life and non-life sectors was Euro 6,969 million, down from nearly Euro 9,500 million in 2012. **Extraordinary activity** showed net income of Euro 1,313 million (after only barely exceeding extraordinary charges in 2012). Overall, **profit for the year before tax** thus amounted to Euro 8,282 million in 2013.

After taxes totaling Euro 3,049 million, the industry showed an **overall net profit of Euro 5,233 million**: Euro 2,143 million for the non-life sector and Euro 3,090 million for the life sector (compared with net profit of Euro 640 million and Euro 5,129 million respectively in 2012).

More in detail, for non-life business the 2013 profit of Euro 2,143 million derived from:

- an **intermediate operating result** (the sum of the technical result plus the net investment result pertaining to the non-technical account) of Euro 4,377 million;
- a negative balance of Euro 1,353 million on **other income less other charges**;
- **net extraordinary income** of Euro 473 million;
- **income taxes** amounting to Euro 1,354 million.

Profit-and-loss account by sector (*)
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Non-life								
Technical account result	2,605	2,702	365	228	-375	106	2,765	3,553
Net investment income	808	900	-416	939	201	-734	94	824
Intermediate operating result	3,413	3,602	-51	1,167	-174	-628	2,859	4,377
Other net income	-803	-522	-688	-1,161	-1,185	-948	-1,295	-1,353
Net extraordinary income	641	824	324	33	218	386	1	473
Income tax for year (-)	820	1,102	-248	-24	-143	-174	924	1,354
Profit/loss for the year	2,430	2,802	-167	63	-998	-1,016	641	2,143
Life								
Technical account result	1,995	1,672	-2,948	3,242	-266	-3,316	6,931	3,328
Net investment income	1,238	981	462	1,177	839	265	1,626	1,439
Intermediate operating result	3,233	2,653	-2,486	4,419	573	-3,051	8,557	4,767
Other net income	-201	-395	-913	-83	-578	-603	-627	-834
Net extraordinary income	303	650	427	807	396	93	-29	841
Income tax for year (-)	649	418	-1,160	1,336	96	-925	2,772	1,684
Profit/loss for the year	2,686	2,490	-1,813	3,807	295	-2,637	5,129	3,090

(*) Excluding professional reinsurers

For life business, the 2013 profit of Euro 3,090 million came from:

– **an intermediate operating result** (the sum of the technical result plus the net investment result pertaining to the non-technical account) of Euro 4,767 million;
– a negative balance of Euro 834 million on **other income less other charges**;
– **net extraordinary income** of Euro 841 million;
– income **taxes** amounting to Euro 1,684 million.

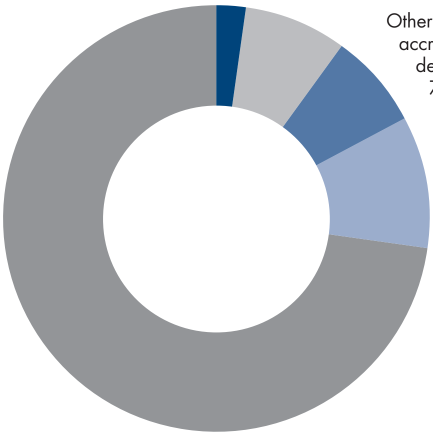
BALANCE SHEET

Balance sheet
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
LIABILITIES	547,569	537,180	505,362	560,780	586,815	585,665	603,706	641,805
CAPITAL AND RESERVES	50,297	46,042	40,932	51,803	50,260	48,252	54,299	63,885
Subscribed capital	*13,402*	*11,399*	*11,472*	*11,925*	*11,985*	*12,463*	*13,345*	*14,820*
Equity reserves	*31,837*	*29,370*	*31,440*	*36,351*	*38,977*	*39,441*	*35,365*	*43,899*
Profit for the financial year	*5,058*	*5,273*	*-1,980*	*3,527*	*-703*	*-3,653*	*5,589*	*5,166*
TECHNICAL PROVISIONS	457,250	448,052	419,947	461,762	492,151	494,448	504,067	530,864
Non-life classes	*70,865*	*70,726*	*68,194*	*68,701*	*65,859*	*66,697*	*66,838*	*64,729*
Life classes	*386,385*	*377,326*	*351,753*	*393,061*	*426,292*	*427,751*	*437,229*	*466,136*
OTHER LIABILITIES	39,352	42,465	43,820	46,436	43,703	42,238	44,601	46,371
Subordinated liabilities	*4,725*	*6,085*	*6,924*	*8,374*	*8,753*	*8,751*	*10,070*	*10,475*
Provisions for risks and charges	*2,206*	*2,133*	*2,117*	*1,711*	*1,771*	*1,613*	*1,847*	*2,286*
Deposits received from reinsurers	*12,999*	*13,109*	*12,660*	*12,398*	*11,999*	*11,279*	*10,692*	*9,924*
Debts and other liabilities	*19,423*	*21,139*	*22,119*	*23,954*	*21,180*	*20,594*	*21,992*	*23,685*
ACCRUALS AND DEFERRALS	670	621	663	779	701	728	739	685
ASSETS	547,569	537,180	505,362	560,780	586,815	585,665	603,706	641,805
AMOUNTS OWED BY SHAREHOLDERS	25	30	6	41	15	3	7	0
INTANGIBLE ASSETS	3,839	3,441	3,021	6,891	6,310	6,001	5,747	6,193
INVESTMENTS:	483,143	470,989	434,676	489,479	517,014	511,384	526,975	562,923
Land and buildings	*5,933*	*5,808*	*6,265*	*6,526*	*6,513*	*6,902*	*6,780*	*6,459*
Shares and holdings	*55,532*	*56,249*	*54,976*	*59,635*	*56,751*	*54,347*	*50,129*	*57,285*
Bonds and other fixed income securities	*252,727*	*239,081*	*226,866*	*273,755*	*306,898*	*316,029*	*335,627*	*363,812*
Loans and deposits	*29,100*	*32,529*	*29,590*	*32,351*	*34,708*	*35,195*	*36,918*	*38,553*
Investments for the benefit of life insurance policyholders and the investments deriving from the management of pension funds	*139,852*	*137,322*	*116,980*	*117,211*	*112,144*	*98,911*	*97,521*	*96,815*
TECHNICAL PROVISIONS BORNE BY THE REINSURERS	20,770	20,658	19,411	19,283	18,737	17,546	17,768	16,519
AMOUNTS OWED BY DEBTORS	22,381	23,400	25,706	25,563	26,576	26,875	26,497	28,373
OTHER ASSETS	13,168	14,342	18,131	14,617	13,068	18,619	21,428	22,315
ACCRUALS AND DEFERRALS	4,242	4,321	4,411	4,907	5,093	5,238	5,284	5,483

Liabilities

Breakdown of liabilities (%) – 2013



Euro 641,805 million

Balance-sheet liabilities totaled Euro 641,805 million, an increase of more than 6% compared with 2012.

In particular:

- *shareholders' equity* grew by 17.7% to Euro 63,885 million, basically thanks to the improvement in the equity reserves; it is equal to 10% of total funds and liabilities. For the other components, share capital increased by 11.1% to Euro 14,820 million and the results for the financial year diminished slightly, still exceeding Euro 5 billion;
- *technical provisions*, which represent the commitments undertaken vis-à-vis the insured, rose by 5.3% to Euro 530,864 million; they made up 83% of the total. Life provisions (mathematical reserves) which accounted for 72.6% of the total, grew by 6.6%, while non-life provisions (for claims and unearned premiums) amounted to Euro 64,729 million, down by approximately 3% from 2012;
- *other liabilities*, amounting to Euro 46,371 million (7.2% of the total), were up 4.0% from a year earlier. Among the components, subordinated liabilities increased by 4.0%, provisions for other risks and charges by 23.8%, and claims due to creditors and other liabilities by 7.7%, while deposits received from reinsurers decreased by 7.2%;
- *accrued expenses and deferred income* amounted to Euro 680 million (0.1% of the total).

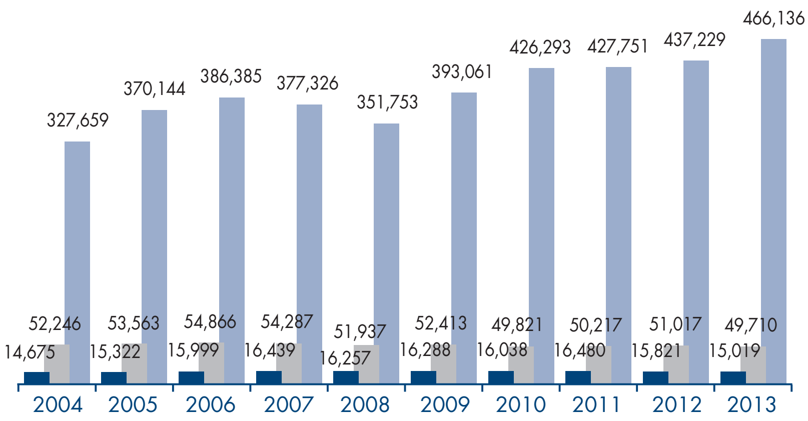
Assets

On the asset side the main items composing the total of Euro 641,805 million are investments, the reinsurance share of technical provisions, other asset items, debtors, accrued income and prepayments.

THE ITALIAN INSURANCE MARKET: KEY FIGURES 2013

Total technical provisions
Euro million

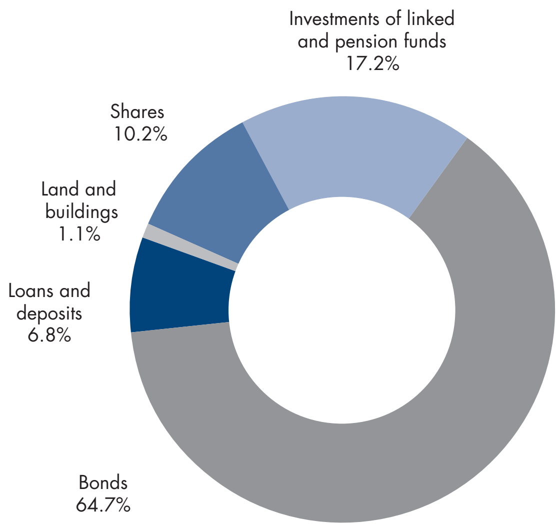
Premium reserves
Claims reserves
Mathematical reserves



In particular:

– *investments* totaled Euro 562,923 million, an increase of 6.8% from a year earlier, and made up 87.7% of total assets. Investments grew in the non-life sector by 4.5% to Euro 79,026 million and in the life sector by 7.2% to Euro 483,897 million.

Breakdown of investments (%) – 2013

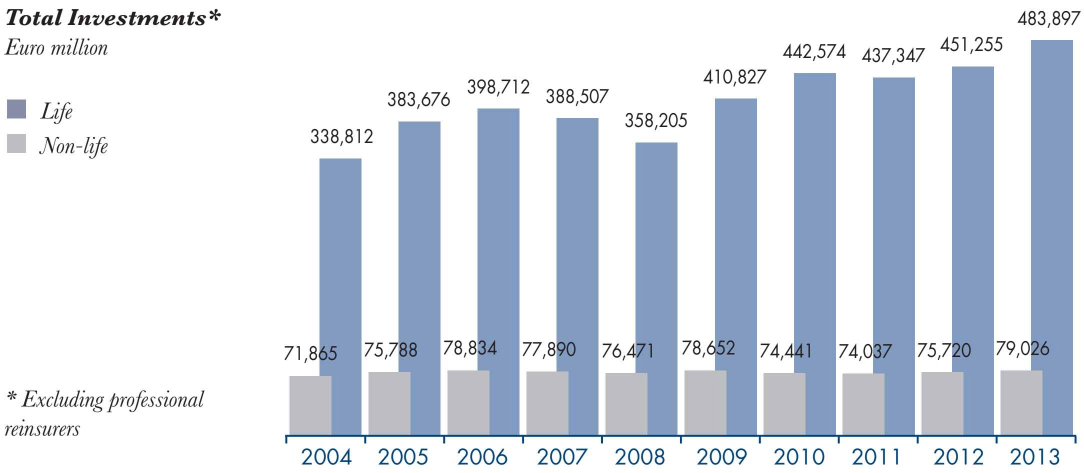


Euro 562,923 million

In detail, total investments were distributed as follows:

– debt securities and other fixed-income securities: Euro 363,812 million, up 8.4% (64.6% of the total);
– investments pertaining to Class D: Euro 96,815 million, down 0.7% (17.2% of the total);
– shares and investment fund units: Euro 57,285 million, up 14.3% (10.2% of the total);
– loans and deposits: Euro 38,553 million, up 4.4% (6.8% of the total);
– land and buildings: Euro 6,459 million, down 4.7% (1.1% of the total);

Total Investments*
Euro million



** Excluding professional reinsurers*

– the *technical provisions borne by reinsurers* came to Euro 16,519 million, down 7% from a year earlier, and made up 2.6% of total assets;
– claims due from *debtors* totaled Euro 28,373 million, up 7.1% (4.4% of the total). They comprise claims arising from direct insurance operations (Euro 9,702 million), claims arising from reinsurance operations (Euro 1,444 million) and other claims (Euro 17,227 million);
– *claims on shareholders* (equal to zero), *other intangible assets* (Euro 6,193 million of commissions and other expenses) and *other assets* (Euro 22,315 million) amounted to Euro 28,508 million, up 4.9% (4.4% of the total);
– *accrued income* and *prepaid expenses* were equal to Euro 5,483 million, up 3.8% (0.9% of the total).

THE IMPACT OF TAXATION ON INSURANCE COMPANIES' FINANCIAL STATEMENTS

Over the past few years, a series of specific fiscal measures have been adopted, which have burdened insurance companies exclusively. In particular, the measures described here (and discussed in greater detail in the chapter on the conduct of insurance business) have consisted either in "special" levies or in increases of tax rates affecting virtually all taxpayers.

On a preliminary basis, in 2013 the industry paid a significant amount of direct taxes (more than Euro 3 billion, compared to nearly 3.7 billion in 2012).

Financial year	Total taxes Euro million	of which income tax Euro million
2012	3,696	–
2013	3,049	570

The impact of each fiscal measure on the latest financial statements of insurance companies is estimated here below.

Income tax (IRES) surcharge

According to the financial statements for last year, insurance companies paid approximately Euro 600 million of surcharges (8.5 percentage points), introduced in 2013, on the nominal income tax rate (27.5%).

This measure was discriminatory and unjustifiably selective, given that the conduct of insurance business per se does not generate more profit than other businesses.

Regional tax on productive activity (IRAP) surcharge

Since 2011 insurance companies are subject to IRAP with a surcharge of 2 percentage points over the tax rate applied to other industries (5.90% compared with 3.90%), and of 1.25 points over the tax rate applied to banks (4.65%).

As for the IRES surcharge, there is no theoretical or conceptual justification for the IRAP surcharge, given that insurance undertakings do not per se generate more taxable income from production than other business sectors.

In 2013 the industry paid Euro 601 million for IRAP (Euro 672 million in 2012).

Regional tax on productive activity (IRAP) surcharge

Year	IRAP (Euro million)	of which: extra surcharge over other industries (Euro million)	"Total" tax rate	of which: national base rate (pct. points)	of which: regional surcharge (pct. points)
2012	672	197	6.82%	5.90%	0.92%
2013	601	176	6.82%	5.90%	0.92%

Tax on the mathematical provisions of life policies

Starting in 2013, insurance companies are subject to a tax on the stock of mathematical provisions of written life premiums.

This tax is, in fact, a form of tax credit to be used, according to the relevant regulation, as an advance payment on the withholding taxes and substitute tax which shall be applied at the start of the benefit period covered by the policy.

This tax is, de facto, a non-interest-bearing compulsory loan from insurance companies to the Treasury, given that insurance companies will have to pay in advance the amounts due for taxes which would otherwise be paid later when the benefits are paid.

The tax rate has changed numerous times over the years (mostly increasing). More in detail it was:

– **0.20%** from 2003 to 2007
– **0.39%** in 2008
– **0.35%** from 2009 to 2011
– **0.50%** in 2012
– **0.45%** since 2013

Law 228/2012 (the so-called stability law) introduced an automatic cap mechanism in order to limit the taxes due when tax credits yet to be paid (or advanced) exceed a certain percentage of the mathematical provisions. Nonetheless, tax credits due for the industry at the end of 2013 amounted to nearly Euro 5.5 billion.

Tax credits on the provisions of life policies

Financial year	**Market estimates Tax credits as at 31 December** Euro million	**Annual changes**
2011	4,068	–
2012	4,604	536
2013	5,393	789

Pro-rata deduction of the change in mathematical provisions of life policies

Starting in 2010, the fiscal relevance of compulsory technical provisions for life policies – the change in the insurance companies' liabilities to policyholders – was limited.

In particular, the change in mathematical provisions of life policies becomes part of the taxable income on a pro-rata basis; the pro-rata is calculated as the ratio between the amount of revenues and other income which contribute to the formation of the business income and the total amount of all other income, even if tax-exempt.

The cap on deductibility is always valid, as the pro-rata has to be higher than 95% and lower than 98.5%.

In other words, insurance companies operating in the life business are subject, every year, to a reduction of at least 1.5% of the deductibility of the change in compulsory technical provisions of life policies.

This measure is unjustified because it taxes (although indirectly and through limiting deductibility) the changes in an item written under liabilities: technical provisions of life policies are, in fact, an item of the financial statement indicating the amounts due by insurance companies to policyholders.

The amount of tax levied is calculated to amount to Euro 216 million in 2013 (up from 112 million in 2011 and 88 million in 2012).

Pro-rata deduction of changes in technical provisions of life policies

Financial year	Non-deductible change Euro million	IRES tax rate	Corresponding extra costs for IRES
(1)	(2)	(3)	(4) = (2)*(3)
2010	692	27.5%	190
2011	408	27.5%	112
2012	321	27.5%	88
2013	601	36.0%	216

Substitute tax on the revaluation of the shares of the Bank of Italy

Within the framework of the appreciation of the Bank of Italy's share capital, Decree Law 133/2013 provides for newly issued shares to be distributed among shareholders (including insurance companies) as a replacement for the previously-held shares.

This transaction was entirely written off in the financial statement for the year ended 31 December 2013 and gives rise to a binding and onerous revaluation of shares for tax purposes.

More precisely, a 12% substitute tax for IRES, IRAP and any surcharges is applied on the difference between the new shares' nominal value and the fiscal value of the shares previously recorded in the financial statement.

The tax was then increased to 26% by Decree Law 66 of 24 April 2014 which also established that the entire amount be paid with a single payment by 16 June 2014 (overriding Law 147/2013 which established the possibility of three annual installment payments without interest charges).

The cost of this measure for insurance companies holding shares of the Bank of Italy is estimated to be around Euro 200 million for the year 2013.

SOLVENCY MARGIN

Insurance companies with registered offices in Italy, excluding reinsurers, had a solvency margin of Euro 45.2 billion for their total assets in the life and non-life sectors at the end of 2013, a decrease of about 10% from a year earlier. Overall, the margin is still nearly double the minimum requirement, although the cover ratio dipped to just under 2.00.

For life business, the available margin (Euro 29.0 billion) was 1.75 times the minimum requirement (Euro 16.6 billion), determined in relation to the mathematical provisions and capital at risk; this cover ratio decreased from 1.98 in 2012.

In non-life business the available margin (Euro 16.2 billion), which is determined in relation to the amount of written premiums or to the average cost of claims of the last three years, whichever is greater, came to 2.56 times the minimum requirement (Euro 6.3 billion) from 2.75 in 2012.

Solvency margin 2006-2013
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013*
LIFE								
Solvency margin	24,435	22,722	19,699	26,578	27,362	26,825	31,624	29,019
Solvency margin required by law	12,041	11,890	11,587	13,444	14,668	15,400	15,980	16,581
Cover ratio	2.03	1.91	1.70	1.98	1.87	1.74	1.98	1.75
NON-LIFE								
Solvency margin	20,382	17,585	16,805	19,236	19,018	18,465	18,542	16,227
Solvency margin required by law	6,263	6,473	6,446	6,758	6,599	6,786	6,748	6,348
Cover ratio	3.25	2.72	2.61	2.85	2.88	2.72	2.75	2.56
TOTAL								
Solvency margin	44,817	40,307	36,504	45,814	46,380	45,291	50,166	45,246
Solvency margin required by law	18,304	18,363	18,033	20,202	21,267	22,186	22,728	22,929
Cover ratio	2.45	2.20	2.02	2.27	2.18	2.04	2.21	1.97

** The data for 2013 do not take into account the figures of a major undertaking which – due to a corporate restructuring with the transfer of almost its entire portfolio and consequent significant revaluation of its share capital – presented an anomalous solvency ratio, which was practically nil.*

THE CURRENT VALUE OF THE SECURITIES PORTFOLIO

To obtain detailed information on the current value of the insurance industry's investments and assess the effects of unrealized capital gains and losses on the overall portfolio, several years ago ANIA began to conduct a sample survey using a methodology consistent with the one specified in the ISVAP Regulation 36 of 31 January 2011.

The latest survey, which takes 30 April 2014 as the valuation date, covers practically the totality of Class C investments for the non-life and life sectors except for loans and deposits with credit institutions and ceding undertakings, which account on average for 3-4%; it does not cover investments relating to linked policies and pension funds (Class D). The current value of assets was calculated by summing their book value (the value stated in the accounts before balance-sheet valuations) and the balance between unrealized capital gains and losses.

Table 1 – Total insurance market – Life and non-life sectors
Euro million

Investments	Current value of investment			% composition of investments	Current value of investment		
	Durable	Non-durable	Total		Memo: total investments (durable and non-durable)		
	30 April 2014				December 2011	December 2012	December 2013
Total non-life	51,038	34,781	85,818	16,6%	75,622	79,558	85,365
Total life	213,848	218,747	432,594	83,4%	302,151	351,589	392,084
Total overall	264,885	253,527	518,412	100,0%	377,772	431,147	477,450

Investments	Balance of valuation gains/losses			Balance of valuation gains/losses		
	Durable	Non-durable	Total	Memo: total investments (durable and non-durable)		
	30 April 2014			December 2011	December 2012	December 2013
Total non-life	4,266	1,881	6,146	-836	4,479	4,528
Total life	18,858	14,428	33,286	-29,220	11,697	16,264
Total overall	23,124	16,309	39,433	-30,056	16,177	20,792

The current value of the Class C investments monitored on 30 April 2014, estimated on a sample of firms accounting for about 90% of the market in terms of investments, was Euro 518 billion, compared with end-2013 figures of Euro 477 billion for the sample companies (Table 1) and Euro 466 billion for all insurance companies. The slight difference between the balance-sheet value for 2013 and the current value monitored is due to the fact that the balance-sheet value:

– for securities held on a durable basis, does not incorporate unrealized capital gains and losses;
– for securities not held on a durable basis, does not incorporate either unrealized capital gains or, in the case of insurance companies that used the option provided by Decree Law 185/2008 as amended, unrealized capital losses.

The slim discrepancy contrasts with the findings for previous years, when the two above-mentioned components had been substantial and the difference between balance-sheet and current values consequently greater.

Of the Italian insurance industry's Euro 518 billion of Class C investments at current value at end-April, Euro 85.8 billion (17%) referred to non-life business and Euro 432.6 billion (more than 80%) to life business (Table 1). For the two sectors together, Euro 265 billion (51%) was in durable investments and Euro 254 billion (49%) in investments not held on a long-term basis. Overall, **the balance between unrealized capital gains and losses was positive by Euro 39.4 billion** (compared with Euro 21 billion at the end of 2013), whereas it had been dramatically negative at end-2011 by Euro 30 billion. The improvement came mainly from the fall in the yields on debt securities, particularly Italian government securities. Both sectors contributed to the overall results, non-life business with a positive balance of Euro 6.1 billion and life business with one of Euro 33.3 billion.

Non-life sector

The largest asset class – nearly half of the total – consisted in debt securities and other fixed-income securities, mainly not held on a durable basis, with a current value of Euro 41.9 billion at the end of April, a bit more than at the end of 2013 (Table 2). The next-largest asset class was shares and other equity in affiliated undertakings (32.6%), whose value was down from the end of 2013.

The balance between valuation gains and losses at the end of April 2014 **was positive by Euro 6.1 billion** (compared with Euro 4.5 billion at the end of 2012 and 2013). The positive balance was due chiefly to investments held on a durable basis (over Euro 4 billion), above all shares and other equity (Euro 1.9 billion, compared with Euro 1.6 billion at the end of 2013) and debt securities and other fixed-interest securities (Euro 2.6 billion, compared with Euro 1.4 billion at the end of 2013).

The ratio of the balance between unrealized gains and losses to book value was equal to 7.7% overall: 9.1% for durable and 5.7% for non-durable investments (Figure 1). The ratio was highest for land and buildings, with a positive balance equal to about 20% of book value, followed by sundry financial investments at slightly under 16%.

It is worth looking more closely at investments in government securities, whose relative importance differs between the durable and non-durable investment portfolios (Table 3). In particular, government securities, with a current value of Euro 11.3 billion at the end of April 2014, made up about 22% of total Class C investments held on a durable basis, higher than the year-end figures of 19% in 2011, 21% in 2012 and 20% in 2013.

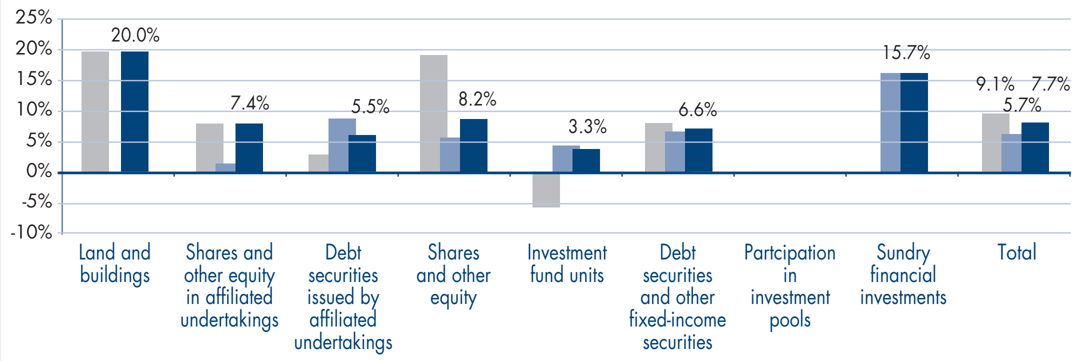
Table 2 – Total insurance market – non-life sector
Euro million

Investments	Current value of investments			Composition of investments (%) as at 30 April 2014	Current value of investments		
	Durable	Non-durable	Total		Memo: total investments (durable and non-durable)		
		30 April 2014			*December 2011*	*December 2012*	*December 2013*
C.I Land and buildings (A)	7,117	2	7,119	8.3%	7,424	7,906	7,297
C.II.1 Shares and other equity in affiliated undertakings	27,592	372	27,963	32.6%	25,324	25,119	30,872
C.II.2 Debt securities issued by affiliated undertakings	343	414	757	0.9%	798	1,443	726
Total C.II.1 and C.II.2 (B)	27,934	786	28,720	33.5%	26,122	26,561	31,598
C.III.1 Shares and other equity	716	2,202	2,918	3.4%	3,705	3,516	2,139
C.III.2 Investment fund units	235	4,915	5,151	6.0%	3,406	3,815	3,990
C.III.3 Debt securities and other fixed-income securities	15,035	26,828	41,863	48.8%	34,766	37,729	40,292
– Of which: listed and unlisted gov't securities	*11,343*	*15,246*	*26,589*	*31.0%*	*22,230*	*25,333*	*27,308*
C.III.5 Participation in investment pools	0	0	0	0.0%	30	0	0
C.III.7 Sundry financial investments	0	48	48	0.1%	198	30	49
Total C.III.1, 2, 3, 5, 7 (C)	15,986	33,993	49,979	58.2%	42,075	45,091	46,470
Overall total (A + B + C)	51,038	34,781	85,818	100.0%	75,622	79,558	85,365

Investments	Balance of valuation gains/losses			Balance of valuation gains/losses		
	Durable	Non-durable	Total	Memo: total investments (durable and non-durable)		
		30 April 2014		*December 2011*	*December 2012*	*December 2013*
C.I Land and buildings (A)	1,184	0	1,184	1,454	1,407	1,236
C.II.1 Shares and other equity in affiliated undertakings	1,926	3	1,929	-441	510	1,612
C.II.2 Debt securities issued by affiliated undertakings	8	32	40	-7	48	37
Total C.II.1 and C.II.2 (B)	1,934	35	1,969	-448	558	1,649
C.III.1 Shares and other equity	113	107	221	688	1,359	124
C.III.2 Investment fund units	-15	179	164	-34	30	105
C.III.3 Debt securities and other fixed-income securities	1,049	1,553	2,602	-2,608	1,160	1,412
– Of which: listed and unlisted gov't securities	*951*	*999*	*1,950*	*-1,729*	*665*	*1,052*
C.III.5 Participation in investment pools	0	0	0	0	0	0
C.III.7 Sundry financial investments	0	6	6	112	-34	2
Total C.III.1, 2, 3, 5, 7 (C)	1,147	1,846	2,993	-1,841	2,514	1,643
Overall total (A + B + C)	4,266	1,881	6,146	-836	4,479	4,528

Figure 1
Ratio of total capital gains and losses (%) on the book value of investments as at 30 April 2014 – Non-life sector

Durable
Non-durable
Total



Valuation gains exceeded losses by Euro 1.0 billion. Government securities worth more than Euro 15 billion accounted for 44% of the Class C investments not held on a long-term basis (less than in previous years), with valuation gains again exceeding losses by Euro 0.6 billion. Total gains/losses were positive by Euro 1 billion as well.

Table 3
Investments in government securities (listed and unlisted) – Non-life
Euro billion

	Book value	Current value	Balance of valuation gains/losses	Gov't securities/ Total Class C assets
Portfolio held on a durable basis				
2009	5.6	5.8	0.2	13%
2010	6.4	6.3	-0.1	14%
2011	10.2	9.3	-1.0	19%
2012	10.7	11.0	0.3	21%
2013	10.4	10.9	0.5	20%
Apr. 2014	10.4	11.3	1.0	22%
Portfolio held on a non-durable basis				
	Book value	**Current value**	**Balance of valuation gains/losses**	**Gov't securities/ Total Class C assets**
2009	18.6	19.0	0.4	50%
2010	16.2	15.8	-0.4	50%
2011	13.7	13.0	-0.8	47%
2012	14.0	14.3	0.4	51%
2013	15.9	16.4	0.5	52%
Apr. 2014	14.2	15.2	1.0	44%

Life sector

Debt securities and other fixed-income securities were also the top investments in the life sector, with a current value of Euro 369 billion at the end of April 2014, up Euro 37 billion from the end of 2013 (Table 4). Shares and other equity in affiliated undertakings came to Euro 23.2 billion (5.4% of the total) and investment fund units to Euro 26.6 billion (6.1%).

THE ITALIAN INSURANCE MARKET: KEY FIGURES 2013

Table 4 – Total insurance market – life sector
Euro million

Investments	Current value of investments – Durable (30 April 2014)	Current value of investments – Non-durable (30 April 2014)	Current value of investments – Total (30 April 2014)	Composition of investments (%) as at 30 April 2014	Current value of investments – Memo: total investments (durable and non-durable) – December 2011	December 2012	December 2013
C.I Land and buildings (A)	619	0	619	0.1%	1,149	692	655
C.II.1 Shares and other equity in affiliated undertakings	22,988	202	23,190	5.4%	21,127	19,901	24,575
C.II.2 Debt securities issued by affiliated undertakings	1,130	4,333	5,463	1.3%	3,244	4,833	4,985
Total C.II.1 and C.II.2 (B)	24,118	4,535	28,653	6.6%	24,370	24,734	29,560
C.III.1 Shares and other equity	2,374	5,511	7,886	1.8%	6,829	6,133	6,920
C.III.2 Investment fund units	3,941	22,648	26,590	6.1%	16,112	19,608	22,962
C.III.3 Debt securities and other fixed-income securities	182,796	186,015	368,811	85.3%	252,048	300,328	331,892
– Of which: listed and unlisted gov't securities	*148,579*	*132,598*	*281,177*	*65.0%*	*181,930*	*224,718*	*250,793*
C.III.5 Participation in investment pools	0	0	0	0.0%	30	0	0
C.III.7 Sundry financial investments	0	37	37	0.0%	1,613	93	95
Total C.III.1, 2, 3, 5, 7 (C)	189,111	214,212	403,323	93.2%	276,632	326,163	361,869
Overall total (A + B + C)	213,848	218,747	432,594	100.0%	302,151	351,589	392,084

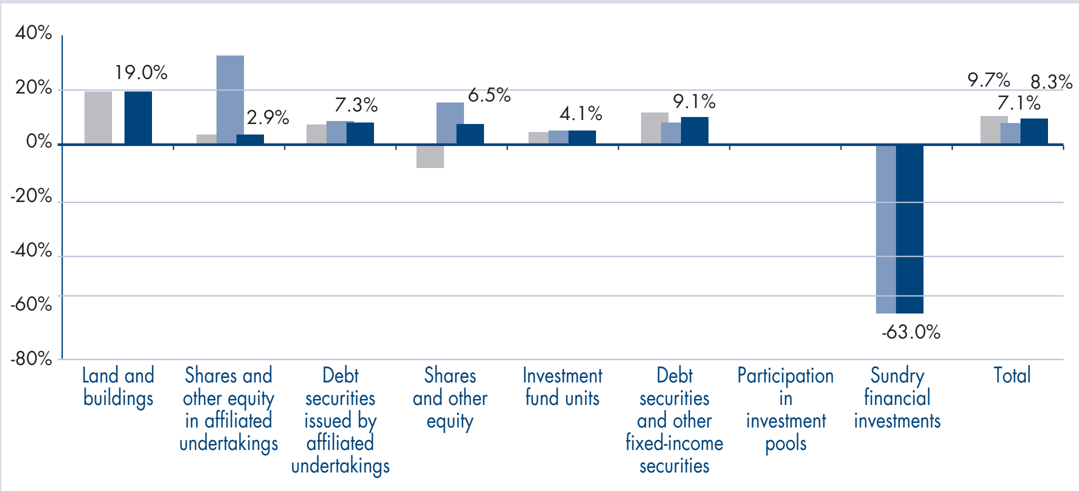
Investments	Balance of valuation gains/losses – Durable (30 April 2014)	Balance of valuation gains/losses – Non-durable (30 April 2014)	Balance of valuation gains/losses – Total (30 April 2014)	Balance of valuation gains/losses – Memo: total investments (durable and non-durable) – December 2011	December 2012	December 2013
C.I Land and buildings (A)	99	0	99	142	117	117
C.II.1 Shares and other equity in affiliated undertakings	606	49	655	734	570	1,096
C.II.2 Debt securities issued by affiliated undertakings	69	300	370	-295	269	231
Total C.II.1 and C.II.2 (B)	675	349	1,024	438	838	1,328
C.III.1 Shares and other equity	-233	714	480	-2,213	-799	47
C.III.2 Investment fund units	140	897	1,036	-572	504	688
C.III.3 Debt securities and other fixed-income securities	18,178	12,531	30,709	-27,047	11,056	14,090
– Of which: listed and unlisted gov't securities	*16,050*	*9,298*	*25,348*	*-22,177*	*7,499*	*11,153*
C.III.5 Participation in investment pools	0	0	0	0	0	0
C.III.7 Sundry financial investments	0	-63	-63	32	-20	-6
Total C.III.1, 2, 3, 5, 7 (C)	18,085	14,079	32,163	-29,800	10,742	14,819
Overall total (A + B + C)	18,858	14,428	33,286	-29,220	11,697	16,264

On 30 April 2014 the **balance between unrealized capital gains and losses was positive by some Euro 33 billion** (it had been positive by Euro 11.7 billion and Euro 16.3 billion at the end of 2012 and 2013 respectively). With the significant upturn in the financial markets already in the course of 2013 and then in the early months of 2014, the balance with respect to the end of 2013 improved for virtually all assets. In particular, for government securities the positive balance grew by more than Euro 14 billion between the end of 2013 and 30 April 2014, from Euro 11 billion to Euro 25 billion. Between the end of 2011 and 30 April 2014 the change in the balance between unrealized gains and losses exceeded Euro 47 billion.

The ratio of the balance between unrealized gains and losses to book value for the life sector was positive and equal to 8.3% overall; it was 9.7% for investments held on a long-term basis and 7.1% for non-durable investments (Figure 2). The highest positive ratio was that of investments in land and buildings (19%), followed by debt securities and other fixed-income securities (9.1%).

Figure 2
Balance of valuation gains/ losses as a % of book value of investments at 30 April 2014 – Life sector

Durable
Non-durable
Total



Investments in government securities (durable and non-durable) again deserve closer examination (Table 5). On 30 April 2014 they made up a substantial portion of both durable and non-durable investments (60-70%), totaling nearly Euro 149 billion for the former and topping Euro 133 billion for the latter. The balance between valuation gains and losses was positive for durable investment by Euro 16.1 billion and for non-durable investments by Euro 9.3 billion.

Table 5
Investments in government securities (listed and unlisted) – Life
Euro billion

	Book value	Current value	Balance of valuation gains/losses	Gov't securities/ Total Class C assets (current value)
Portfolio held on a durable basis				
2009	71.1	72.8	1.7	55%
2010	95.7	92.4	-3.3	58%
2011	119.0	102.3	-16.7	63%
2012	119.7	122.6	2.9	67%
2013	127.2	133.9	6.7	67%
Apr. 2014	132.5	148.6	16.1	70%
Portfolio held on a non-durable basis				
	Book value	**Current value**	**Balance of valuation gains/losses**	**Gov't securities/ Total Class C assets (current value)**
2009	79.7	80.9	1.2	53%
2010	87.5	85.1	-2.4	56%
2011	85.1	79.6	-5.5	57%
2012	97.5	102.1	4.6	60%
2013	112.5	116.9	4.4	61%
Apr. 2014	123.3	132.6	9.3	61%

2

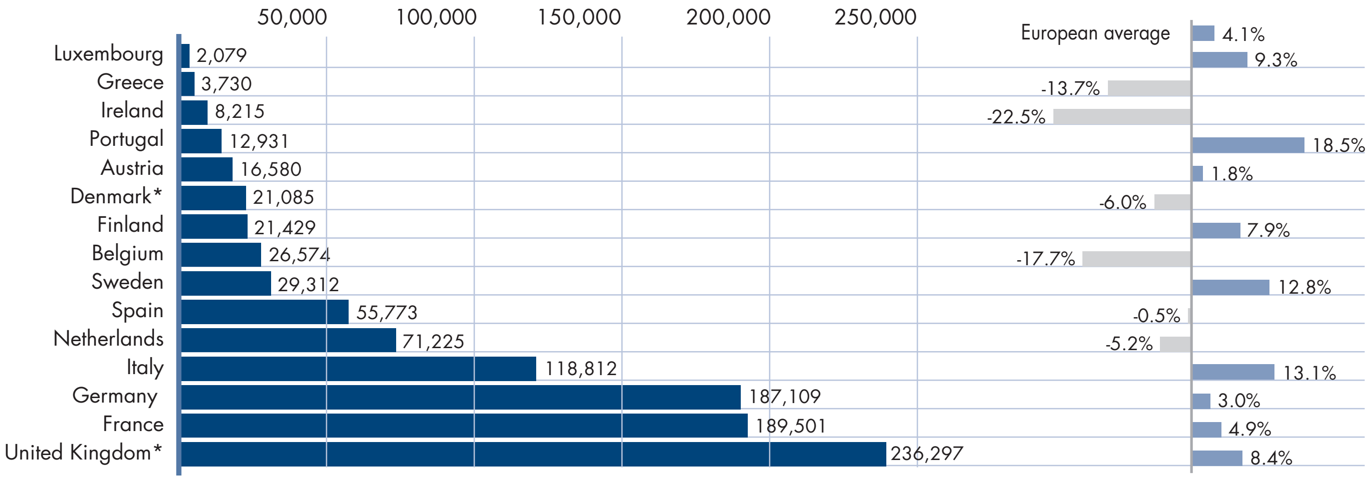
THE ITALIAN INSURANCE INDUSTRY IN THE INTERNATIONAL SETTING

THE MAIN MARKETS IN THE EUROPEAN UNION

In 2013 insurance companies in the first 15 member countries of the European Union (EU-15) had premium income of Euro 1,001 billion, a gain of 4.1% after the more modest increase of 1.4% recorded the previous year.

Direct premiums in the EU-15 in 2013 – Total
Euro million

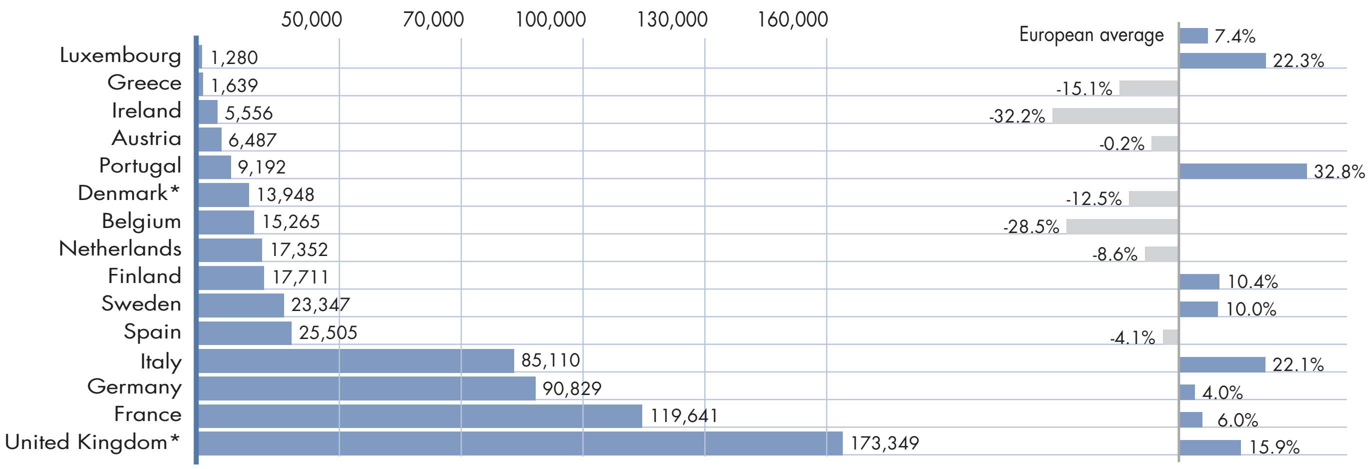
% change in direct premiums 2013/2012 – Total



(*) 2012 and change 2012/2011
Source: Insurance Europe

Direct premiums in the EU-15 in 2013 – Life
Euro million

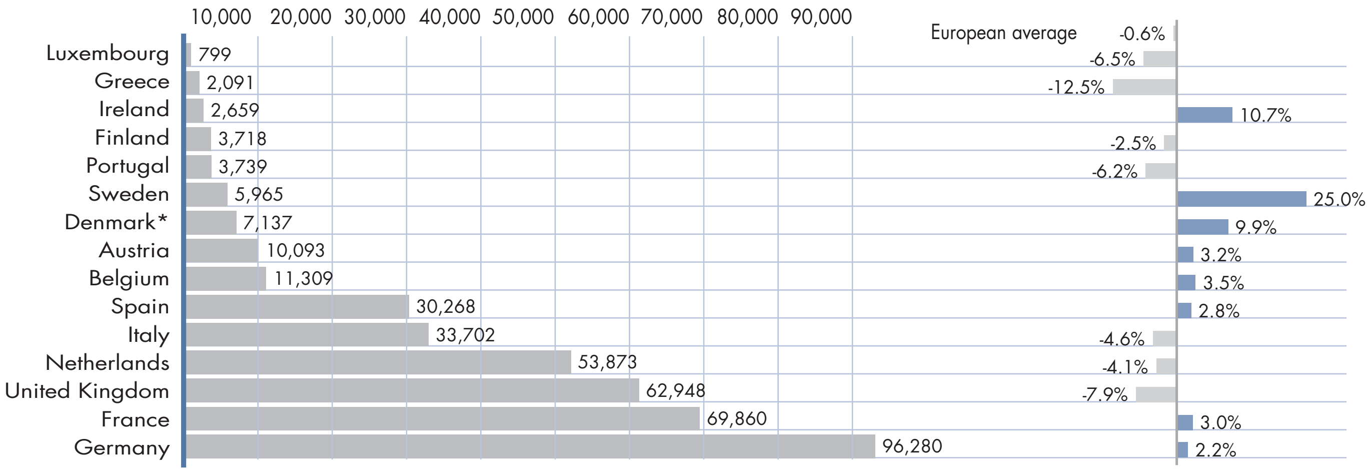
% change in direct premiums 2013/2012 – Life



(*) 2012 and change 2012/2011
Source: Insurance Europe

Direct premiums in the EU-15 in 2013 – Non-life
Euro million

% change in direct premiums 2013/2012 – Non-life



(*) 2012 and change 2012/2011
Source: Insurance Europe

Four countries accounted for the bulk of the growth in total premium volume: Italy (+13.1%), the United Kingdom (+8.4%), France (+4.9%) and Germany (+3.0%). Among the main countries, the sharpest declines were registered in Belgium (-17.7%), the Netherlands (-5.2%) and Spain (-0.5%).

Life insurance premiums rose by 7.4% to Euro 606 billion in 2013, up from the 1.3% growth recorded in 2012. The increase was driven by the results in Italy (+22.1%), the United Kingdom (+15.9%), France (+6.0%) and Germany (+4.0%); and to a minor extent in Finland (+10.4%) and Sweden (+10.0%) as well.

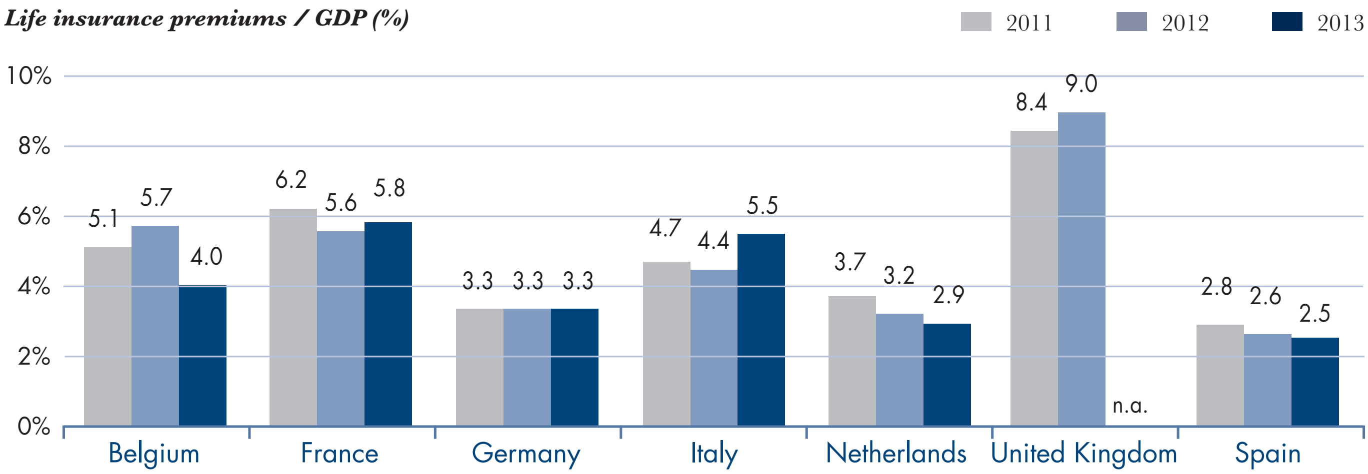
Non-life premiums amounted to Euro 397 billion, down slightly by 0.6% (+1.4% in 2012). The highest growth rates were those in France (+3.0%), Germany (+2.2%) and Spain (+2.8%) as opposed to the negative results recorded by the United Kingdom (-7.9%), Italy (-4.6%) and the Netherlands (-4.1%).

THE IMPORTANCE OF INSURANCE BY COUNTRY

Between 2011 and 2013 the ratio of the volume of premiums to GDP – the so-called insurance penetration index – performed differently in the life and non-life sectors. It is to be noted that the data for 2013 provided by Insurance Europe are still provisional and, in some cases, they are estimates made by national insurance associations.

In the life sector, in the three-year observation period, the ratio decreased progressively in the Netherlands (from 3.7% in 2011 to 2.9% in 2013) and in Spain (from 2.8% to 2.5%). In Belgium, after a significant increase in 2012, the ratio dropped to 4.0%, the lowest level recorded since 2011. The ratio remained unchanged in Germany (3.3%). On the contrary, the insurance penetration index in France and in Italy showed an upward trend (from 5.6% in 2012 to 5.8% in 2013 and from 4.4% to 5.5% respectively). The United Kingdom recorded the highest ratio, but the figure refers to 2012: 9.0%

Life insurance premiums / GDP (%)



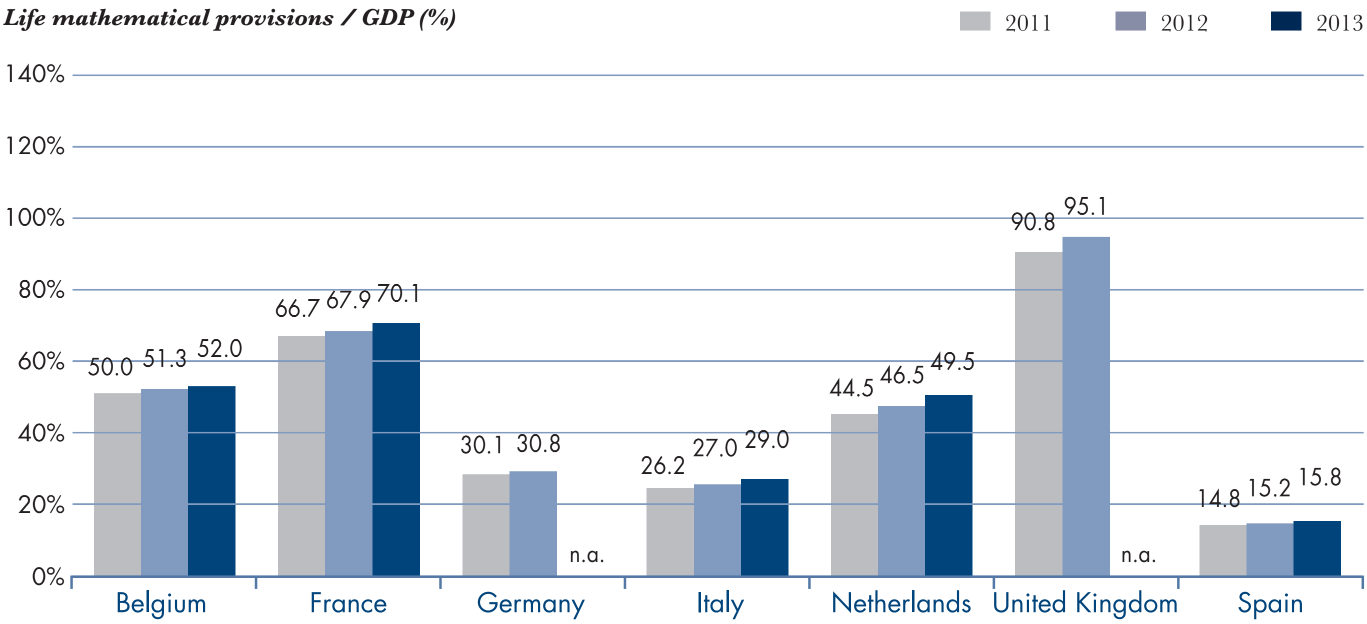
Source: Insurance Europe

As regards mathematical provisions, the German and British data for 2013 are not yet available, so the comparison for those two countries is limited to 2012.

In Italy the ratio of mathematical provisions to GDP, indicative of the degree of maturity of the life insurance market, showed a modest increase from 26.2% in 2011 to 29.0% in 2013. This is still lower than in the other European countries, except Spain, where the ratio moved upward from 15.2% in 2012 to 15.8% in 2013. Between 2011 and 2013 the ratio also rose in the Netherlands (from 44.5% to 49.5%), Belgium (from 50.0% to 52.0%) and France (from 66.7% to 70.1%). The United Kingdom recorded the highest ratio, but the figure refers to 2012: 95.1%, against 90.8% in 2011; in Germany, the indicator for the same year was 30.8%.

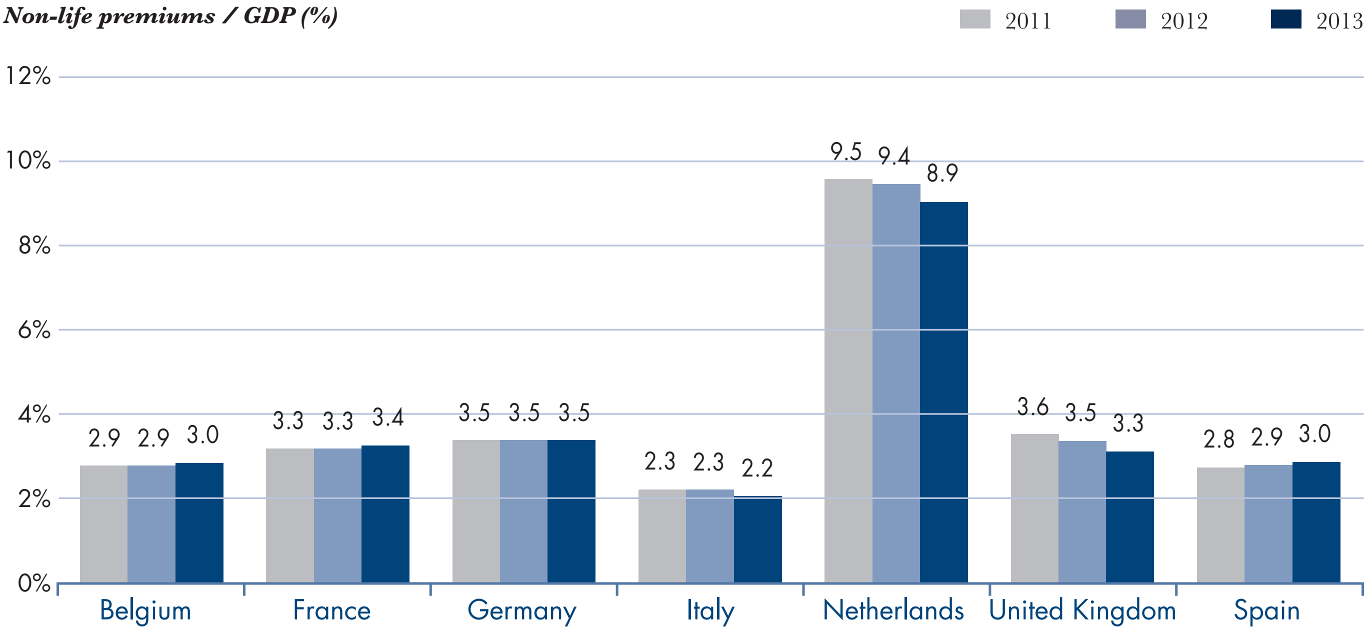
In the non-life sector, in 2013 Italy again had the lowest ratio of premiums to GDP. The penetration index for Italy was 2.2%, down slightly from the previous two years and far below the figures for the other countries. In Germany the ratio remained unchanged at 3.5%. There were modest increases in France (to 3.4% in 2013 from 3.3% in the previous two years), in Belgium (from 2.9% to 3.0%), and Spain, with a progressive rise to 3.0% last year. In the United Kingdom and the Netherlands, by contrast, the ratio fell: in the former, from 3.6% in 2011 to 3.3% in 2013; in the latter, from 9.5% in 2011 to 8.9% in 2013. The Netherlands' high non-life insurance penetration index – the highest in Europe despite the slight decline over the three years,

Life mathematical provisions / GDP (%)



Source: Insurance Europe

Non-life premiums / GDP (%)

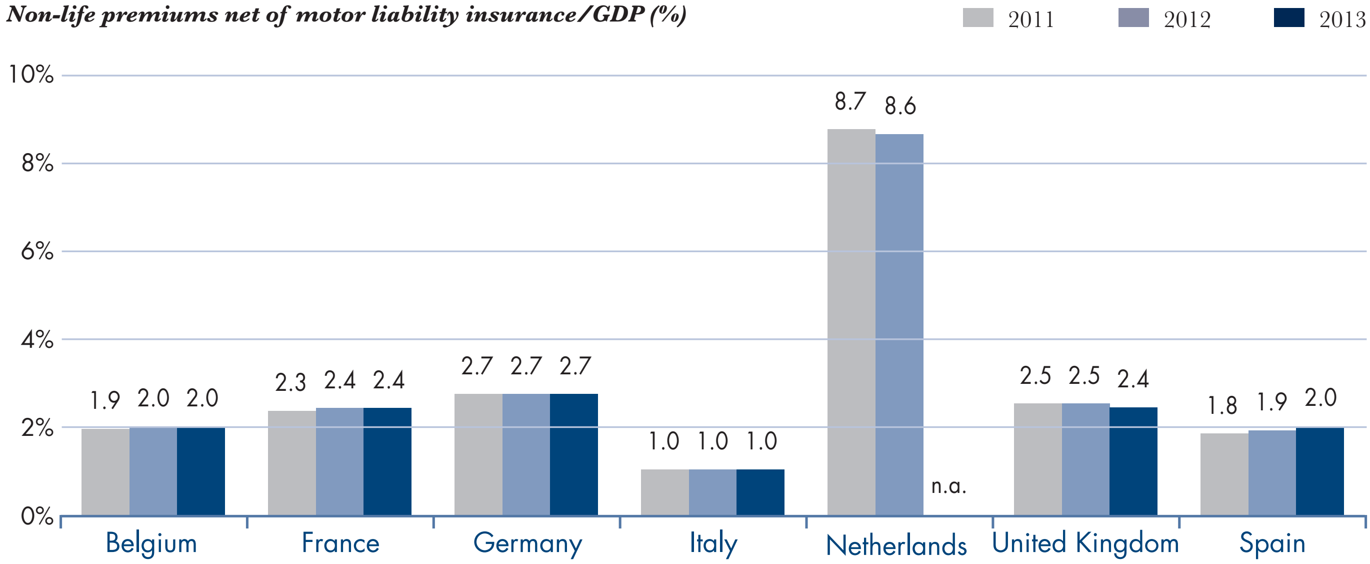


Source: Insurance Europe

more than 6 percentage points above the Italian indicator – reflects the positive effects in terms of premium collection of the privatization of the health system in 2006.

If motor liability insurance (compulsory everywhere) is excluded, the gap in non-life premiums between Italy and the other European countries is even wider. In 2013 their ratio to GDP was unchanged in Italy at 1.0%. In Belgium and Spain the ratio was double Italy's and in France it was somewhat more than twice as great. In Germany the indicator remained stable at 2.7% over the three years, while in the United Kingdom it slipped from 2.5% to 2.4%.

Non-life premiums net of motor liability insurance/GDP (%)



Source: Insurance Europe

TAXATION OF PREMIUMS IN THE EUROPEAN UNION

The tax burden on insurance premiums in Italy has long been among the highest in Europe, and 2013 confirms this trend.

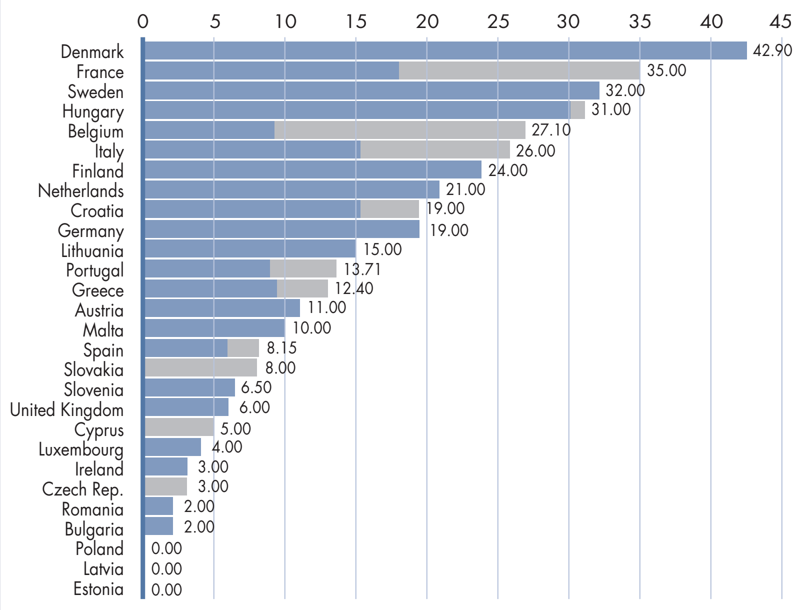
The tables below detail the tax rates applied to insurance premiums in the EU member countries for motor liability, fire, general liability and goods in transit. The comparatively high rates in place in Italy are evident.

The tax burden on motor liability premiums in Italy is 15.50%. Adding tax-related charges equal to 10.50% brings the overall rate on motor liability insurance to 26% in Italy. The 15.50% value is the result of local increases decided in 2011 by Italian provinces which, almost always, have raised the tax rate from 12.50% to 16%. According to data released by the Fiscal Federalism Division of the Department of Finance, at the end of April 2014 only eight provinces had not raised the tax rate, including the four that had actually lowered it.

The overall incidence of taxation on motor liability insurance in the European Union is 19%. Italy therefore imposes a rate that is considerably higher than the average

Motor liability
(%)

Taxes
Other charges



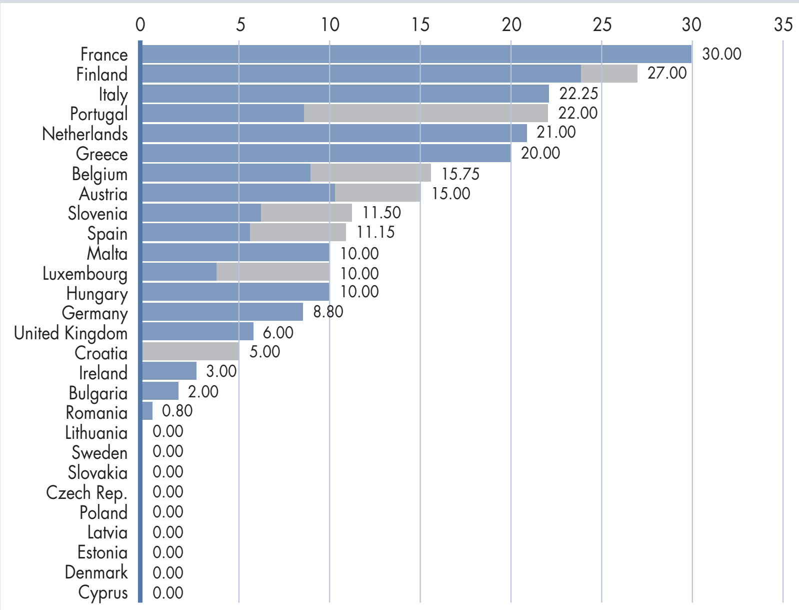
Source: Insurance Europe

and much higher than in the United Kingdom (6%), Spain (8.15%) and Austria (11%). The tax rate is average or somewhat higher in Germany and the Netherlands (19% and 21% respectively), while in France the overall tax rate on motor liability premiums tops 35%.

The tax on fire insurance premiums in Italy (22.25%) is sharply higher than in the United Kingdom, Spain and Austria (6%, 11.15% and 15% respectively) but lower than in France (30%) and Finland (27%).

Fire
(%)

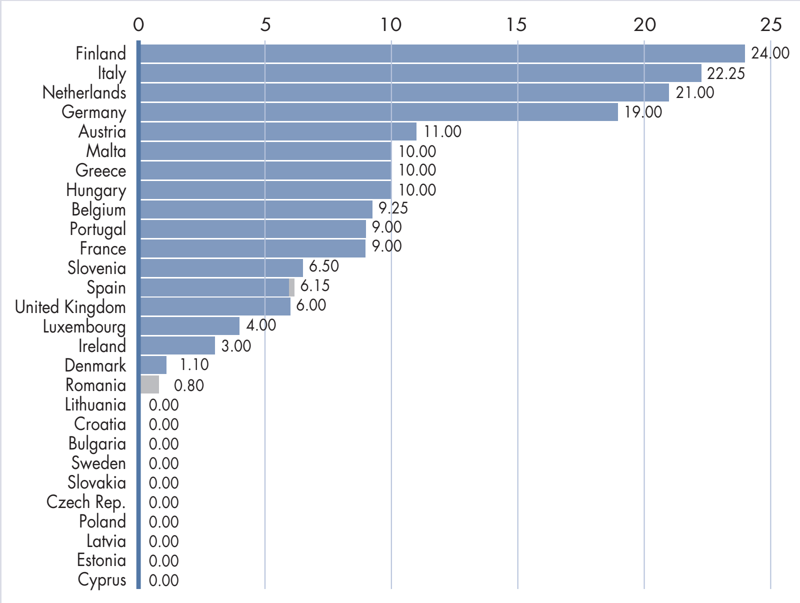
Taxes
Other charges



Source: Insurance Europe

General liability
(%)

Taxes
Other charges



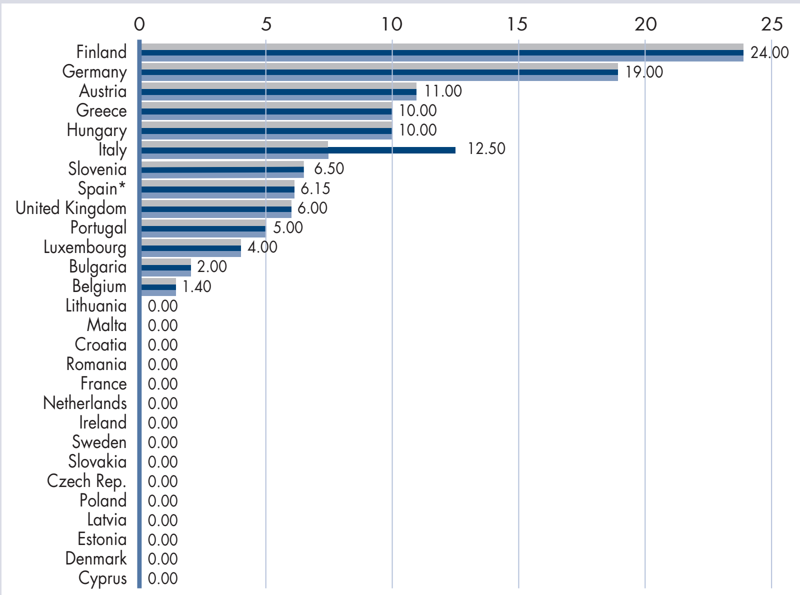
Source: Insurance Europe

For general liability insurance, aside from Finland (24%), Italy has the highest tax rate in Europe (22.25%) and for years has exceeded the rates applied in Germany (19%), France (9%), Spain (6.15%) and the United Kingdom (6%).

There were no changes last year in Italy in the indirect taxation of shipping insurance premiums, taxed at 7.5% for goods transported by sea or air and at 12.5% for those transported by land. The European countries with the highest tax rates are Finland (24%), Germany (19%) and Austria (11%). The United Kingdom applies a 6% rate. In France and most of the other countries such premiums are either exempt or taxed at a very low rate.

Goods in transit – Taxes
(%)

Via air
Via land
Via sea



Source: Insurance Europe
(*) Taxes (6.00%) plus other charges (0.15%)

3

LIFE INSURANCE

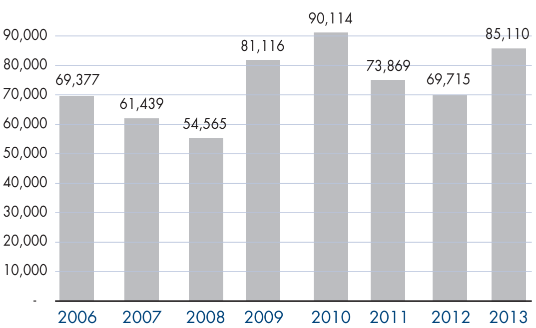
LIFE INSURANCE

Life insurance premiums increased by 22% in 2013 to over Euro 85 billion, as a result of the growth in premiums in all sectors except Class VI (pension funds), which diminished by over 30%. The increase in premiums, combined with a decrease in claims and benefits paid of 11%, generated a positive net cash flow for the year of more than Euro 18 billion. The positive contribution of technical financial earnings narrowed by 27%, producing an overall technical account result that was positive but only about half a large as in 2012, at Euro 3.5 billion.

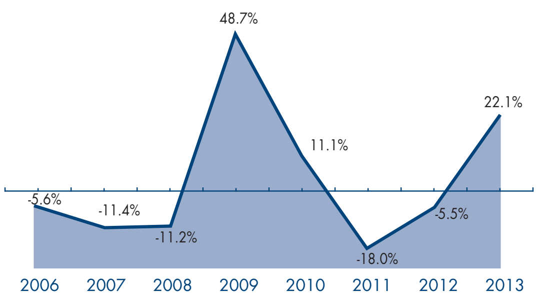
DOMESTIC BUSINESS

Premiums from direct domestic business of the 64 insurance companies operating in the life sector totaled Euro 85,110 million, up 22.1% after falling by 5.5% in 2012 and 18% in 2011. It should be noted that new business was distributed evenly throughout the year with an average growth of 30%. Life premiums made up 71.6% of total life and non-life premiums, compared with 66.3% in 2012.

Direct premiums
Euro million



Direct premiums – Annual growth rate



Incurred claims, defined as the amounts paid plus the change in the amounts reserved in respect of claims net of recoveries, totaled Euro 66,688 million (down 11% from 2012) as a result of a decrease both in amounts paid for claims (-16.3%) due to a fall in expiring policies, and in the disbursement of annuities (-5.0%).

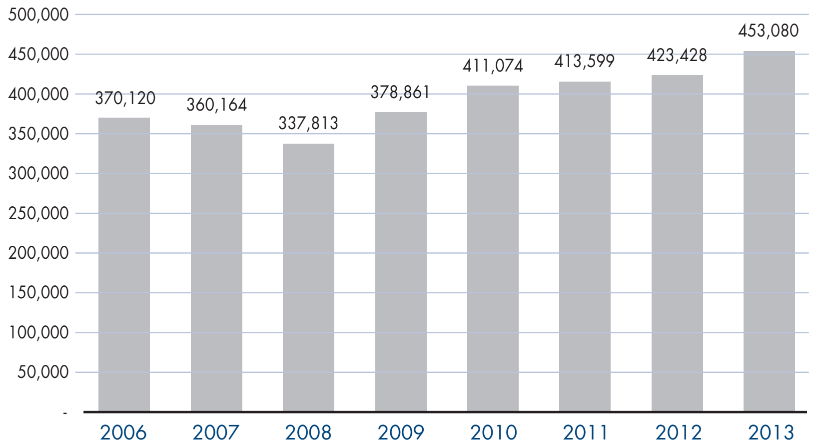
Net cash flow, defined as the difference between premiums and incurred claims, was positive by Euro 18,422 million, whereas in 2012 it had been negative (Euro -5,306 million).

The change in the mathematical provisions and other technical provisions amounted to approximately Euro 30 billion, compared with Euro 10 billion a year earlier.

LIFE INSURANCE

The **technical provisions** amounted to Euro 453,080 million, with an increase of 7.0% (compared with +2.4% in 2012).

Total life technical provisions
Euro million



Operating expenses, which along with administration expenses also include contract acquisition costs, premium collection costs and costs relating to the organization and operation of the distribution network, amounted to Euro 3,539 million (Euro

Life technical account
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	69,377	61,439	54,565	81,116	90,114	73,869	69,715	85,110
Incurred claims (-)	57,804	74,316	65,547	57,198	66,801	73,971	75,022	66,688
Changes in mathematical and technical provisions (-)	18,303	-10,245	-22,636	41,114	32,184	2,547	10,013	29,938
Balance of other technical items	633	468	104	19	-126	-177	-222	-286
Operating expenses (-)	4,589	4,681	4,056	4,090	4,300	3,832	3,367	3,539
– commissions	2,950	2,812	2,478	2,559	2,696	2,205	1,788	1,982
– other acquisition costs	735	906	661	640	675	709	681	683
– other administration costs	895	962	918	891	929	918	898	874
Investment income	12,126	8,176	-11,030	23,996	12,617	3,019	25,382	18,459
Direct technical balance	**1,440**	**1,331**	**-3,328**	**2,730**	**-680**	**-3,639**	**6,473**	**3,118**
Reinsurance results and other items	471	292	320	442	366	268	388	366
Overall technical account result	**1,911**	**1,623**	**-3,008**	**3,172**	**-314**	**-3,371**	**6,861**	**3,484**
Net cash flow	**11,573**	**-12,877**	**-10,982**	**23,918**	**23,313**	**-102**	**-5,306**	**18,422**
Annual % changes in premiums	-5.6%	-11.4%	-11.2%	48.7%	11.1%	-18.0%	-5.5%	22.1%
Expense ratio	6.6%	7.6%	7.4%	5.0%	4.8%	5.2%	4.8%	4.2%
– Commissions/Gross written premiums	4.3%	4.6%	4.5%	3.2%	3.0%	3.0%	2.6%	2.3%
– Other acquisition costs/Gross written premiums	1.1%	1.5%	1.2%	0.8%	0.7%	1.0%	1.0%	0.8%
– Other administration costs/Gross written premiums	1.3%	1.6%	1.7%	1.1%	1.0%	1.2%	1.3%	1.0%
Investment income/Technical provisions	3.4%	2.2%	-3.2%	6.7%	3.2%	0.7%	6.1%	4.2%
Technical account result/Gross written premiums	**2.1%**	**2.2%**	**-6.1%**	**3.4%**	**-0.8%**	**-4.9%**	**9.3%**	**3.7%**
Overall technical account result/Gross written	**2.8%**	**2.6%**	**-5.5%**	**3.9%**	**-0.3%**	**-4.6%**	**9.8%**	**4.1%**
Overall technical account result/Technical provisions	**0.53%**	**0.44%**	**-0.86%**	**0.89%**	**-0.08%**	**-0.82%**	**1.64%**	**0.80%**

Indexes and changes (%) are calculated on data in Euro thousand

3,367 million in 2012). The increase of 5.1% was smaller than that in premiums, so that the ratio of expenses to premiums diminished from 4.8% to 4.2%. The decline in the ratio was due mainly to the fall in dealer commissions from 2.6% to 2.3%.

Investment income in 2013 was equal to Euro 18,459 million, but the contribution of this item to the overall technical account shrank by over 27% from 2012. This weighed on the **result of the technical account for direct business** which, although amply positive, was halved compared with 2012 (only Euro 3,118 million). The ratio of the technical account result to gross written premiums dropped from 9.3% in 2012 to 3.7%.

The result of reinsurance cessions and net indirect business was positive by Euro 366 million (Euro 388 million in 2012).

The **overall technical account** result was positive by Euro 3,484 million, compared with Euro 6,861 million in 2012. There was a decline both in the ratio to premiums (from 9.8% in 2012 to 4.1% in 2013) and in the ratio to technical provisions (from 1.64% to 0.80%).

INDIVIDUAL LIFE CLASSES

Class I – Life insurance

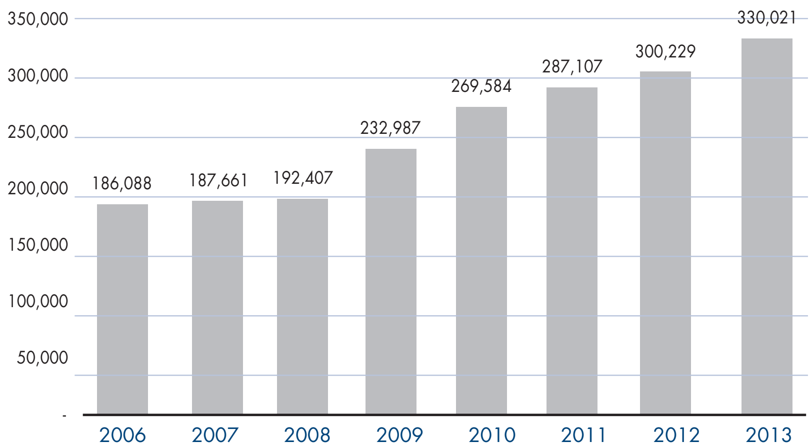
Class I – life insurance
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	32,746	27,166	31,430	64,741	67,844	56,698	51,191	64,966
Incurred claims (-)	23,064	28,995	29,745	28,974	35,683	44,008	45,285	41,902
Changes in mathematical and technical provisions (-)	12,796	1,531	4,713	40,477	36,522	17,739	11,880	29,532
Balance of other technical items	-113	-192	-357	-337	-566	-606	-711	-756
Operating expenses (-)	2,634	2,811	2,845	3,284	3,316	3,105	2,738	2,976
– commissions	1,603	1,655	1,743	2,134	2,064	1,837	1,480	1,720
– other acquisition costs	444	544	484	494	555	586	576	588
– other administration costs	584	612	618	655	696	682	681	669
Investment income	6,610	7,025	3,433	9,518	7,106	5,401	14,777	12,397
Direct technical balance	**749**	**662**	**-2,797**	**1,187**	**-1,137**	**-3,359**	**5,354**	**2,198**
Reinsurance results and other items	459	335	332	419	398	285	398	368
Overall technical account result	**1,208**	**997**	**-2,465**	**1,606**	**-739**	**-3,074**	**5,752**	**2,566**
Net cash flow	**9,682**	**-1,829**	**1,685**	**35,767**	**32,161**	**12,690**	**5,907**	**23,064**
Annual % changes in premiums	-3.3%	-17.0%	15.7%	106.0%	4.8%	-16.4%	-9.6%	26.9%
Expense ratio	8.0%	10.3%	9.1%	5.1%	4.9%	5.5%	5.3%	4.6%
– Commissions/Gross written premiums	4.9%	6.1%	5.5%	3.3%	3.0%	3.2%	2.9%	2.6%
– Other acquisition costs/Gross written premiums	1.4%	2.0%	1.5%	0.8%	0.8%	1.0%	1.1%	0.9%
– Other administration costs/Gross written premiums	1.8%	2.3%	2.0%	1.0%	1.0%	1.2%	1.3%	1.0%
Investment income/Technical provisions	3.7%	3.8%	1.8%	4.5%	2.8%	1.9%	5.0%	3.9%
Technical account result/Gross written premiums	**2.3%**	**2.4%**	**-8.9%**	**1.8%**	**-1.7%**	**-5.9%**	**10.5%**	**3.4%**
Overall technical account result/Gross written	**3.7%**	**3.7%**	**-7.8%**	**2.5%**	**-1.1%**	**-5.4%**	**11.2%**	**3.9%**
Overall technical account result/Technical provisions	**0.67%**	**0.53%**	**-1.30%**	**0.76%**	**-0.29%**	**-1.10%**	**1.96%**	**0.81%**
Premiums to total life premiums ratio (%)	*47.2%*	*44.2%*	*57.6%*	*79.8%*	*75.3%*	*76.8%*	*73.4%*	*76.3%*

Indexes and changes (%) are calculated on data in Euro thousand

LIFE INSURANCE

Technical provisions Class I – Life
Euro million



Premiums from direct domestic business of the 64 insurance companies operating in Class I amounted to Euro 64,966 million, up 26.9% on 2012. It should be noted that new business in Class I "with-profits" is normally inversely correlated with the nominal interest rates offered by Italian government securities (in the period from January 2005 to March 2014 the correlation was -0.82). The extremely low yields on government securities during 2013 contributed to the increase in sales of new policies of this type. Class I premiums' share of total life premiums thus rose from 73.4% in 2012 to 76.3%. This was a very interesting form of investment for Italian savers and a good alternative to government securities or other low-risk products in 2013. Class I life premiums are more competitive than other instruments by reason of their guaranteed minimum returns, stable performance and low volatility.

Incurred claims, defined as the amounts paid plus the change in the amounts reserved in respect of claims net of recoveries, totaled Euro 41,902 million, down 7.5% on 2012. A factor was the fall in surrenders (-16.2%).

Net cash flow, defined as the difference between premiums and incurred claims, was positive by Euro 23,064 million, roughly four times the prior-year figure (Euro 5,907).

The **change in the mathematical provisions** and other technical provisions was almost three times that of the previous year at Euro 29,532 million. Net cash flow's contribution to the change in the mathematical provisions was close to 78% (up from approximately 50% in 2012). The stock of provisions grew by 4.6% during the year to reach Euro 330,021 million.

Operating expenses totaled Euro 2,976 million (Euro 2,738 million in 2012). Its ratio to premiums fell from 5.3% to 4.6%.

Despite profits from investments falling to Euro 12,397 million, the **result of the technical account for direct business** recorded a profit of Euro 2,198 million (half the amount of 2012). The ratio of the technical account result to premiums went from 10.5% in 2012 to 3.4% in 2013.

The result of reinsurance cessions and net indirect business was positive by Euro 368 million.

The **overall technical account result** was positive by Euro 2,566 million. Its ratio to premiums was equal to 3.9% (11.2% in 2012), while its ratio to technical provisions came to 0.81% (1.96% in 2012).

Class III – Life policies linked to investment funds or indices

Premiums from direct domestic business of the 58 insurance companies operating in Class III amounted to Euro 15,514 million, compared with Euro 13,800 in 2012, up more than 12%. However, Class III's share of total life premiums slipped from 19.8% to 18.2%.

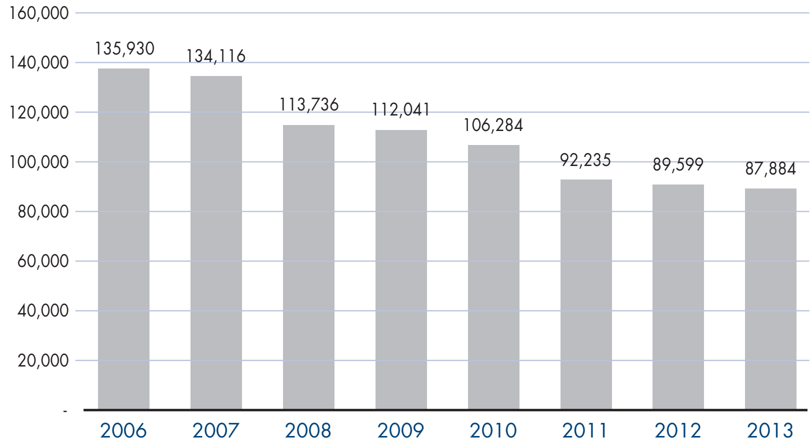
Class III - Investment funds or indices
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	27,385	29,053	18,558	9,732	15,409	12,496	13,800	15,514
Incurred claims (-)	25,192	28,821	23,156	22,580	24,694	23,482	23,004	20,554
Changes in mathematical and technical provisions (-)	4,220	-1,862	-20,215	-1,351	-5,712	-14,096	-1,278	-1,197
Balance of other technical items	759	671	467	370	445	440	488	468
Operating expenses (-)	1,747	1,661	1,072	632	837	584	498	432
– commissions	1,278	1,093	691	365	593	334	277	233
– other acquisition costs	225	295	144	99	77	81	66	55
– other administration costs	241	273	238	168	167	170	155	145
Investment income	3,723	-418	-14,603	12,714	4,543	-2,684	8,621	4,418
Direct technical balance	708	686	409	955	578	282	684	611
Reinsurance results and other items	16	-33	-9	18	-33	-22	-18	-3
Overall technical account result	724	653	400	973	545	260	666	608
Net cash flow	2,193	232	-4,598	-12,848	-9,285	-10,986	-9,205	-5,040
Annual % changes in premiums	3.8%	6.1%	-36.1%	-47.6%	58.3%	-18.9%	10.4%	12.4%
Expense ratio	6.4%	5.7%	5.8%	6.5%	5.4%	4.7%	3.6%	2.8%
– Commissions/Gross written premiums	4.7%	3.8%	3.7%	3.8%	3.8%	2.7%	2.0%	1.5%
– Other acquisition costs/Gross written premiums	0.8%	1.0%	0.8%	1.0%	0.5%	0.6%	0.5%	0.4%
– Other administration costs/Gross written premiums	0.9%	0.9%	1.3%	1.7%	1.1%	1.4%	1.1%	0.9%
Investment income/Technical provisions	2.8%	-0.3%	-11.8%	11.3%	4.2%	-2.7%	9.5%	5.0%
Technical account result/Gross written premiums	2.6%	2.4%	2.2%	9.8%	3.8%	2.3%	5.0%	3.9%
Overall technical account result/Gross written	2.6%	2.2%	2.2%	10.0%	3.5%	2.1%	4.8%	3.9%
Overall technical account result/Technical provisions	0.54%	0.48%	0.32%	0.86%	0.50%	0.26%	0.73%	0.69%
Premiums to total life premiums ratio (%)	*39.5%*	*47.3%*	*34.0%*	*12.0%*	*17.1%*	*16.9%*	*19.8%*	*18.2%*

Indexes and changes (%) are calculated on data in Euro thousand

LIFE INSURANCE

Technical provisions Class III – Investment funds or indices
Euro million



Incurred claims, defined as the amounts paid plus the change in the amounts reserved in respect of claims net of recoveries, totaled Euro 20,554 million, down 10.7% on 2012. Surrenders amounted to about Euro 10 billion, decreasing by 14%.

Net cash flow, defined as the difference between premiums and incurred claims, was negative for the sixth year in a row (Euro -5,040 million, compared with Euro -9,205 million in 2012).

Profits from investments came to Euro 4,418 million, against Euro 8,621 million in 2012.

Due to this deterioration in the result on investments, the **change in the mathematical provisions** and other technical provisions went from Euro -1,278 million in 2012 to Euro -1,197 million last year. The stock of provisions diminished by about 2% to Euro 87,884 million.

Operating expenses totaled Euro 432 million (Euro 498 million in 2012) and were equal to 2.8% of premiums, down from 4.7% in 2011 and 3.6% in 2012. The diminution in the ratio was due to commissions and other administration expenses, which fell respectively from 2.0% to 1.5% and from 1.1% to 0.9% as a proportion of premiums.

The **result of the technical account for direct business** remained positive by Euro 611 million, slightly worse than in 2012. Consequently, its ratio to premiums fell from 5.0% to 3.9%.

The result of reinsurance cessions and net indirect business was negative by Euro 3 million.

The **overall technical account result** was positive by Euro 608 million (Euro 666 million in 2012). Both its ratio to premiums (3.9%) and its ratio to technical provisions (0.69%) diminished compared with 2012.

Class IV – LTC and permanent health insurance

Class IV – LTC and permanent health insurance
Euro million

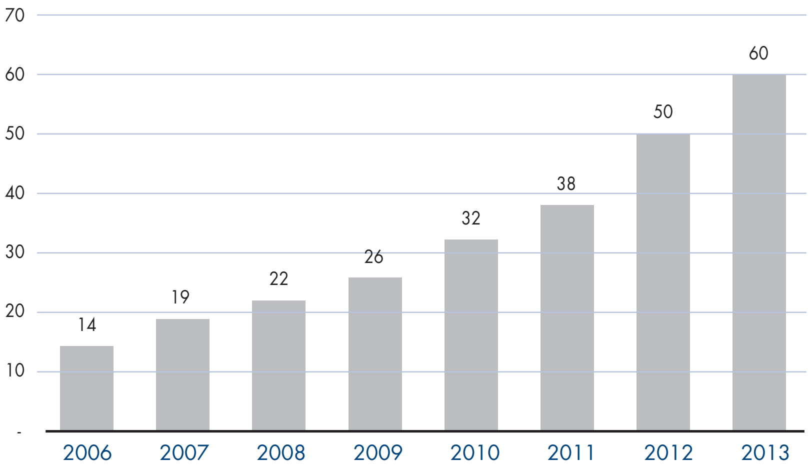
	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	23	30	25	26	27	32	44	52
Incurred claims (-)	7	7	8	9	9	8	12	13
Changes in mathematical and technical provisions (-)	3	6	3	4	6	6	12	10
Balance of other technical items	0	1	-1	-1	-2	-1	-1	-5
Operating expenses (-)	3	3	3	5	4	8	10	14
– commissions	1	1	2	2	2	4	4	6
– other acquisition costs	1	1	1	2	1	2	4	5
– other administration costs	1	1	1	1	1	2	3	4
Investment income	0	0	0	2	2	2	3	6
Direct technical balance	10	15	10	9	8	11	11	16
Reinsurance results and other items	-9	-12	-6	0	-0	-1	7	0
Overall technical account result	1	3	4	9	8	10	18	16
Net cash flow	16	23	17	17	18	24	32	39
Annual % changes in premiums	-2.4%	32.8%	-17.1%	4.3%	4.1%	16.6%	33.1%	19.0%
Expense ratio	12.3%	9.9%	12.8%	18.0%	15.1%	23.9%	23.8%	26.9%
– Commissions/Gross written premiums	5.1%	4.6%	6.6%	6.5%	5.8%	12.5%	8.4%	11.0%
– Other acquisition costs/Gross written premiums	3.2%	1.8%	3.0%	6.0%	5.0%	6.0%	9.5%	9.0%
– Other administration costs/Gross written premiums	4.0%	3.4%	3.2%	5.5%	4.3%	5.4%	5.9%	6.8%
Investment income/Technical provisions	2.6%	3.0%	2.3%	6.6%	6.7%	4.8%	6.0%	10.7%
Technical account result/Gross written premiums	42.7%	49.9%	40.9%	33.7%	30.6%	33.2%	25.4%	31.1%
Overall technical account result/Gross written	2.3%	9.8%	17.4%	33.7%	29.8%	32.7%	41.5%	31.3%
Overall technical account result/Technical provisions	4.34%	18.32%	21.57%	37.43%	28.34%	29.96%	41.38%	29.70%
Premiums to total life premiums ratio (%)	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*

Indexes and changes (%) are calculated on data in Euro thousand

Premiums from direct domestic business of the 33 insurance companies operating in Class IV increased by 19.0% to Euro 52 million.

The **overall technical account result** was positive by Euro 16 million (Euro 18 million in 2012). Both its ratio to premiums (31.3%) and its ratio to technical provisions (29.7%) declined compared with 2012.

Technical provisions Class IV – LTC and permanent health insurance
Euro million



Class V – Capital redemption policies

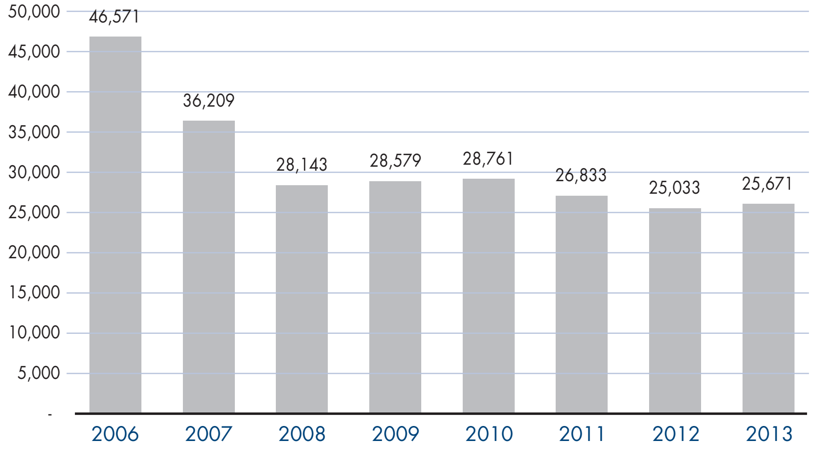
Class V – Capital redemption policies
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	8,938	4,469	3,196	5,078	5,154	3,131	2,815	3,282
Incurred claims (-)	9,478	16,380	12,494	5,461	5,809	6,060	5,375	3,317
Changes in mathematical and technical provisions (-)	1,017	-10,562	-8,077	492	182	-2,094	-1,778	678
Balance of other technical items	-19	-19	-23	-31	-29	-41	-33	-35
Operating expenses (-)	188	177	101	136	110	90	79	81
– commissions	65	58	32	48	30	22	18	16
– other acquisition costs	57	53	24	36	33	26	23	24
– other administration costs	64	65	46	52	47	41	38	41
Investment income	1,747	1,542	413	1,371	839	409	1,297	1,106
Direct technical balance	-17	-3	-932	329	-137	-557	404	278
Reinsurance results and other items	5	3	4	5	2	5	1	0
Overall technical account result	-12	0	-928	334	-135	-552	405	278
Net cash flow	-540	-11,911	-9,298	-383	-655	-2,929	-2,560	-35
Annual % changes in premiums	-29.6%	-50.0%	-28.5%	58.9%	1.5%	-39.3%	-10.1%	16.6%
Expense ratio	2.1%	4.0%	3.2%	2.7%	2.1%	2.9%	2.8%	2.5%
– Commissions/Gross written premiums	0.7%	1.3%	1.0%	0.9%	0.6%	0.7%	0.6%	0.5%
– Other acquisition costs/Gross written premiums	0.6%	1.2%	0.7%	0.7%	0.6%	0.8%	0.8%	0.7%
– Other administration costs/Gross written premiums	0.7%	1.5%	1.4%	1.0%	0.9%	1.3%	1.4%	1.3%
Investment income/Technical provisions	3.8%	3.7%	1.3%	4.8%	2.9%	1.5%	5.0%	4.4%
Technical account result/Gross written premiums	-0.2%	-0.1%	-29.2%	6.5%	-2.6%	-17.8%	14.3%	8.5%
Overall technical account result/Gross written	-0.1%	0.0%	-29.0%	6.6%	-2.6%	-17.6%	14.4%	8.5%
Overall technical account result/Technical provisions	-0.03%	0.00%	-2.88%	1.18%	-0.47%	-1.99%	1.56%	1.10%
Premiums to total life premiums ratio (%)	*12.9%*	*7.3%*	*5.9%*	*6.3%*	*5.7%*	*4.2%*	*4.0%*	*3.9%*

Indexes and changes (%) are calculated on data in Euro thousand

Premiums from domestic business of the 59 insurance companies operating in Class V amounted to Euro 3,282 million, up by about 17% from 2012, but Class V's share of total life premiums slipped from 4.0% in 2012 to 3.9%.

Technical provisions Class V – Capitalization
Euro million



Incurred claims, defined as the amounts paid plus the change in the amounts reserved in respect of claims net of recoveries, totaled Euro 3,317 million (Euro 5,375 million in 2012).

Net cash flow, defined as the difference between premiums and incurred claims, was negative by Euro 35 million, but with a massive improvement from Euro -2,560 million in 2012.

The **change in the mathematical provisions** and other technical provisions was positive by Euro 678 million, compared with Euro -1,778 million in the previous year.

Operating expenses totaled Euro 81 million (Euro 79 million in 2012) and were equal to 2.5% of premiums (2.8% in 2012).

With profits from investments amounting to Euro 1,279 million, the **result of the technical account for direct business** reflected a profit of Euro 278 million (compared with 404 million in 2012).

The result of reinsurance cessions and net indirect business was practically nil, so the **overall technical account result** amounted to Euro 278 million (Euro 405 million in 2012).

Class VI – Pension fund management

Premiums from domestic business of the 33 insurance companies operating in Class VI amounted to Euro 1,296 million, down by 30.5% from Euro 1,866 million in 2012.

Incurred claims, defined as the amounts paid plus the change in the amounts reserved in respect of claims net of recoveries, totaled Euro 902 million (Euro 1,346 million in 2012).

The **change in the mathematical provisions** and other technical provisions amounted to approximately Euro 915 million, down from Euro 1,178 million the year before.

Operating expenses totaled Euro 36 million (Euro 42 million in 2012). The ratio to premium income in 2013 was equal to 2.8% (2.2% in 2012).

Including profits on investments for a total of Euro 532 million, the **result of the technical account for direct business** was positive by Euro 16 million (Euro 20 million in 2012).

LIFE INSURANCE

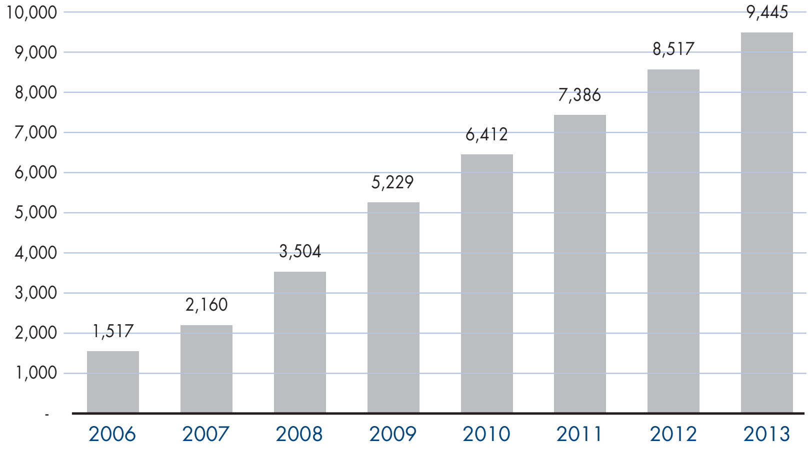
The **overall technical account** was the same, as the balance on reinsurance was nil.

Class VI – Pension fund management
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	285	720	1,356	1,539	1,679	1,512	1,866	1,296
Incurred claims (-)	64	113	146	173	606	413	1,346	902
Changes in mathematical and technical provisions (-)	267	643	939	1,492	1,185	991	1,178	915
Balance of other technical items	7	9	18	17	26	31	36	41
Operating expenses (-)	17	29	35	33	34	45	42	36
– commissions	3	5	11	10	8	8	8	9
– other acquisition costs	9	13	9	9	9	14	12	11
– other administration costs	6	11	15	15	17	23	21	16
Investment income	46	26	-273	392	127	-109	684	532
Direct technical balance	-10	-30	-19	250	8	-15	20	16
Reinsurance results and other items	0	0	0	0	-1	0	0	0
Overall technical account result	-10	-30	-19	250	7	-15	20	16
Net cash flow	221	607	1,210	1,366	1,073	1,099	520	394
Annual % changes in premiums	-42.4%	152.5%	88.3%	13.5%	9.1%	-9.9%	23.3%	-30.5%
Expense ratio	6.0%	4.0%	2.6%	2.2%	2.0%	3.0%	2.2%	2.8%
– Commissions/Gross written premiums	1.0%	0.7%	0.8%	0.6%	0.5%	0.5%	0.4%	0.7%
– Other acquisition costs/Gross written premiums	3.0%	1.8%	0.7%	0.6%	0.5%	0.9%	0.7%	0.8%
– Other administration costs/Gross written premiums	2.0%	1.5%	1.1%	0.9%	1.0%	1.5%	1.1%	1.3%
Investment income/Technical provisions	3.5%	1.4%	-9.6%	9.0%	2.2%	-1.6%	8.6%	5.9%
Technical account result/Gross written premiums	-3.4%	-4.1%	-1.4%	16.2%	0.5%	-1.0%	1.1%	1.2%
Overall technical account result/Gross written	-3.4%	-4.1%	-1.4%	16.2%	0.4%	-1.0%	1.1%	1.2%
Overall technical account result/Technical provisions	-0.74%	-1.62%	-0.68%	5.73%	0.12%	-0.22%	0.25%	0.18%
Premiums to total life premiums ratio (%)	*0.4%*	*1.2%*	*2.5%*	*1.9%*	*1.9%*	*2.0%*	*2.7%*	*1.5%*

Indexes and changes (%) are calculated on data in Euro thousand

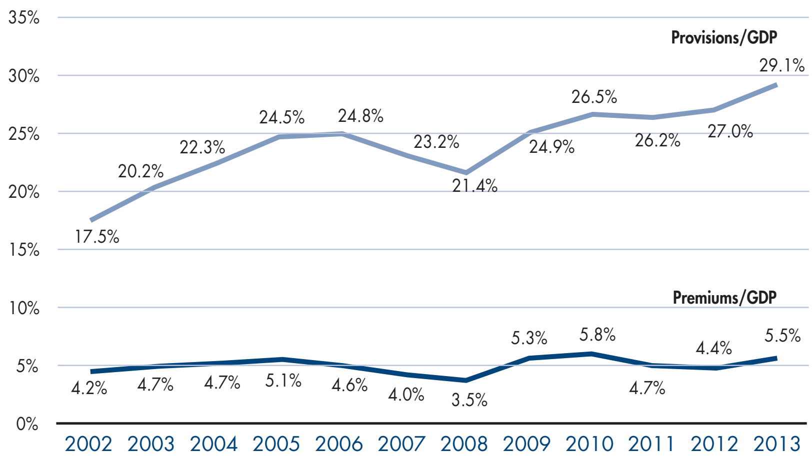
Technical provisions Class VI – Pension fund management
Euro million



LIFE INSURANCE AND GDP

The increase of 7.0% in the technical provisions in 2013 was reflected in a rise of about two percentage points in the ratio of technical provisions to GDP (29.1% in 2013 against 27.0% in 2012). The ratio of life premiums to GDP also grew to 5.5% (4.4% in 2012).

Premiums and provisions as a % of GDP



EVOLUTION OF THE SUPPLY OF LIFE PRODUCTS

Estimates of the share of guaranteed-return life policies

Using the insurance company data available and making a number of approximations and assumptions, we can estimate the share of life insurance policies whose end-of-contract value is guaranteed by companies ([1]) on the basis of the amounts set aside.

For 2013 the share is estimated at about 82.5% of the provisions managed by insurance companies (Figure 1). In particular, with-profit policies accounted for roughly 80% of the total at the end of 2013 and Class III and Class VI products, featuring the insurer's guarantee, for an additional 2.5%.

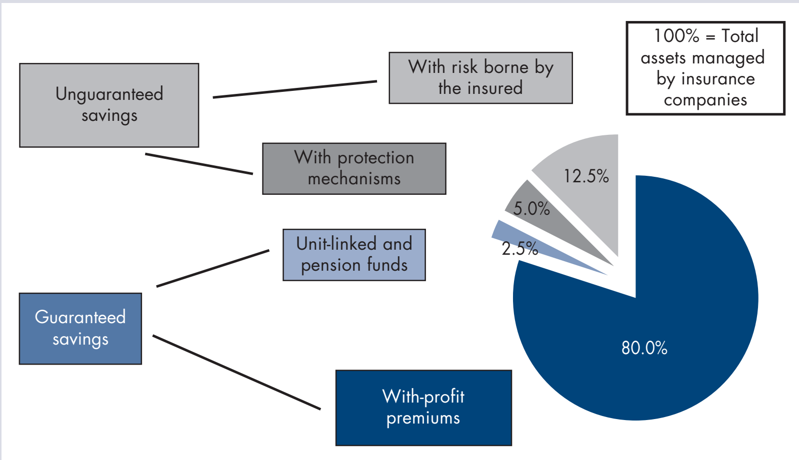
([1]) The share of guaranteed-return policies comprises the provisions held by insurance companies for:

- Class I and Class V profit-sharing products, including with-profit products;
- unit-linked products, invested in internal funds or UCITS classified as "guaranteed";
- index-linked products featuring the insurance company's guarantee;
- guaranteed sub-funds of pension funds (Class VI).

Of the total of the amounts set aside at the end of 2013, about 5% was invested in products explicitly or implicitly featuring financial protection (“protected” unit-linked policies or index-linked products tied to financial portfolios that provide for at least the premium to be repaid to the policyholder at the contract’s maturity).

The remaining 12.5% was invested in products in which the insured are exposed to the risk of a negative performance of associated funds or sub-funds (mostly unit-linked policies and pension funds).

Figure 1
% composition of the guaranteed assets managed by insurance companies: estimates for 2013

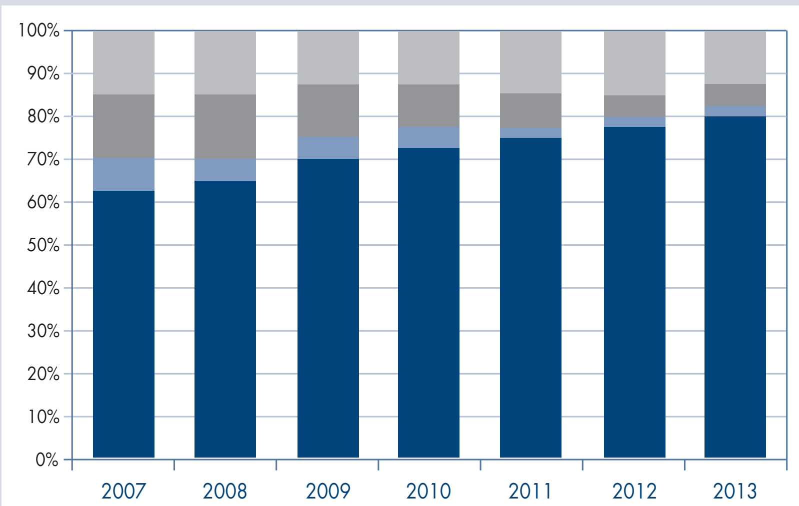


Source: Based on IVASS and COVIP data

Over the years, the share of life policies whose end-of-contract value is guaranteed by companies has progressively grown – it was a bit more than 60% in 2007 – thanks to the increase in sales of Class I and Class V policies, only partly offset by the reduction in the amounts set aside for investment funds or guaranteed unit-linked and pension funds (Figure 2).

Figure 2 – Trend of the composition of guaranteed life provisions managed by insurance companies

Share of policies with risks borne by the insured
Share of protected policies
Share of guaranteed policies (Classes III and VI)
Share of guaranteed policies (Classes I and V)



Sources: Based on IVASS and COVIP data

The share of products featuring protection mechanisms based on financial instruments (mainly index-linked) has progressively decreased, while that of policies in which the risks are borne entirely by the insured has remained fundamentally stable, fluctuating between roughly 15% and 12.5%, the latter figure having been recorded also in 2013.

Asset allocation of life products

Using industry statistics and adopting some additional proxies and assumptions, we can also estimate the asset allocation of life products on the basis of balance-sheet data on the assets covering reserves ([2]).

At the end of 2013 government securities made up about 60% of the assets covering the commitments deriving from life products (Table 1).

Private-sector bonds made up just over 25% and shares about 10% of the overall portfolio.

Table 1
Asset allocation of life products in 2013
(%)

Macro-asset class	Asset allocation corresponding to life products			
	Total life market	Sub-total profit-sharing products	Sub-total Class III and VI	
			All Class III and VI products	of which *unit-linked*
Government securities	59.8%	68.9%	24.0%	27.0%
Bonds	26.6%	22.5%	40.5%	31.9%
Shares and other equity	9.2%	3.1%	30.9%	35.5%
Liquidity	3.0%	2.5%	4.5%	5.5%
Property and other	1.5%	3.0%	0.0%	0.1%
TOTAL	100.0%	100.0%	100.0%	100.0%

Sourcse: Based on IVASS and COVIP data

For with-profit and profit-sharing products offering guaranteed minimum returns, the portion of government securities exceeded two-thirds, while that of bonds was less than one-fourth and shares accounted for a very low percentage.

For Class III and Class VI products, where the results of the investment are typically linked to the performance of the financial markets, we find an evident search for a higher combination of risk and return. In particular, shares made up 30% of the

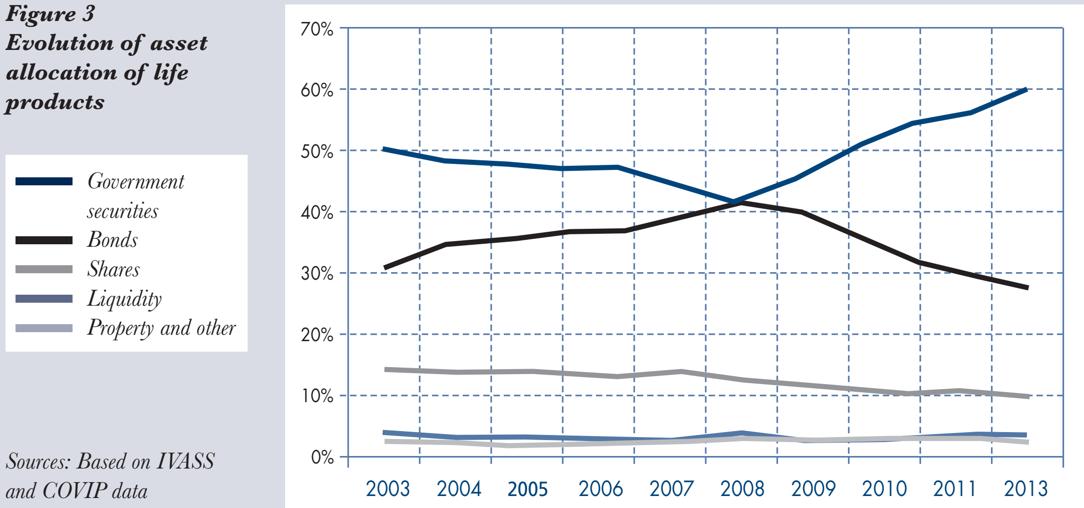
([2]) In particular, the effective composition of investments in UCITS is estimated with a look-through approach to obtain the elementary assets (government securities, bonds, etc.) composing the investment in UCITS.

total portfolio – a bit more than 35% for unit-linked products – and private bonds over 40%.

Examining the evolution of the asset allocation corresponding to all life products in recent years (Figure 3), we find a marked return to the prevalence of government securities over private-sector bonds. By contrast, in 2008 the portions invested in these two asset classes were about the same; in 2013 there was a gap of about 30 percentage points in favor of government securities.

Over the same years there was a gradual fall in investment in equities (to less than 10%), while the percentage invested in liquid assets, real estate and other assets remained low and roughly unchanged.

Figure 3
Evolution of asset allocation of life products



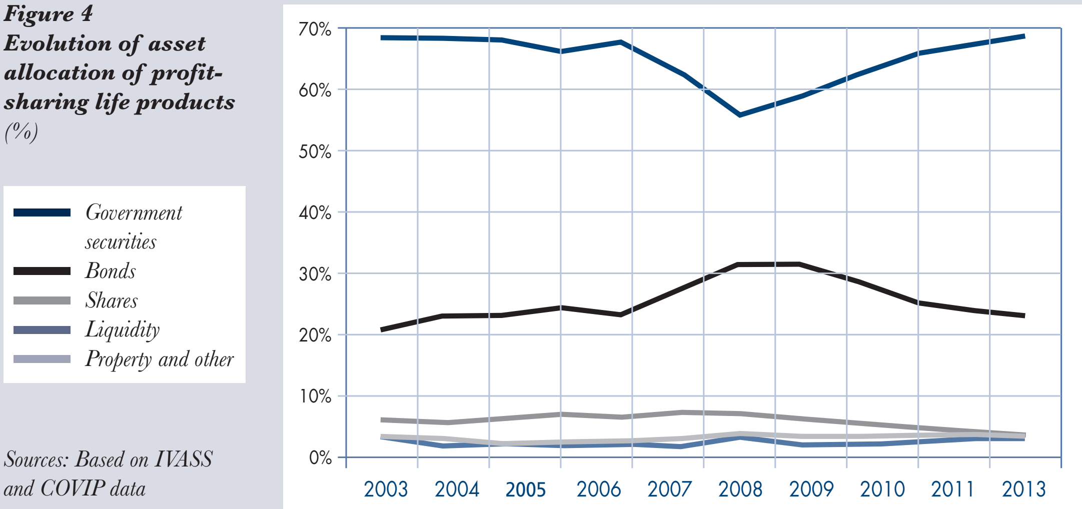
Sources: Based on IVASS and COVIP data

Restricting our discussion to life products with a return guaranteed by the company (Figure 4), we see a shift in the composition of the financial portfolio back towards government securities, which at the end of 2013 accounted for nearly 70% of the total, about the same as in the first few years of the century but up from less than 60% in 2008-09.

This trend is reflected in the portion invested in private bonds, which after topping 30% in 2008-09 fell back at the end of 2013 to the levels recorded in the middle of the last decade (just over 20%). The portion invested in shares is more stable at around 5%.

At all events, it should be borne in mind that for life products carrying a guaranteed minimum yield the actual yield for the policyholder is not a direct mark-to-market function of the corresponding asset allocation, owing both to the contractual guarantees and to the specific method of determining the return (valuation of assets at cost and impact of capital gains/losses only if realized), which significantly reduce the volatility of the results.

Figure 4
Evolution of asset allocation of profit-sharing life products
(%)

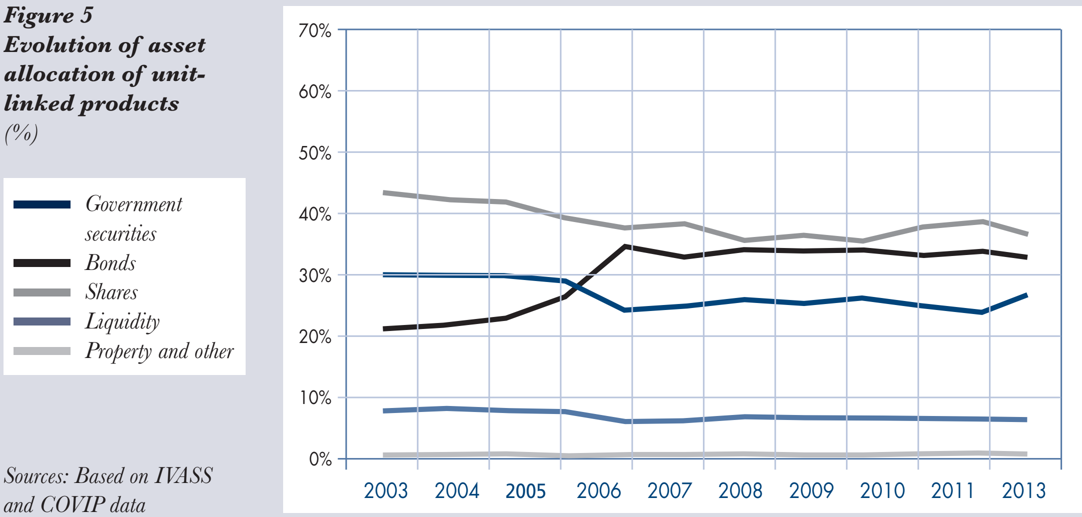


Sources: Based on IVASS and COVIP data

Lastly, equities were the single largest asset class in the allocation corresponding to unit-linked policies at the end of 2013. Nevertheless, counting both government securities and private bonds, a larger portion was invested in fixed-income securities; since 2006 the percentage invested in private bonds has regularly exceeded that invested in government securities (Figure 5).

In particular, in 2013 shares made up over 35% of the total investments of internal funds and collective investment undertakings, whereas they had exceeded 40% in the early 2000s; private-sector bonds now stably account for over 30% of the total portfolio, compared with just over 20% in the early 2000s.

Figure 5
Evolution of asset allocation of unit-linked products
(%)



Sources: Based on IVASS and COVIP data

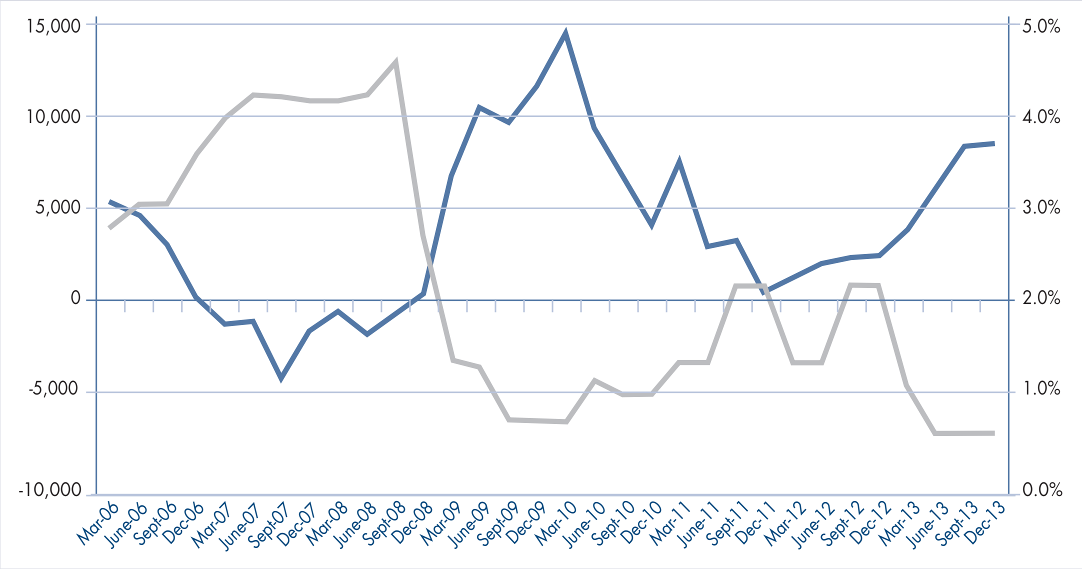
The evolution of net premium income in the life sector

From 2006 to 2013 the performance of net life premium income in each quarter – the difference between premiums and amounts paid for surrenders, policies maturing, claims and annuities – has fluctuated between negative periods and positive ones, such as the four quarters of 2006, the two-year period 2009-2010 and the recent period since the beginning of 2012.

For traditional policies and those offering a guaranteed return (Class I and Class V), for the period 2006-13 we find an inverse correlation between net premium income and the nominal rates on Italian government securities (Figure 6).

Figure 6
Net premium income of traditional policies in each quarter and yield on Italian Treasury bills (BOTs), 2006-2013

Net premium income (Class I and V) in millions of Euro (left-hand scale)
Gross yield on 3-month BOTs (right-hand scale)

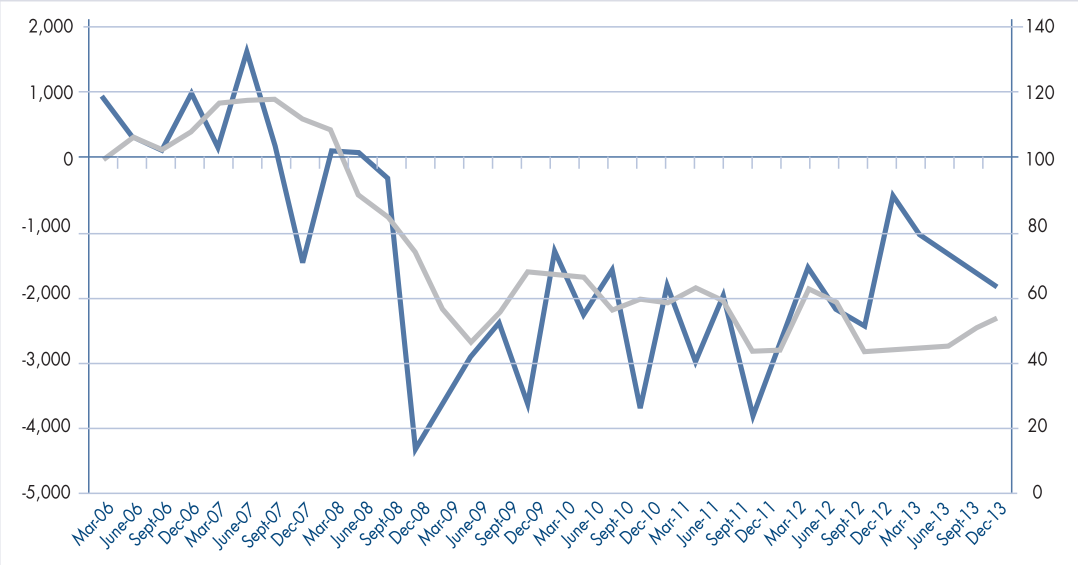


Sources: ANIA, Thomson Reuters, Datastream

Partly because of the specific features of the separate asset portfolios to which these policies are normally linked, they become especially attractive for customers when government securities yields fall below the returns that traditional contracts can guarantee by law.

For linked policies, net premium income shows a progressive deterioration, turning negative practically from 2008 on, and a positive correlation with the performance of Italy's FTSE-MIB stock exchange index (Figure 7).

Figure 7
Net premium income of linked policies in each quarter and FTSE-MIB index 2006-13



Net life premium income (Class III) in millions of Euro (left-hand scale)
Survey index base 1.1.2006 = 100 (right-hand scale)

Sources: ANIA, Thomson Reuters Datastream

THE STRUCTURE OF LIFE INSURANCE EXPENDITURES

In the financial statements, companies' expenditures are divided into two categories: expenditures for the distribution of insurance products, defined as items pertaining to acquisition and collection costs; and general and administration expenditures.

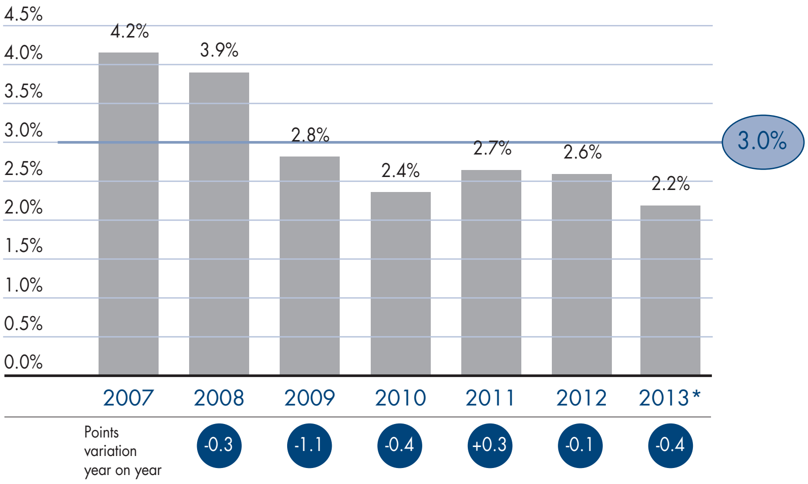
Acquisition costs

Acquisition costs consist mainly in commissions on new contracts owed to the distribution channels. It may be useful to also calculate their ratio to standardized premiums (i.e. SPE, single premium equivalent), which is equal to the sum of single premiums, for 100% of their value, and annual premiums multiplied by the average duration of contracts, here conventionally established at 10 years. This includes subsequent as well as initial payments and takes account of the differences in the composition and commission structure between single and periodic premiums. The ratio of acquisition costs to standard premiums was 2.2% in 2013, less than in 2012 and also lower than the average value of 3.0% shown in the chart below (Figure 1).

Collection costs

Collection costs include mainly recurrent commissions paid by insurance companies to dealers on the renewal premiums (excluding first year premiums) for policies with

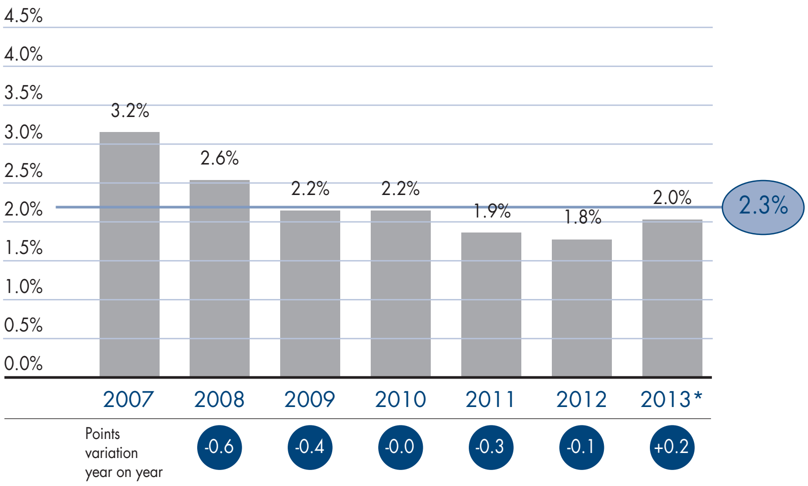
Figure 1
Commissions and other acquisition costs as % of SPE (single premium equivalent) – Direct business



** Provisional data*

multi-year payment plans. Therefore, collection costs are calculated only based on expenses for years other than the first year or, in other words, net of new business. After a downward trend in 2007-12, this indicator recovered modestly to 2.0% in 2013. The average value for the whole period was 2.3% (Figure 2).

Figure 2
Collection costs on the renewal of premiums – Direct business



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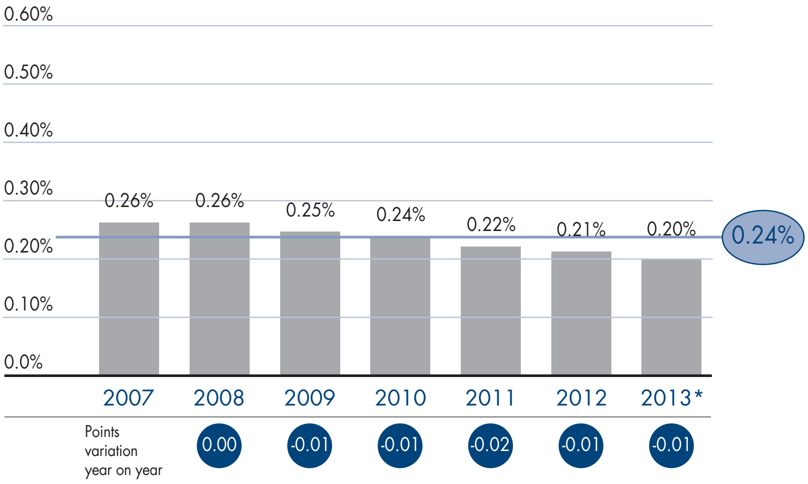
General and administration costs

General and administration costs are calculated in relation to technical reserves, with an approximation of the sums managed on behalf of the insured. In a life market characterized by savings-oriented insurance products – as the Italian market is, and as is usually the case in the managed savings industry – this highlights the incidence on total assets of the administration costs borne by companies for the management of policies and the management of the assets covering commitments. The following figure shows this proportion, which has diminished over the past few years, averaging 24 basis points but declining to 20 basis points in 2013 (Figure 3).

Figure 3
Administration costs over technical provisions – Direct Business



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LIFE INSURANCE AND ITALIAN HOUSEHOLDS' SAVINGS

Italian households' nominal disposable income rose by 0.3% in 2013 after falling by 2.0% in 2012. This caused households' purchasing power (real disposable income) to fall by 1.1% on average for the year, an improvement compared to the slump of 4.6% a year earlier (Table 1).

Table 1
Formation, distribution and uses of consumer households' disposable income
(% changes on previous year)

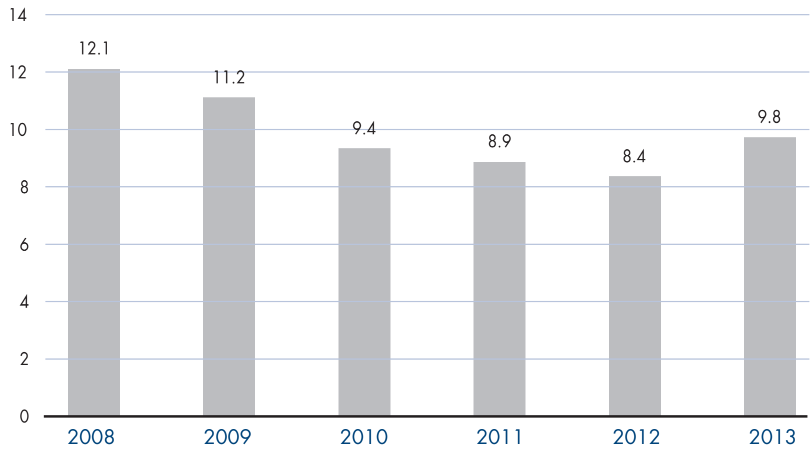
	2009	2010	2011	2012	2013
Gross operating result (a) (+)	1.1	1.7	3.8	2.0	4.1
Compensation of employees (+)	-1.1	1.5	1.7	0.0	-0.5
Self-employment income (b) (+)	-3.7	0.9	0.8	-6.6	-2.1
Property income (c) (+)	-30.6	-6.1	1.8	-1.5	-8.9
Net social contributions (d) (-)	-1.6	1	1.3	0.2	-0.7
Net social benefits and other net transfers (e) (+)	4.9	2.5	1.4	2.2	3.1
Current taxes on income and wealth (-)	-3.2	2.6	0.1	5.1	-0.8
Gross disposable income (f)	-2.6	1.0	2.0	-2.0	0.3
Final consumption expenditure (-)	-1.7	3.0	2.6	-1.4	-1.3
Gross saving (g)	-9.6	-15.2	-4.1	-7.2	17.3
Purchasing power of disposable income	-2.5	-0.5	-0.8	-4.6	-1.1

(a) Net proceeds from activities connected with production for self-consumption. They include the value of imputed rents (owner-occupied dwellings and ordinary maintenance); (b) Includes share of mixed income transferred by producer households, net property income and other profits distributed by corporations and quasi-corporations; (c) Net interest, dividends, rentals of land and property income attributed to the insured in respect of the yields of insurance technical reserves; (d) Actual social contributions (including amounts transferred to severance pay funds) and notional contributions paid by consumer households, net of those received as employers; (e) Net social benefits and other net social transfers (insurance premiums and claims of payments for non-life insurance, net transfers to/from general government, non-profit institutions serving households and rest of the world; (f) Primary income minus current taxes and net social contributions, plus net social benefits and net current transfers; (g) Gross disposable income minus final consumption expenditure, plus adjustment for change in net equity of households in pension funds.
Source: ISTAT, Conti economici nazionali

The relative stabilization of real disposable income was due in part to the positive changes in net social transfers (+3.1%) and in households' operating income before taxes (+4.1%). All the other components, on the contrary, had a negative impact; self-employment income, in particular, continued to shrink (-2.1%), although not as sharply as in 2012 (-6.6%), while compensation of employees went down by 0.5% and property income by 8.9% (-1.5% in 2012).

Italian consumer households' propensity to save – defined as the percentage ratio of savings, gross of amortizations and net of changes in pension fund reserves, to disposable income – was 9.8% in 2013, according to ISTAT's official data, up sharply from the previous year (8.4%) (Figure 1). This was the first positive change for this indicator since 2004.

Figure 1
Saving rate of consumer households



Source: ISTAT. The saving rate is defined as the ratio of saving (gross of amortizations and net of changes in pension fund reserves) to gross disposable income

Financial saving

In 2013 the net flow of financial investment by Italian households and non-profit institutions (for brevity, simply "households") came to nearly Euro 30.5 billion, significantly higher than the previous year's figure of Euro 18.3 billion. Net liabilities also increased (to Euro -9.8 billion from -2.9 billion in 2012). As a consequence financial saving – the difference between the flows of financial assets and liabilities – almost doubled, from Euro 21.2 billion to Euro 40.2 billion.

The increase in households' net disposals of public securities and bonds issued by Italian banks, which amounted to Euro 57.6 billion, compared with 36.3 billion in 2012, was more than offset by the sharp increase in net investments in shares and other equity, which attracted net resources worth Euro 29.4 billion, compared to Euro 1.9 billion a year earlier, and also in net investments in insurance policies, pension funds and severance pay, which drew Euro 22 billion (of which 18.6 billion in life premiums), compared to the Euro 1.6 billion outflow in 2012. This change in Italian households' investment habits mainly reflects the change in banks' issuance policies, less dictated by liquidity needs.

Table 2 – Financial assets of Italian households

INSTRUMENTS	YEAR-END STOCKS (Euro million) 2013	YEAR-END STOCKS/ TOTAL ASSETS %		FLOWS (Euro million)	
		2012	2013	2012	2013
ASSETS					
Bank instruments (*)	1,047,346	27.0	26.9	55,230	16,027
Italian	1,016,945	26.2	26.1	54,367	16,216
sight deposits	500,444	12.8	12.8	-8,694	10,648
other deposits	516,501	13.4	13.3	63,061	5,568
Foreign	30,401	0.8	0.8	863	-189
Securities	624,988	18.6	16.0	-61,109	-72,800
Italian	511,180	15.2	13.1	-36,344	-57,568
of which: *government*	184,423	5.4	4.7	-24,146	-22,881
bank	326,454	9.8	8.4	-5,335	-34,972
Foreign	113,809	3.4	2.9	-24,765	-15,233
Invest't funds	308,093	7.1	7.9	20,217	27,532
Italian	161,078	3.9	4.1	-2,303	8,962
Foreign	147,015	3.2	3.8	22,520	18,570
Shares and equity	916,371	22.1	23.5	1,906	29,416
Italian	873,216	21.2	22.4	3,624	27,489
Foreign	43,155	1.0	1.1	-1,718	1,927
Insurance, pension and severance	726,842	18.2	18.7	-1,631	22,047
of which: *reserves of the life sector*	457,143	11.2	11.7	-5,226	18,625
Other assets	273,157	7.0	7.0	3,687	8,206
Total assets	**3,896,796**	**100**	**100**	**18,299**	**30,428**
LIABILITIES					
Short-term debts	58,739	6.4	6.4	857	-529
of which: *bank*	57,338	6.3	6.2	905	-230
Medium- and long-term debts	639,474	69.7	69.4	-7,677	-10,425
of which: *bank*	544,950	59.2	59.2	-7,434	-7,235
Other liabilities	223,048	23.8	24.2	3,946	1,178
Total liabilities	**921,261**	**100**	**100**	**-2,874**	**-9,776**
BALANCE	2,975,535			21,173	40,204

(*) Includes deposits of the Cassa Depositi e Prestiti
Source: Based on Banca d'Italia, Conti finanziari

Italian households also returned to net investment in domestic investment funds again, with net purchases of nearly Euro 9 billion, against net redemptions of Euro 2.3 billion in 2012.

At the end of 2013 the stock of financial assets held by Italian households amounted to Euro 3,897 billion, up by Euro 153 billion from a year earlier. As to the composition of the portfolio, the portions invested in shares and other equity and in investment fund units increased by 1.4 and 0.8 percentage points respectively, and that in insurance and pension funds by 0.5 points, while that invested in bonds decreased by 2.6 points.

According to Bank of Italy calculations based on ISTAT data, households' net wealth was equal to about 7.9 times disposable income in 2013, somewhat less than in 2012 (8.0). The modest decrease was the resultant of a fall in house prices, an increase in savings and a rise in securities prices. Households' financial assets were equal to 3.6 times disposable income, 2.1% more than a year earlier. The ratio in Italy is still among the highest in the euro area (Table 3).

Table 3 Households' financial assets in relation to disposable income

	Financial assets			Net financial wealth		
	2007	2012	2013	2007	2012	2013
Italy	3.50	3.54	3.61	2.73	2.68	2.76
France	2.94	3.06	3.17	2.06	2.01	2.12
Germany	2.78	2.74	2.79	1.82	1.88	1.94
Spain	2.86	2.54	2.79	1.47	1.22	1.54
Euro area	3.14	3.17	3.27	2.10	2.06	2.17
United Kingdom	4.51	4.21	4.48	2.82	2.77	3.05
United States	5.06	4.75	5.30	3.71	3.66	4.21

Sources: Banca d'Italia and ISTAT for the Italian data. For the other countries: Banque de France and INSEE (France); Deutsche Bundesbank (Germany); Banco de España (Spain); Eurostat and ECB (for Euro area countries); Bank of England and Central Statistical Office (United Kingdom); Federal Reserve System – Board of Governors and Bureau of Economic Analysis (United States)

ITALIAN HOUSEHOLDS' SAVINGS THROUGH THE CRISIS

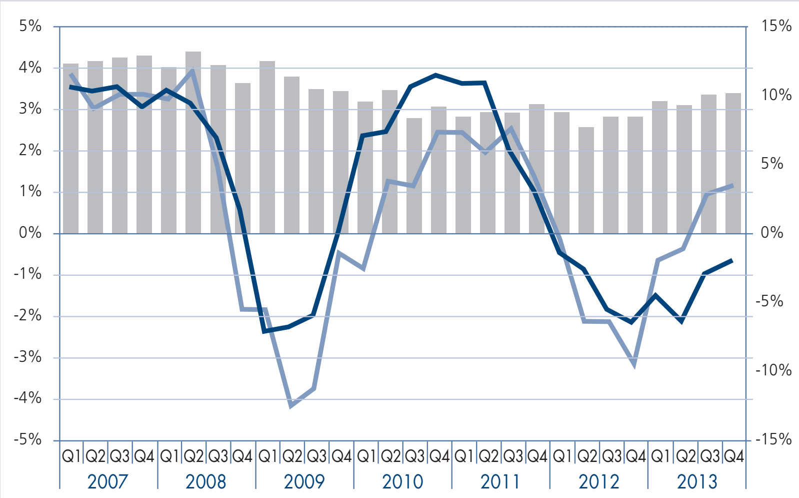
Over the past few years, Italian households' propensity to save has declined slowly but steadily. Savings went down from over 20% of disposable income in the 1990s, far above the average values recorded in peer countries, to just over 8% in 2012. This progressive erosion is linked to some essentially structural changes.

The traditional life-cycle hypothesis – that savings set aside during an individual's productive life amount to an accumulation of wealth to be used during retirement – could not explain the wide gap between Italy and the other industrialized countries. Some experts agree that the high saving rates registered in the 1980s and the 1990s were more likely attributable to the still somewhat limited development of capital markets in Italy. The gradual realignment recorded since then, it is argued, thus followed the subsequent development of the financial markets, both in terms of the variety and sophistication of instruments and in terms of accessibility. The trend was then accentuated by the increased value of Italian households' assets (especially property), which again far surpassed that observed elsewhere, and which supposedly boosted consumption tremendously and lowered the potential saving rate.

In recent years, Italian households' saving habits have most obviously suffered the effect of the economic crisis. ISTAT's quarterly survey on disposable income and savings shows that the two deep recessions of the past six years had a severe impact on the budget of Italian households (Figure 1). Since the start of the crisis, households' disposable income has tracked GDP, recording severe decreases coinciding with the two recession periods, due to the combined effect of the contraction of economic activity and the increase in direct and indirect taxes for fiscal consolidation. In order to limit the impact on consumption, households reacted by reducing savings: starting in 2008, in fact, the rate of change in real final consumption expenditure was higher than that in purchasing power.

Figure 1
Italian households' income and saving

Propensity to save (right-hand scale)
Gross disposable income
Households' final consumption expenditure

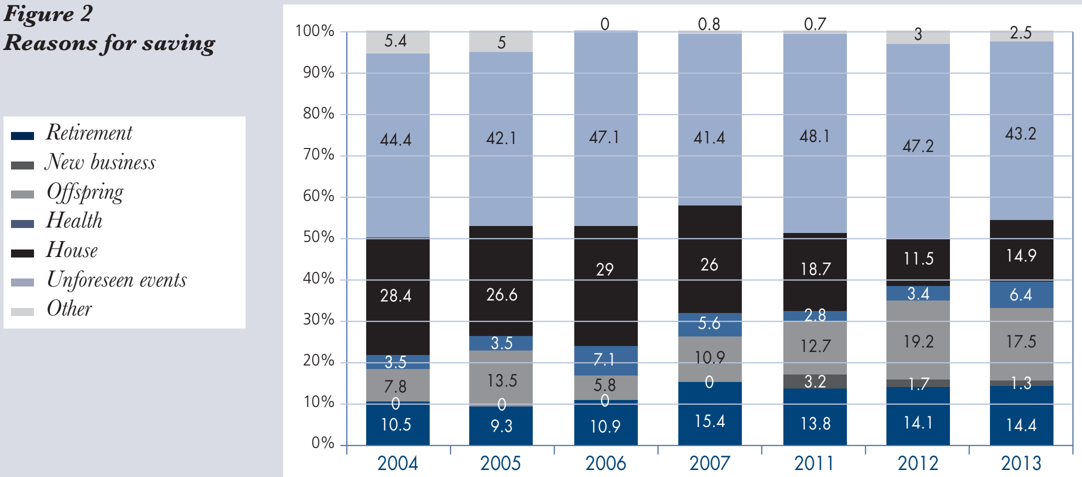


Source: ISTAT

This trend was reversed in mid-2012, with a saving rate that jumped from 7.7% in the second quarter of 2012 to 10.2% in the fourth quarter of 2013. This rebound mainly reflects households' tendency to trim their spending plans in a general situation still characterized by strong elements of risk. However, the increase in savings has also been said to be the result of rational intertemporal decisions by savers at a time of extreme moderation in expected prices. The rise in real interest rates generated by low inflation, it is argued, constituted an additional incentive to cut consumption, causing a further slowdown in prices. Analysts and policy makers have also mentioned, not without concern, the possibility of a deflationary spiral, which would be seriously detrimental to economic recovery.

Although they responded rationally to the fluctuations in disposable income, households could not but drastically reduce the volume of aggregate consumption at the worst of the recession (with a 12-month decline of as much as 2% and more). These residual fluctuations can be explained with two hypothesis: 1) Needing to rebalance their financial situation, credit institutions tightened their lending standards still further, preventing households with reduced saving capacity from accessing the credit they needed to avoid reducing consumption. 2) Given the continuing perception of marked uncertainty over sustainable economic recovery, even the wealthier households accepted a reduction only in the non-precautionary component of their savings. The findings of the Survey on Savings commissioned by Banca Intesa and carried out by the Luigi Einaudi Research and Documentation Centre would seem to confirm the latter hypothesis. The precautionary savings component, i.e. what households have decided to set aside for future contingencies, has continued to fluctuate above 40% since 2004, with a 7-percentage-point increase between 2007 and 2012, at the depth of the recession (Figure 2).

Figure 2
Reasons for saving



Fonte: Indagine sul Risparmio e sulle scelte finanziarie degli italiani – Centro di ricerca e Documentazione Luigi Einaudi. *2013*

As for other possible reasons, the housing component (home purchase and renovation) decreased steadily from over 28% in 2004 to 11.5% in 2012 and turned back up in 2013 (to 14.9%). The saving components for health and supplementary retirement provisions have also recorded moderate if irregular growth (from 3.5% to 6.4% and from 10.5% to 14.4% respectively).

SUPPLEMENTARY PENSION PLANS: ENROLMENTS AND NEW REGULATIONS

Enrolment trend and the development of individual retirement plans

COVIP data on enrolments in supplementary pension plans as of 31 December 2013 show an increase of 6.1% for the year, continuing the gradual growth registered in previous years. In 2013 the number of members topped 6.2 million (Table 1).

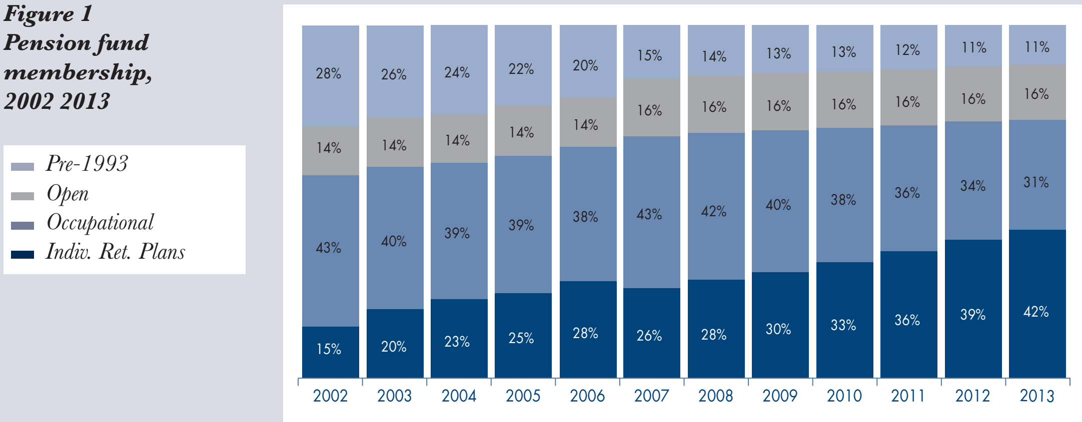
Table 1
Enrolments in supplementary pension plans

Pension plans	Number of participants 2013	2012	% change
Occupational pension funds	1,950,552	1,969,771	-1.0%
Open pension funds	984,584	913,913	7.7%
Individual retirement plans	2,639,148	2,329,651	13.3%
Pre-existing pension funds	654,627	662,162	-1.1%
Total (*)	**6,203,763**	**5,848,727**	**6.1%**
of whom: private employees	4,355,970	4,160,898	4.7%

(*) The total includes FONDINPS and excludes the persons enrolled in both "old" and "new" individual retirement plans.
Source: COVIP

In particular, the number of private-sector employees enrolled rose by 4.7% to more than 4.3 million at the end of the year. Membership of occupational pension funds fell again last year; participation in open pension funds grew moderately, and the number of persons covered by insurance-based individual retirement plans rose appreciably by 13.3%. For individual retirement plans, the number of participants has grown at an average annual rate of 20% since 2002, making this the most common type of supplementary retirement provision in 2012 and reaching 42% of all participants in 2013 (Figure 1).

Figure 1
Pension fund membership, 2002 2013



Supplementary pension plan resources grew by 11.6% in 2013 to Euro 116.4 billion. Compared with a 1.7% revaluation of accrued severance pay entitlements, the average return on occupational pension funds was 5.4% and that on open pension funds 8.1%. As for individual retirement plans, unit-linked funds yielded 12.2% and segregated asset portfolios returned an average of 3.6%. The equity sub-funds turned in the best results, but all the sub-funds outperformed accrued severance pay.

Regulatory changes

Following the introduction of the new statistical and supervisory reports and relative Report Manual, COVIP updated the timeframe for the implementation of the new report form, with the new technical and operating procedures for the transfer of data to be prepared in the first part of 2014, the control grid on transferred data by mid-2014, a new test phase launched starting in September involving some new retirement products prepared by COVIP, and starting in November the accreditation of all the pension plans on the IT platform set for report transmission. On 1 January 2015, the "Manual on pension fund statistical and supervisory reports", already transmitted, goes into force. The first wave of data will concern monthly reports for the month of January 2015.

With the decision of 7 May 2014, COVIP published amendments to the "Regulation on the procedures for the authorization of complementary pension funds, of amendments to by-laws and regulations, of the recognition of a party as a legal person, of mergers and sales and cross-border activities" issued on 15 July 2010.

First of all, some innovations involve the amendments to by-laws and regulations that only require notification to COVIP:

- for occupational funds, pre-1993 funds and open funds only for collective subscription, changes concerning the subcription by fiscal dependents of members;
- for occupational and pre-1993 funds, also changes concerning the direct management of shares or units of real estate companies or in units of closed real estate or capital investment funds;
- for open funds and individual retirement plans, regulatory changes concerning change in the sponsor company as a result of corporate actions or the sale of the fund or plan and introduction of new types of annuity to those envisaged in the COVIP's model regulations;
- for open funds, also regulatory changes concerning a change in the depositary;
- also for individual retirement plans, the elimination of certain types of costs directly or indirectly charged to subscribers.

For open pension funds, references to the depositary are modified as per the new provisions of Legislative Decree 44/2014 implementing Directive 2011/61/EU, as well as the documentation on the depositary to be produced by the fund sponsors.

With regard to occupational and pre-1993 funds, the decision specifies that the amendments to fund regulations must be accompanied by the agreements of the parties originating the fund, if the agreements are the basis for those changes; for pre-1993 funds the amendments must be accompanied by the parts of the information note, if there is one, that are affected. Occupational and pre-1993 funds are also now subject to the requirement to notify COVIP, within 30 days of the resolution approving amendments, of the date on which they become effective (unless the amendments go into effect simultaneously with COVIP's approval).

As regards all regulation amendments, COVIP specified that all the other fund documents affected must be brought up to date and transmitted to COVIP by the procedures and within the deadlines laid down. For mergers and divestitures involving open funds and individual retirement plans, the schedules for transmission to COVIP of the documentation on the transaction and for communications to members are coordinated.

In Title IV of the new Regulation, COVIP lays down rules for its approval of the adjustment plans provided for in Article 4(4) of Decree 259, 7 December 2012, of the Minister for the Economy and Finance. The decree implements Article 7-bis(2) of Legislative Decree 252/2005 on the rules for the calculation of technical reserves and supplementary assets that must be held by pension funds that cover demographic risk directly, that directly guarantee a minimum return on investment or a minimum benefit, or that themselves pay annuities.

Decree 259 relates to occupational funds and pre-1993 funds and thus excludes those formed within the assets of the sponsor company or entity and funds eligible for special derogation under Legislative Decree 252/2005, Article 20(7). Decree 259 does not apply to open pension funds or individual retirement plans, or in general to any funds where the financial commitments are undertaken by third parties subject to prudential supervision.

Under Decree 259, the funds affected must have assets sufficient to cover their technical reserves against all their direct commitments to still active members, pensioners and beneficiaries. In particular, Article 4(4) establishes that if assets are not sufficient to cover the technical reserves, the fund must immediately draw up a concrete, feasible adjustment plan subject to COVIP's approval. This necessitated regulating the approval procedure, which COVIP did by adding Articles 41-bis, 41-ter, 41-quater, and 41-quinquies to the 2010 regulation, governing the original approval procedure, and Articles 41-sexies, 41-septies and 41-octies, governing the approval of changes to the plan.

COVIP's circular of 7 May 2014 provides these pension funds with operational indications, in particular as regards the formulation and monitoring of the adjustment plans and the constitution of supplementary assets. The circular also provides models to use in the plan for forming supplementary assets and for the table showing the financial assets available.

THE NEW A1900-2020 AND A62 DEMOGRAPHIC BASES FOR ANNUITIES

Monitoring the longevity of the entire population and, where the data permit, that of recipients of annuities, is important for the insurance industry not just for academic reasons but in order to gauge the stability of the actuarial basis used, taking account also of regulations. The checks carried out by ANIA and the availability of updated data led to the formulation of new demographic bases for calculating annuities.

The methodology was essentially the same as that followed by ANIA for similar actuarial studies in the past, but with some innovations.

First, ISTAT's updated projections, taken as the source for mortality projections for the entire population, were extrapolated further to permit:

- a reading of the mortality trend for broader generations, like that of the State Accounting Office (Ragioneria Generale dello Stato) used for estimating government pension expenditure in Italy, and with processing analogous to that carried out in other European countries;
- the potentially more extensive use of the demographic base than of those used until now;
- a structure more resilient to possible expected increases in retirees' life expectancy.

Second, in addition to the simplified option of a single mortality table, as in the RG48 and IPS55 bases, we have also produced a two-dimensional matrix (age and year of birth) for mortality tables, with several scenarios that can be taken to represent the range of variation of the mortality of annuity recipients over the coming decades.

Finally, the new series of tables also offers mortality tables for suggested use in the case of group annuities, such as those paid by occupational pension funds, in order to distinguish these annuities from individual ones, by virtue of the different degree of adverse selection and taking account of the possible development of annuities paid within the group framework.

At first a preliminary version of the study was prepared and then, as in the past, submitted for consultation to the actuarial community and insurers. Their comments improved some parts of the work.

Two series of mortality tables were produced:

– the A1900-2020 series, with two-dimensional tables separately for men and women (for ages from 0 to 120 and birth year from 1900 to 2020), and according to type of annuity (deferred individual, immediate individual, group) and for three life-expectancy scenarios (low, central, high);

– the A62 series, which for convenience summarizes the A1900-2020 series with a mortality table for each sex for the cohort born in 1962, which can be used to approximate the tables for other cohorts by appropriate age-shifting towards younger or older ages.

The A62 series too is divided into tables corresponding to the different types of annuity (deferred individual, immediate individual, group), with mortality tables and the related age-shifting tables corresonding to the various gender compositions of annuity recipients, so that these tables can also be used where annuities are not differentiated by sex.

The mortality and age-shifting tables for the A62 series were supplied by ANIA's member insurance companies and transmitted to the essential institutions, including IVASS and COVIP, together with the technical report "The demographic bases for annuities A1900-2020 and A62," which describes the methods used, and a report on the consultation, the comments received and ANIA's consequent decisions.

4

NON-LIFE INSURANCE

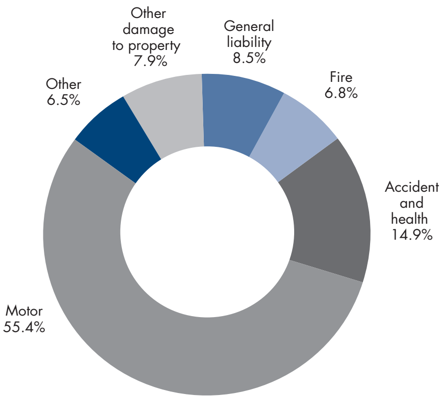
NON-LIFE INSURANCE

In 2013 non-life premium income amounted to Euro 33,702 million, down 4.6% from 2012. The sector's share of total premiums fell from 33.7% to 28.4%, in part because life sector premiums rose sharply. Given a slight increase in the expense ratio, the fall in the loss ratio caused the combined ratio to improve to 89.9% from 95.9%. In spite of a smaller return on investment and a negative contribution from reinsurance, the overall technical account result was still strongly positive at Euro 3.4 billion.

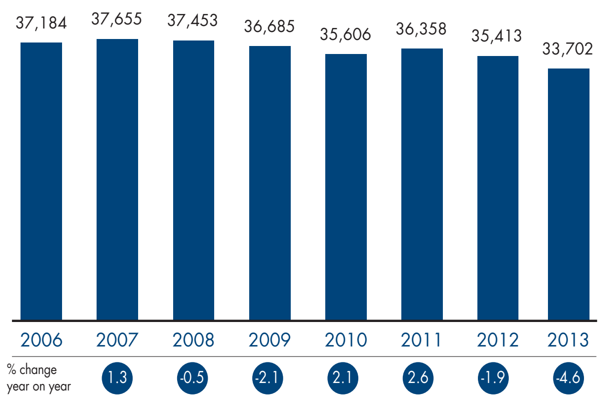
DOMESTIC BUSINESS

Premiums from direct domestic business for the 89 Italian and 2 non-EU insurance companies operating in non-life classes were equal to Euro 33,702 million in 2013, down 4.6% in nominal terms compared with the previous year (calculated in homogeneous terms). This drop was the result of the decrease of 7.2% in motor insurance business (motor third party liability insurance, third party liability insurance for watercraft, and land vehicle insurance), which accounts for about 55.4% of overall non-life income, and the contraction of 1.1% in other non-life classes. Non-life premiums' share of total non-life and life premiums fell 33.7% to 28.4%, as life premiums increased sharply.

Breakdown of main non-life classes 2013



Direct premiums and change (%)
Euro million



In homogeneous terms

The **incurred claims cost for the current accident year**, defined as the sum of the total paid and the total set aside for all claims incurred in the current accident year, amounted to Euro 22,853 million, representing a decrease of 7.9% on 2012; the ratio to earned premiums was 66.3%, down from 69.1%.

NON-LIFE INSURANCE

Non-life technical account
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	37,184	37,655	37,453	36,685	35,606	36,358	35,413	33,702
Changes in premium reserves and other items (-)	622	570	351	34	524	522	-473	-742
Incurred claims (-):	25,861	26,079	27,538	28,973	26,601	26,462	25,793	22,353
– incurred claims cost for the current accident year (-)	26,509	26,597	27,917	28,873	26,255	25,328	24,813	22,853
– excess/shortfall for claims in previous years	648	518	379	-100	-345	-1,134	-981	499
Balance of other technical items	-717	-653	-747	-716	-687	-591	-663	-597
Operating expenses (-)	8,660	9,191	9,158	9,053	8,696	8,761	8,504	8,436
– commissions	5,755	6,011	6,008	5,898	5,724	5,776	5,509	5,361
– other acquisition costs	1,170	1,238	1,327	1,370	1,374	1,356	1,422	1,475
– other administration costs	1,735	1,942	1,823	1,785	1,598	1,629	1,573	1,601
Direct technical balance	**1,324**	**1,162**	**-341**	**-2,091**	**-902**	**22**	**926**	**3,057**
Investment income	1,854	1,924	774	2,368	1,038	604	1,607	1,205
Direct technical account result	**3,178**	**3,086**	**433**	**277**	**137**	**626**	**2,533**	**4,262**
Reinsurance results	-661	-515	-142	-344	-577	-554	537	-823
Overall technical account result	**2,516**	**2,571**	**291**	**-67**	**-441**	**72**	**3,070**	**3,439**
Annual % change in premiums	2.4%	1.3%	-0.5%	-2.1%	2.1%	2.6%	-1.9%	-4.6%
Combined ratio	**94.0%**	**94.7%**	**98.7%**	**103.7%**	**100.2%**	**97.9%**	**95.9%**	**89.9%**
– Expense ratio	23.3%	24.4%	24.5%	24.7%	24.4%	24.1%	24.0%	25.0%
– Commissions/Gross written premiums	15.5%	16.0%	16.0%	16.1%	16.1%	15.9%	15.6%	15.9%
– Other acquisition costs/Gross written premiums	3.1%	3.3%	3.5%	3.7%	3.9%	3.7%	4.0%	4.4%
– Other administration costs/Gross written premiums	4.7%	5.2%	4.9%	4.9%	4.5%	4.5%	4.4%	4.7%
– Loss ratio:	70.7%	70.3%	74.2%	79.1%	75.8%	73.8%	71.9%	64.9%
– Loss ratio for the current accident year	72.5%	71.7%	75.2%	78.8%	74.8%	70.7%	69.1%	66.3%
– Excess/shortfall of claims reserves for previous years/ Earned premiums	1.8%	1.4%	1.0%	-0.3%	-1.0%	-3.2%	-2.7%	1.4%
Technical balance/Earned premiums	**3.6%**	**3.1%**	**-0.9%**	**-5.7%**	**-2.6%**	**0.1%**	**2.6%**	**8.9%**
Technical account result/Earned premiums	**8.7%**	**8.3%**	**1.2%**	**0.8%**	**0.4%**	**1.7%**	**7.1%**	**12.4%**
Overall technical account result/Earned premiums	**6.9%**	**6.9%**	**0.8%**	**-0.2%**	**-1.3%**	**0.2%**	**8.6%**	**10.0%**

Indexes and changes (%) are calculated on data in Euro thousands
The changes (%) were calculated in homogeneous terms

The **incurred claims cost for the financial year**, which in addition to the incurred cost for the current year also includes the excess of provisions for claims incurred in previous accident years for Euro 500 million (negative by nearly Euro 1.0 billion in 2012), amounted to Euro 22,353 million, down 13.3% from Euro 25,793 million a year earlier. The ratio to earned premiums thus fell from 71.9% to 64.9%.

Operating expenses – that is, administration expenses relating to technical management plus costs of contract acquisition, premium collection and the organization and management of the distribution network – amounted to Euro 8,436 million in 2013, a decrease of 0.8% from the previous year. The incidence on direct premiums, at 25.0%, increased slightly, as did the ratio of commission expenses to premiums (15.9%) and that of other administration expenses (4.7%). The incidence of other acquisition costs rose to 4.4% (4.0% in 2012).

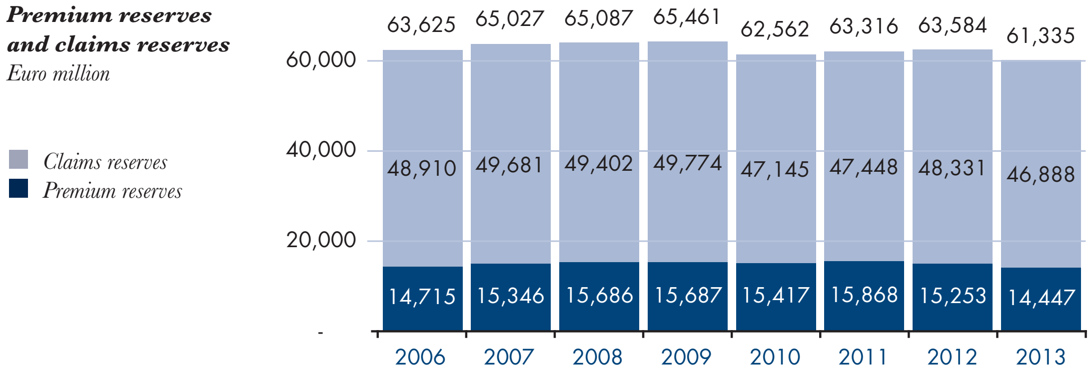
The **technical balance for direct business** was positive at Euro 3,057 million, compared with just Euro 926 million in 2012.

Counting investment income, which came to Euro 1,205 million (less than in 2012), the **direct technical account result** was positive by Euro 4,262 million, against Euro 2,533 million a year earlier. The ratio to premium income in 2013 came to 12.4% (7.1% in 2012).

The result of reinsurance cessions and net indirect business was negative by Euro 823 million in 2013, whereas in 2012 it had been positive by 537 million, and the **overall technical account result** amounted to Euro 3,439 million (slightly up from a year earlier). The ratio to premium income in 2013 came to 10.0% (8.6% in 2012).

Direct technical reserves, net of amounts to be recovered from policyholders and third parties, amounted to Euro 61,335 million at the end of 2013, of which Euro 14,447 million consisted of premium reserves and Euro 46,888 million consisted of claims provisions for the current and previous accident years.

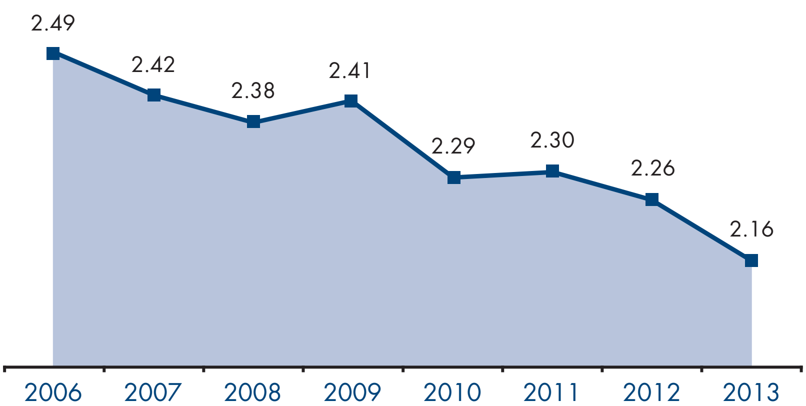
Premium reserves and claims reserves
Euro million



NON-LIFE INSURANCE AND GDP

The ratio of non-life premiums to GDP was 2.16% in 2013, down from 2.26% in 2012 (2.49% in 2006), as a result of the contraction in non-life premiums written.

Non-life premiums / GDP (%)



5

MOTOR INSURANCE

MOTOR INSURANCE

In 2013 motor insurance premiums registered a drop of 7.0%, following the 2012 decrease of 1.2%. The cost of claims also fell, by 4.7%, contributing to an improvement in the combined ratio to 88.1% (92.5% in 2012). The positive contribution of the financial component in connection with returns on investment helped produce a positive overall technical balance. The overall technical results for land vehicles remained positive, although lower than in 2012, but for the sixth consecutive year premiums registered a decrease (-8.6%).

MOTOR LIABILITY OPERATIONS

The data indicated below include figures relating to compulsory third party liability insurance for watercraft.

Premiums for direct domestic business, collected by the 56 companies operating in this class, totaled Euro 16,265 million in 2013, down 7.0% from 2012. These premiums represented 48.3% of the total for non-life classes (49.6% in 2012). In addition, it is necessary to consider the significant share of premiums (more than 5.5% of the overall premiums of this sector, amounting to over Euro 950 million) collected by branch offices of foreign companies registered in EU countries operating under the freedom to provide services. No information about the technical results is available for these companies as they are subject to the home country supervisory authorities (in accordance with the home country control principle in the EU). Counting these insurers, the total volume of premiums came to Euro 17,187 in 2013, representing a decline of 7.3%.

The **incurred claims cost for the current accident year**, defined as the sum of the total cost paid and the total cost reserved for all claims incurred in the current accident year, amounted to Euro 11,540 million, with a 4.7% decrease compared to 2012. The year was marked by a fall of 4.5% in claims frequency, but this was partially offset by the 2.3% rise in the average cost of claims.

The **incurred claims cost for the financial year**, which also includes the excess/shortfall of reserves for claims incurred in previous accident years, was equal to Euro 11,563 million (Euro 13,110 million in 2012) with an 11.8% decrease compared to 2012. This was due to the near sufficiency of reserves for previous years, after the substantial contribution of Euro 1 billion made by the industry in 2012 to top these reserves up. The decrease in written premiums was more than compensated by the decrease in claims costs, resulting in a consider-

MOTOR INSURANCE

Motor and marine liability insurance
Euro million

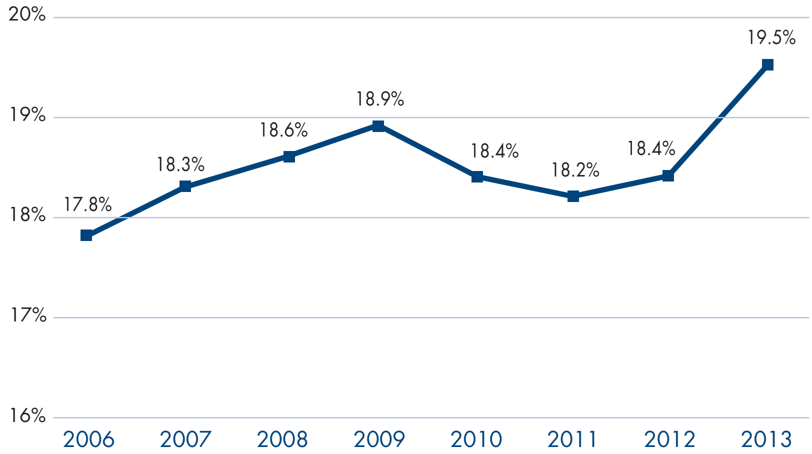
	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	18,416	18,239	17,637	16,994	16,913	17,794	17,576	16,265
Changes in premium reserves and other items (-)	64	-10	-167	-5	306	299	-121	-572
Incurred claims (-):	14,588	14,732	14,672	15,106	14,467	14,791	13,110	11,563
– incurred claims cost for the current accident year (-)	14,940	14,794	14,761	14,912	13,865	13,444	12,108	11,540
– excess/shortfall for claims in previous years	352	62	89	-194	-602	-1,347	-1,002	-24
Balance of other technical items	-232	-226	-290	-267	-244	-203	-272	-251
Operating expenses (-)	3,276	3,346	3,275	3,208	3,116	3,236	3,233	3,167
– commissions	1,962	1,936	1,882	1,808	1,787	1,868	1,840	1,732
– other acquisition costs	498	514	559	574	585	595	638	690
– other administration costs	816	896	834	826	745	773	755	746
Direct technical balance	**256**	**-55**	**-433**	**-1,583**	**-1,221**	**-735**	**1,084**	**1,856**
Investment income	992	963	344	1,217	496	272	799	613
Direct technical account result	**1,248**	**908**	**-89**	**-366**	**-725**	**-463**	**1,883**	**2,469**
Reinsurance results	9	49	-2	-15	-19	-19	1	-49
Overall technical account result	**1,257**	**957**	**-91**	**-381**	**-744**	**-482**	**1,883**	**2,420**
Annual % changes in premiums	1.2%	-1.0%	-3.3%	-3.6%	4.4%	5.2%	-1.2%	-7.0%
Combined ratio	**97.3%**	**99.1%**	**101.0%**	**107.7%**	**105.5%**	**102.7%**	**92.5%**	**88.1%**
– Expense ratio	17.8%	18.3%	18.6%	18.9%	18.4%	18.2%	18.4%	19.5%
– Commissions/Gross written premiums	10.7%	10.6%	10.7%	10.6%	10.6%	10.5%	10.5%	10.6%
– Other acquisition costs/Gross written premiums	2.7%	2.8%	3.2%	3.4%	3.5%	3.3%	3.6%	4.2%
– Other administration costs/Gross written premiums	4.4%	4.9%	4.7%	4.9%	4.4%	4.3%	4.3%	4.6%
– Loss ratio:	79.5%	80.7%	82.4%	88.9%	87.1%	84.5%	74.1%	68.7%
– Loss ratio for the current accident year	81.4%	81.1%	82.9%	87.7%	83.5%	76.8%	68.4%	68.5%
– Excess/shortfall of claims reserves for previous years/ Earned premiums	1.9%	0.3%	0.5%	-1.1%	-3.6%	-7.7%	-5.7%	-0.1%
Technical balance/Earned premiums	**1.4%**	**-0.3%**	**-2.4%**	**-9.3%**	**-7.4%**	**-4.2%**	**6.1%**	**11.0%**
Technical account result/Earned premiums	**6.8%**	**5.0%**	**-0.5%**	**-2.2%**	**-4.4%**	**-2.6%**	**10.6%**	**14.7%**
Overall technical account result/Earned premiums	**6.8%**	**5.2%**	**-0.5%**	**-2.2%**	**-4.5%**	**-2.8%**	**10.6%**	**14.4%**
Premiums to total non-life premiums ratio (%)	*49.5%*	*48.4%*	*47.1%*	*46.3%*	*47.5%*	*48.9%*	*49.6%*	*48.3%*

Indexes and changes (%) are calculated on data in Euro thousands
Changes (%) were calculated in homogeneous terms

able improvement of the loss ratio, which dropped from 74.1% in 2012 to 68.7% in 2013.

Operating expenses amounted to Euro 3,167 million (Euro 3,233 million in 2012) and include administration expenses relating to the technical management of insurance business, acquisition costs, premium collection costs and costs relating to the organization and management of the distribution network. Owing to the decline in premium income, the ratio to premiums rose from 18.4% to 19.5%. The rise essentially reflected an increase in acquisition costs from 3.6% to 4.2%. The ratio of commissions to written premiums was broadly stable, while that of other administration costs increased slightly (from 4.3% to 4.6%).

Operating expenses
(%) of premiums



The **technical balance for direct business** was positive at Euro 1,856 million.

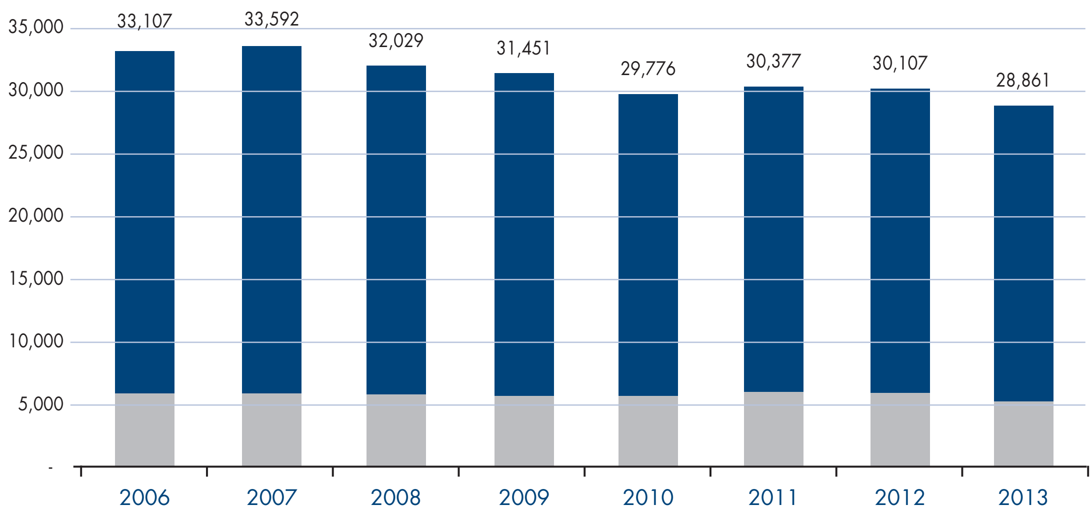
With profits from investments amounting to Euro 613 million, the **result of the technical account for direct business** showed a profit of Euro 2,469 million (1,883 million in 2012).

Taking the balance for reinsurance into account (negative at Euro 49 million), the **overall technical account result** was still positive at Euro 2,420 million (Euro 1,883 million in 2012).

The **technical reserves** of the motor and marine liability sector, net of recoverable sums, amounted to Euro 28,861 million in 2013, with a 4% decrease compared to 2012. Among these, the premium reserve was about Euro 5,300 million while the claims reserve for current and previous accident years was about Euro 23,500 million.

Technical reserves, motor and marine liability classes
Euro million

Premium reserves
Claims reserves



LAND VEHICLE INSURANCE OPERATIONS

The legally defined class of "land vehicles" comprises insurance against all forms of damage to or loss of land motor vehicles.

Premiums for direct domestic business for the 62 insurance companies operating in this class amounted to Euro 2,413 million in 2013 (-8.6% compared to 2012), accounting for 7.2% of total non-life insurance premiums. The reduction, for the fifth consecutive year, was mainly due to both the deepening economic crisis, which persuaded some insured not to subscribe accessory coverage, and the contraction in new vehicles registered over the past few years. It is usually new vehicles, in fact, that are insured against possible accidental damage.

Land vehicle insurance
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	3,205	3,284	3,208	3,132	2,950	2,891	2,648	2,413
Changes in premium reserves (-)	61	104	-13	-12	-17	-14	-72	-83
Incurred claims (-):	1,485	1,579	1,933	2,131	1,857	1,812	1,630	1,646
– incurred claims cost for the current accident year (-)	1,569	1,666	1,990	2,157	1,891	1,884	1,701	1,688
– excess/shortfall for claims in previous years	84	87	57	27	34	72	71	42
Balance of other technical items	-51	-39	-38	-34	-34	-31	-28	-24
Operating expenses (-)	765	827	824	830	781	763	703	659
– commissions	534	569	559	562	530	521	477	447
– other acquisition costs	92	100	108	114	119	119	109	102
– other administration costs	139	158	157	154	131	123	117	111
Direct technical balance	**843**	**735**	**426**	**149**	**296**	**299**	**360**	**166**
Investment income	56	58	27	79	31	18	48	35
Direct technical account result	**899**	**793**	**453**	**228**	**327**	**317**	**408**	**201**
Reinsurance results	-38	-27	-5	30	-20	-22	-18	-6
Overall technical account result	**861**	**766**	**448**	**258**	**307**	**295**	**390**	**195**
Annual % changes in premiums	1.6%	2.5%	-2.3%	-2.4%	-1.3%	-2.0%	-8.4%	-8.6%
Combined ratio	**71.1%**	**74.8%**	**85.7%**	**94.3%**	**89.0%**	**88.8%**	**86.4%**	**93.3%**
– Expense ratio	23.9%	25.2%	25.7%	26.5%	26.5%	26.4%	26.5%	27.3%
– Commissions/Gross written premiums	16.7%	17.3%	17.4%	17.9%	18.0%	18.0%	18.0%	18.5%
– Other acquisition costs/Gross written premiums	2.9%	3.1%	3.4%	3.6%	4.0%	4.1%	4.1%	4.2%
– Other administration costs/Gross written premiums	4.3%	4.8%	4.9%	4.9%	4.4%	4.3%	4.4%	4.6%
– Loss ratio:	47.2%	49.7%	60.0%	67.8%	62.6%	62.4%	59.9%	66.0%
– Loss ratio for the current accident year	49.9%	52.4%	61.8%	68.6%	63.7%	64.9%	62.5%	67.6%
– Excess/shortfall of claims reserves for previous years/ Earned premiums	2.7%	2.7%	1.8%	0.8%	1.2%	2.5%	2.6%	1.7%
Technical balance/Earned premiums	**26.8%**	**23.1%**	**13.2%**	**4.7%**	**10.0%**	**10.3%**	**13.2%**	**6.6%**
Technical account result/Earned premiums	**28.6%**	**24.9%**	**14.1%**	**7.3%**	**11.0%**	**10.9%**	**15.0%**	**8.0%**
Overall technical account result/Earned premiums	**27.4%**	**24.1%**	**13.9%**	**8.2%**	**10.4%**	**10.1%**	**14.3%**	**7.8%**
Premiums to total life premiums ratio (%)	*8.6%*	*8.7%*	*8.6%*	*8.5%*	*8.3%*	*8.0%*	*7.5%*	*7.2%*

Indexes and changes (%) are calculated on data in Euro thousands
Changes (%) were calculated in homogeneous terms

The **incurred claims cost for the current accident year**, defined as the sum of the total paid cost and the total reserved cost for all claims incurred in the current accident year, amounted to Euro 1,688 million, with a decrease of 0.8% compared to 2012. Owing to the decline in premiums, this loss ratio worsened, rising to 67.6% from 62.5% in 2012.

The **incurred claims cost** for the financial year, which also includes the excess/shortfall of reserves for claims incurred in previous accident years, was equal to Euro 1,646 million (Euro 1,630 million in 2012). The loss ratio to earned premiums thus rose to 66.0%, worse than in 2012 (59.9%), and the highest in the past 15 years, with the exception of 2009 when it reached 67.8%.

Operating expenses amounted to Euro 659 million (Euro 703 million in 2012) and include administration expenses relating to the technical management of insurance business, acquisition costs, premium collection costs and costs relating to the organization and management of the distribution network. The ratio to premium income in 2013 was equal to 27.3% (26.5% in 2012). Precisely because of the fall in premium income, the expense ratio was the highest since 1998.

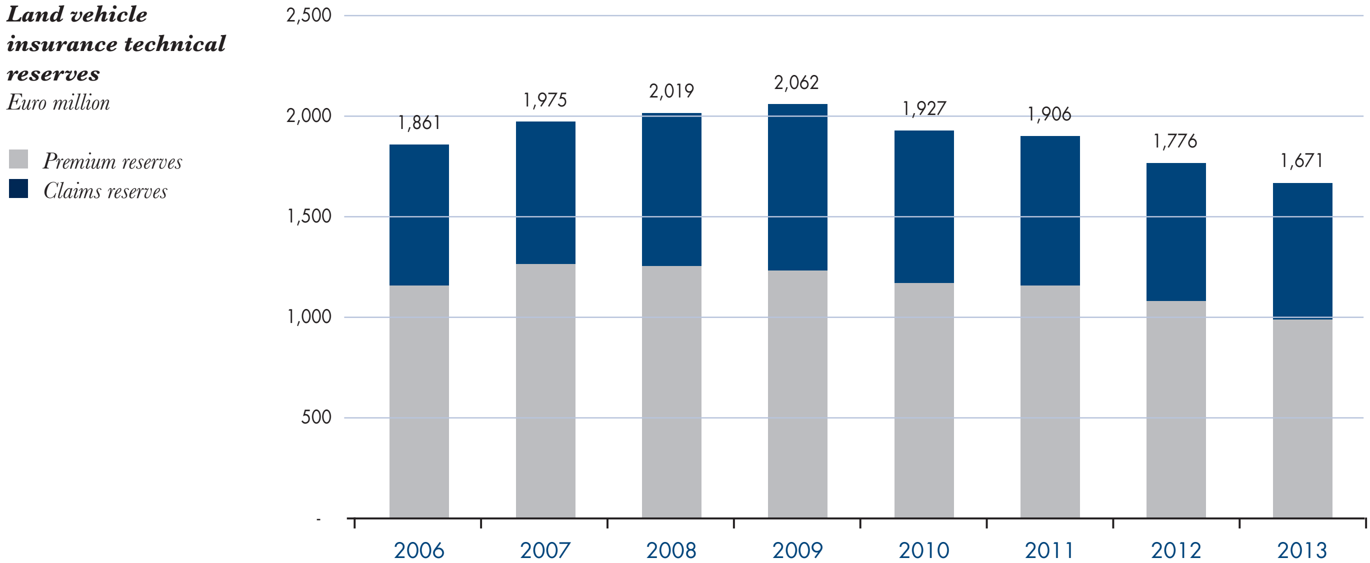
The **technical balance for direct business** was positive at Euro 166 million (Euro 360 million in 2012).

Considering investment income, the **technical account result** was positive at Euro 201 million (Euro 408 million in 2012).

Taking the balance for reinsurance into account, the **overall technical account result** was positive at Euro 195 million (Euro 390 million in 2012), equal to 7.8% of premiums (14.3% in 2012).

Technical reserves for direct business, net of recoverable sums, amounted to Euro 1,671 million in 2013, down 6% on 2012. Among these, the premium reserve was about Euro 700 million while claims reserves for the current and previous accident years were about Euro 1,000 million.

Land vehicle insurance technical reserves
Euro million



THE AVERAGE COST OF CLAIMS AND CLAIMS FREQUENCY

Analysis of the overall loss ratio of the motor liability insurance sector for the entire market must take into account both the number of claims made during the year (which in proportion to the number of vehicles insured gives the "claims frequency") and their average cost.

Number of claims. The total number of claims incurred and reported is given by the sum of claims incurred and settled during the year and of claims reserved (which will give rise to a payment in the future), but does not include the estimate of those incurred but not reported (IBNR) during 2013 but that will be reported in future years. By this count, the number of claims lodged with Italian or non-EU insurance companies totaled 2,139,311 in 2013, down 7.1% from 2,302,570 in 2012.

Claims frequency (excluding IBNR, panel A table 1). Claims frequency as shown in Panel A of Table 1 is defined as the ratio between the number of claims incurred and reported during the accident year that have given or will give rise to compensation and the number of vehicles exposed to the risk of claim-generating accidents (measured on the basis of days of exposure during the year, converted into "vehicle-years"). This technical indicator fell from 5.87%% in 2012 to **5.60%** last year, marking a decline to the lowest figure on record. However, the 4.7% decrease recorded in 2013 was milder than that of the previous two years (-10.1% in 2012 and -11.3% in 2011). This trend is in line with the fall in fuel consumption, which eased to just 2.6% in 2013. One contributing factor may have been the slight decrease in the price of fuel recorded during the year (-1.8%). In addition, last year saw a further increase in policyholders' recourse to informal settlement for minor accidents, as is confirmed by the number of claims submitted to the claims clearing house operated by Consap. The number of insured vehicles in 2013 was 38.2 million, down 2.5% from 39.2 million a year earlier. The number refers only to Italian insurance companies and units of non-EEA insurance companies. Counting all the other types of insurer doing business in Italy, the fall in the number of insured vehicles comes to 2.7%. In short, a considerable number of vehicles (about a million in the past three years) have ceased to take out insurance and should accordingly not be on the roads.

In order to gather statistical data to help determine the extent to which the change in claims frequency depends on cyclical or contingent factors, ANIA conducted a multiple linear regression analysis. Specifically, we identified a statistical model which could express a functional correlation between different economic factors – such as households' economic situation, fuel consumption and the use of public transport (taken as independent variables) – and claims frequency (the dependent variable).

The input data were claims frequency quarterly reports for the past six years (from the 1st quarter of 2008 to the 1st quarter of 2014); the observation period was begun in 2008, because this coincides with the outbreak of the economic recession, to study its effects on the loss ratio of the motor liability insurance sector. The factors analyzed, as independent variables, for each quarter were:

Table 1 – Average cost of claims and claims frequency in the motor and marine liability insurance sectors
Euro

	PANEL A: Excludes claims IBNR, contribution to the Road Accident Victims Guarantee Fund and other residual items								PANEL B: Includes claims IBNR, contribution to the Road Accident Victims Guarantee Fund and other residual items	
Year	Claims frequency %	Change %	Average claim cost - property damage	Change %	Average claim cost - personal injury	Change %	Average total claim cost**	Change %	Claims frequency %	Average claim cost
2000	9.82%	-1.3%	1,278	2.9%	9,920	14.9%	2,809	13.1%	10.95%	2,825
2001	8.54%	-13.1%	1,431	12.0%	11,175	12.7%	3,186	13.4%	9.55%	3,207
2002	7.82%	-8.4%	1,535	7.3%	12,686	13.5%	3,532	10.9%	8.78%	3,503
2003	7.66%	-2.1%	1,634	6.4%	13,542	6.7%	3,805	7.7%	8.63%	3,771
2004	7.61%	-0.6%	1,701	4.1%	13,206	-2.5%	3,982	4.7%	8.58%	3,964
2005	7.55%	-0.8%	1,644	-3.3%	13,106	-0.8%	4,047	1.6%	8.51%	4,038
2006	7.47%	-1.1%	1,674	1.8%	13,233	1.0%	4,100	1.3%	8.47%	4,080
2007	7.61%	1.9%	1,764	5.4%	11,958	-9.6%	3,967	-3.2%	8.52%	4,014
2008	7.73%	1.6%	1,772	0.5%	11,830	-1.1%	3,913	-1.4%	8.57%	3,972
2009	7.77%	0.5%	1,725	-2.7%	11,694	-1.1%	3,903	-0.3%	8.60%	3,986
2010	7.36%	-5.2%	1,716	-0.5%	12,052	3.1%	4,057	4.0%	8.12%	4,117
2011	6.53%	-11.3%	1,803	5.0%	13,155	9.2%	4,345	7.1%	7.21%	4,519
2012	5.87%	-10.1%	1,899	5.3%	14,804	12.5%	4,495	3.5%	6.48%	4,763
2013*	5.60%	-4.7%	1,908	0.5%	15,766	6.5%	4,597	2.3%	6.19%	4,875

** ANIA estimates based on advance information on 2013 financial statements*
*** Source: ISVAP/IVASS; for 2013, data from reporting forms*

- <u>fuel consumption</u> calculated in tons of gasoline and diesel used in each quarter based on data from the *Unione Petrolifera Italiana* (Italian Oil Association); the hypothesis being that due to the recession fuel consumption – and consequently the use of motor vehicles – had dropped, explaining the decline in claims frequency;
- <u>fuel price</u> in Euro (calculated as the weighted average of the price of gasoline and diesel fuel) based on the energy statistics elaborated by the Ministry for Economic Development; the hypothesis being that higher fuel prices (as in 2011-2012 with pronounced increases and, to a lesser extent, in 2013) result in less use of private transportation, explaining the decline in claims frequency for the observation period;
- <u>use of alternative transportation (other than the private vehicle) to travel to work</u>, calculated as a percentage of people who use alternative means of transport (train, tramway/bus, underground, bicycle, etc.); the hypothesis being: the deeper the recession and the lower households' purchasing power, the greater the use of public transportation, thus contributing to reducing traffic and, consequently, claims frequency;
- <u>GDP (in absolute terms)</u>, as an indicator of households' general economic situation.

We analyzed a number of models. The best fit (with a multiple determination coefficient of 0.84; Figure 1) was that with two variables linked to the situation of households, i.e. GDP and the price of fuel. In all the models analyzed, GDP values had less statistical significance because the effects of GDP were "explained" by consumption and, especially, by fuel prices. For this reason, GDP was excluded from the final regression model.

Figure 1
Regression model results

Linear regression model

Regression statistics

R multiple	0.92
R squared	0.84
R squared corrected	0.83
Standard error	0.47
Observations	25

	Coefficients	*Standard Error*	*T Stat*	*Significance*
Intercept	0.6197	2.3409	0.26	0.79
Fuel price	-1.5943	0.6170	-2.58	0.02
Fuel consumption	0.00100	0.00019	5.31	0.00

The results of the model selected show that:

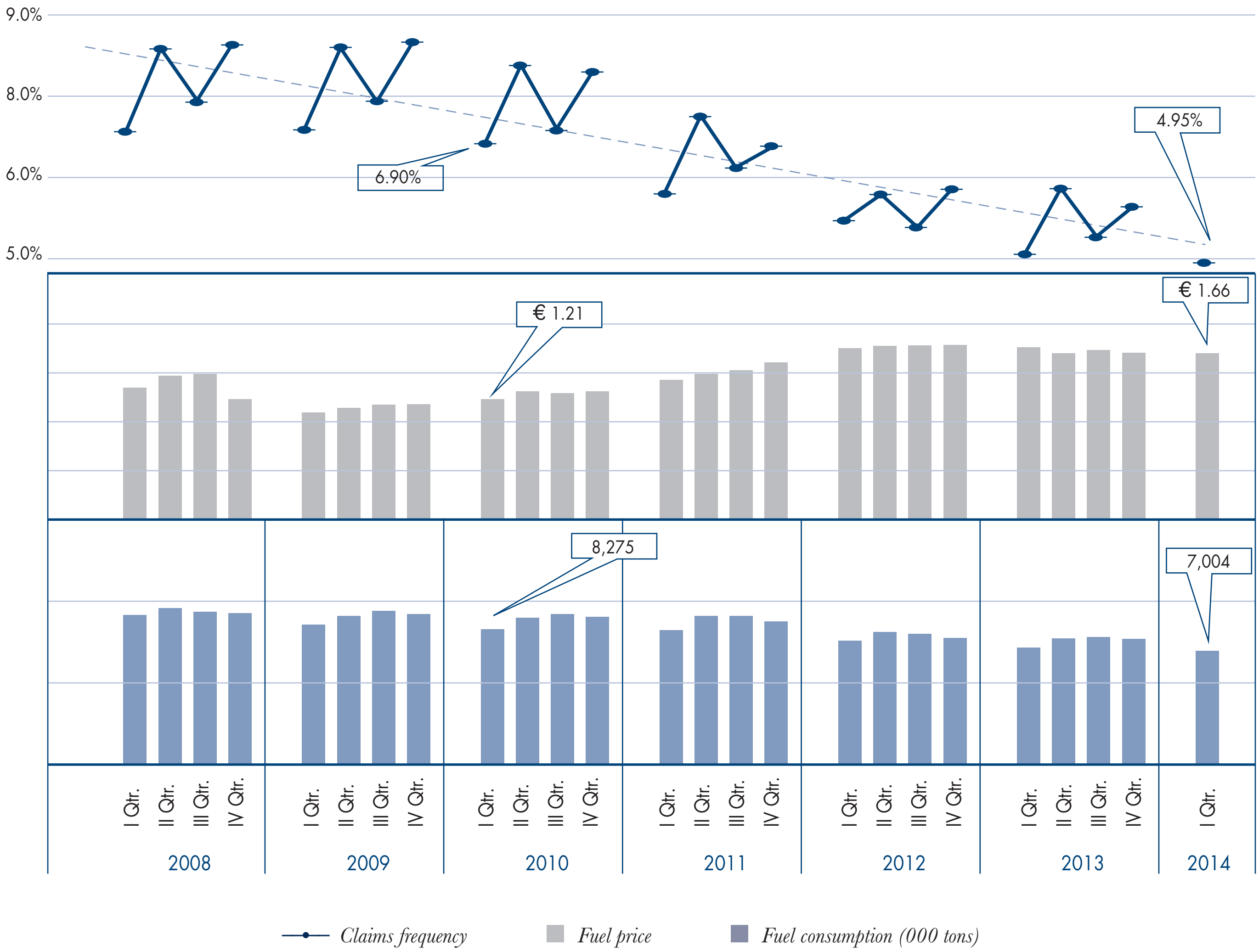
- All other factors equal, a 30 eurocent increase in the price of fuel produces a 0.53 percentage-point reduction in claims frequency;
- a 350,000-ton ([1]) drop in fuel consumption produces a 0.35 percentage-point decline in claims frequency.

Quarterly data (Figure 2) show that, overall, claims frequency came to 4.95% in the first quarter of 2014, down almost 2 percentage points from 6.90% in the first quarter of 2010. Given that in the same period the price of motor vehicle fuel went up by almost Euro 0.30/lt, the price increase alone would explain a 0.50-point decline in claims frequency; in addition, total fuel consumption declined by 1.3 million tons, which would also explain a 1.3-point drop in claims frequency. Overall, based on the regression model 90% of the decrease in claims frequency can be attributed to these two factors.

Further, comparing the values for statistical tests used to gauge the goodness of the fit for the two variables, we find that the causal variable with the greatest impact on claims frequency is the price of fuel.

([1]) Given that average motor vehicle fuel consumption for the last available quarter (January-March 2014) was roughly 7 million tons, a reduction of 350 thousand tons would mean a 5% drop in total consumption for the quarter.

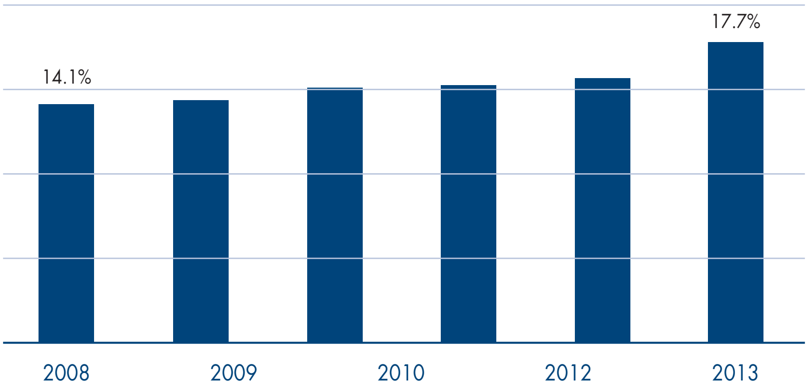
Figure 2 – Regression model data



The statistical findings suggest that the fall in claims frequency registered in the period 2010-2014 (first quarter) was related to factors that have only a temporary impact on insurance claims and that their effects will cease (or diminish) when the economy turns up or the price of fuel turns down. And in fact the initial evidence indicates that in the first quarter of 2014, when petrol prices remained unchanged (or slightly lower than the previous year), the reduction in claims frequency virtually came to a halt and the figures for that indicator were similar to the levels recorded in the first quarter of 2013.

To determine to what extent the reduction in claims frequency depends on structural factors related to the use of motor vehicles, we used the ISTAT gauge of the share of people who use alternative transport, other than their own motor vehicle, to travel to work between 2008 and 2013 (Figure 3). The series shows a significant increase (+25%) of the indicator during the observation period, from 14% in 2008 to nearly 18% in 2013. Hypothesizing that this increase could entail a structural change in people's behavior, with the share of users of alternative means of transport stabilizing at the most recent levels, we can estimate that claims frequency, even after these cyclical effects have ceased, will not revert to the pre-crisis level (7.9% in 2008). On the contrary, values would decline structurally by approximately one percentage point.

Figure 3
% use of alternative transportation (other than private vehicles) to travel to work



Source: ISTAT

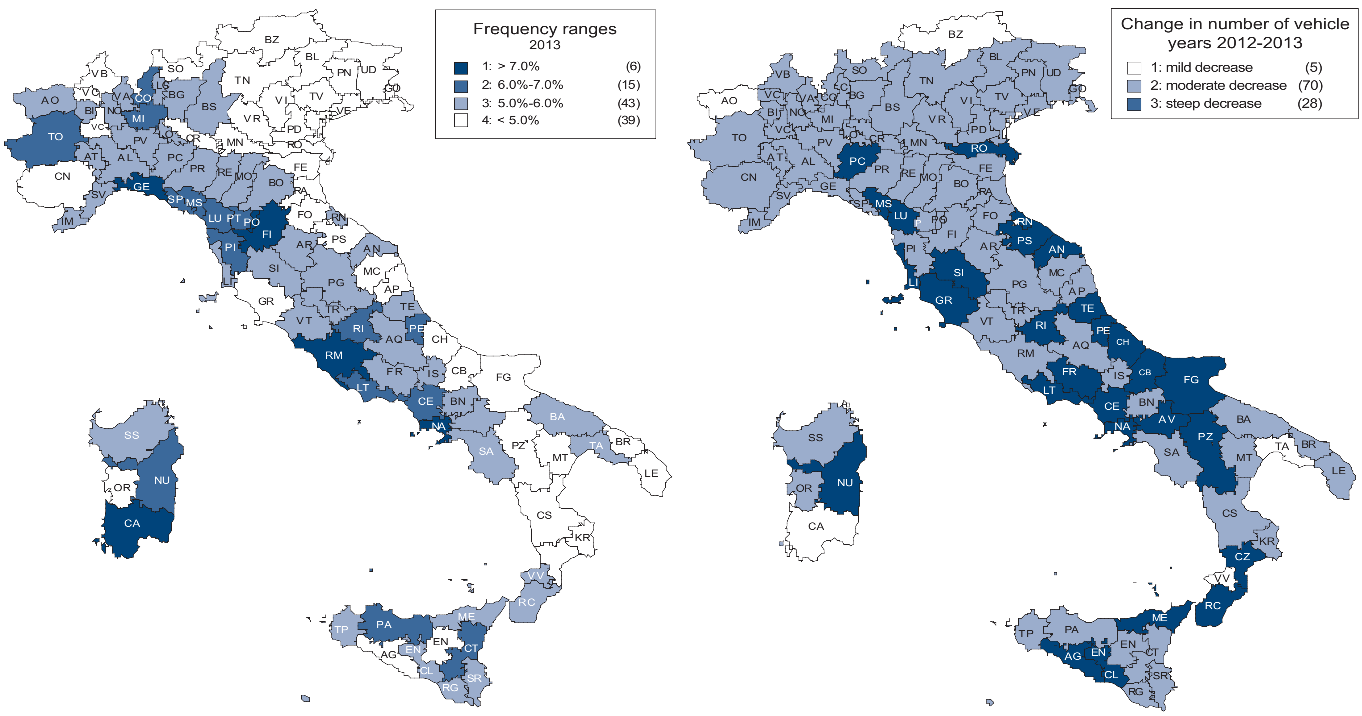
Average cost of claims (excluding IBNR, panel A table 1). The average cost of claims shown in Panel A of Table 1 is derived by dividing the total cost of claims (paid and reserved) by their number. The indicator takes account both of payments made in final or partial settlement and of settlements that companies expect to make in the future for claims that have been reported but whose amount has yet to be determined (reserved amounts). It excludes incurred but non-reported claims (IBNR reserves), contributions to the Road Accident Victims Guarantee Fund and other residual items. These items have been excluded from the 2013 data in order to allow uniform comparison with the data for previous years, derived from ISVAP analyses using this methodology. Based on these calculations, the average claim cost in **2013** was Euro **4,597**, up 2.3% from Euro 4,495 in 2012. Specifically, the **average cost of claims involving only material damage** was virtually unchanged (Euro 1,899 in 2012, Euro **1,908** in 2013), while that of **claims involving personal injury** (including the material damage component) jumped by 6.5% to Euro **15,766** from Euro 14,804 a year earlier. One contributing factor to this increase may well have been a decrease in small claims thanks to the institution of compulsory clinical or instrumental verification of minor permanent injury (the other claims, on average, are larger). As a consequence, the share of claims involving personal injury is estimated to have come down from 20.1% to 19.3%.

Number of claims and average cost (including IBNR, panel B table 1). The total number of claims, including the IBNR estimate, came to 2,367,267 last year, down by 6.9%, as claims frequency dropped by 4.5 percent, from 6.48% in 2012 to 6.19%. Counting all the components included in the definition of the cost of claims for the period (item 18 of Supervisory Form 17), i.e. including IBNR reserves, the contribution to the Road Accident Victims Guarantee Fund and other residual items, the average cost of claims for the period rose by 2.3% to Euro 4,875.

The 6.9 percent drop in claims frequency was thus accompanied by a 2.3% rise in average cost. Consequently, given the contemporaneous decline of 2.5% in number of vehicles insured, the total cost of claims for the year (item 18 of Supervisory Form 17) came down by 4.7%.

A breakdown of claims frequency by province (Figure 4, left-hand map) revealed Naples to be the province with the highest rate in 2013 (10.02%), with a frequency 60 percent higher than the national average (6.19%).

Figure 4 – Claims frequency by province, 2013, and change in risks covered, 2012-2013



Claims frequency was higher than the national average also in some Tuscan provinces such as Prato (8.84%), Florence (7.03%) and Pistoia (6.93%). On a more general note, most of Italy's largest cities (Genoa, Rome, Palermo, Milan and Turin), regardless of the geographical area, show higher-than-average claims frequency. This is of course explained by a higher exposure to the risk of road accidents due to heavier traffic flows.

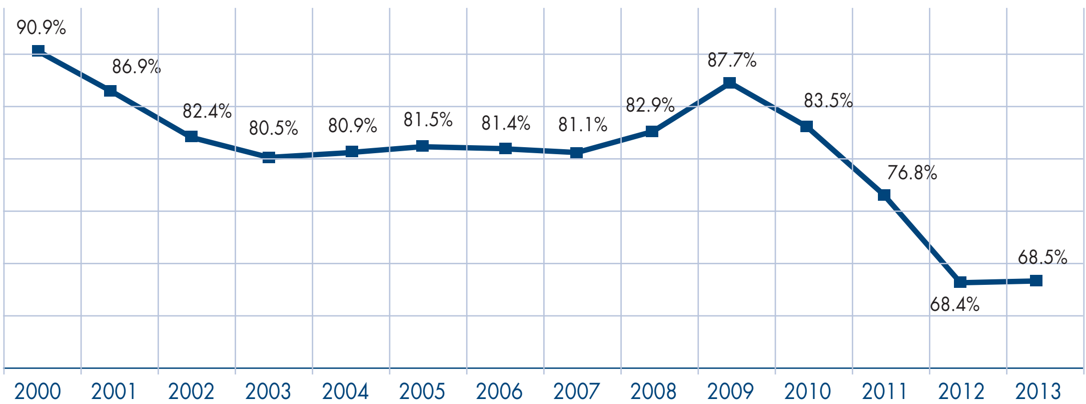
Once again, the lowest claims frequency was recorded in the North-Eastern provinces, with Rovigo recording the national low (3.66%). Claims frequency was especially low, below 4.5%, also in other provinces of the Veneto region, Trentino Alto Adige and Friuli Venezia Giulia. Lower-than-average levels were reported also in some provinces of the south, such as Foggia (4.54%), Potenza (4.48%), Lecce (4.58%) and Cosenza (4.70%), as well as in Enna (4.31%), Agrigento (4.58%) and Oristano (4.33%).

Alongside the analysis of provincial claims frequency, the change in number of vehicles insured at provincial level is also relevant. In fact, while in 2011 and 2012 the sharp fall in claims frequency was accompanied by an even sharper decrease in the number of vehicles insured in the provinces with the highest accident risk (which might explain, at least in part, the overall decrease in claims frequency at national level), the year 2013 registered a more widespread contraction in the number of insured vehicles in all the Italian provinces, not just in the highest-risk areas alone (Figure 4 - right-hand map). However, it is worth mentioning that four of the five provinces with the steepest falls are in Tuscany: Siena (-7.1%), Livorno (-5.6%), Grosseto (-5.5%) and Lucca (-5.3%).

Loss ratios. The loss ratio is the quantitative reference used to assess whether the technical performance of a particular branch of non-life insurance was positive or negative. It is calculated by dividing incurred claims costs for each accident year by the relevant earned premiums, thus obtaining the ratio of claims to premiums, or loss ratio. In motor insurance, the loss ratio registered a significant improvement in 2011-2012, after fluctuating between 80% and 90% from 2000 to 2010, with an average of 83.4% or, in other words, Euro 83 used to cover incurred claims cost for every Euro 100 paid by the insured for premiums for that accident year. The improvement is mainly attributable to the decline in claims frequency described earlier (Figure 5).

This was mostly a cyclical change, as extensively described above, which coincided with the worst recession since World War II, leading Italian households to cut fuel consumption drastically; this also resulted in reduced traffic and, hence, fewer accidents. One contributing factor to the improvement in the loss ratio was the decline in mild injuries, which was even sharper than the overall fall in claims frequency. The number of non-severe injuries went down thanks to the institution of compulsory instrumental verification of minor injuries. Based on the figures for 2012-2013 (see the box "Compensation for personal injury"), two thirds of the reduction in incurred claims costs can be attributed to the decline in claims frequency and one third to that in non-severe injuries.

Figure 5
Motor liability insurance, loss ratio for the accident year



As a reaction to this positive phase of the insurance cycle, insurance companies lowered premiums throughout 2013 and the first part of 2014, with unprecedented cuts for the Italian motor insurance market. Given the usual lag with which price reductions are reflected in the entire portfolio, an increase in the loss ratio indicator for 2014 is conceivable. To calculate the size of such an increase, we can estimate that given unchanged incurred claims costs in 2014 (namely Euro 11.5 billion paid for claims) and a further decline in earned premiums similar to the one registered in 2013 (to roughly euro 15 billion), the loss ratio would rise by a 5.5 percentage points.

A closer analysis of the loss ratio by type of vehicle for the past two years (2012 and 2013, Table 2) shows that some vehicles have a very high average loss ratio, even in a particularly positive phase like 2013. For instance, the loss ratio for buses was 104% last year (nevertheless, an improvement on the 116% registered in 2012), while the indicator for motorcycles and taxicabs worsened, from 103% to 108% and from 140% to 163% respectively. Passenger cars and motor scooters performed slightly better than the market average.

Table 2
Motor liability insurance, loss ratio for the accident year by type of vehicle (2012 and 2013)

Type of vehicle	2013			2012		
	Premiums for the current accident year	Claims for the current accident year	Loss ratio for the current accident year	Premiums for the current accident year	Claims for the current accident year	Loss ratio for the current accident year
Cars	12,953	8,738	67.5%	13,546	9,079	67.0%
Taxicabs	21	34	162.9%	22	30	140.1%
Scooters	207	139	67.1%	231	206	89.1%
Motorcycles	767	827	107.8%	838	860	102.6%
Buses	146	152	103.9%	150	173	115.7%
Trucks	2,550	1,526	59.8%	2,709	1,607	59.3%
Other vehicles	153	91	59.6%	158	118	74.9%
TOTAL	16,797	11,507	68.5%	17,653	12,072	68.4%

A EUROPEAN COMPARISON OF MOTOR INSURANCE TECHNICAL INDICATORS – THE RESULTS OF THE BCG STUDY

In an effort to understand why average premiums are higher in Italy than in the other main European countries, ANIA hired an international consultancy agency (Boston Consulting Group, hereafter referred to as BCG) to carry out a comparative analysis of the technical reasons explaining price differences in motor insurance. BCG analyzed the following countries, similar to Italy in population and number of vehicles in circulation: France, Germany, Spain and United Kingdom.

The comparison of the main indicators (claims frequency and average claim cost) focused on:

– retail risks only (commercial vehicles excluded), for cars and motorcycles exclusively;
– a 5-year period (2008-2012) to eliminate any anomalous values for specific financial years which might have been influenced by the insurance cycle.

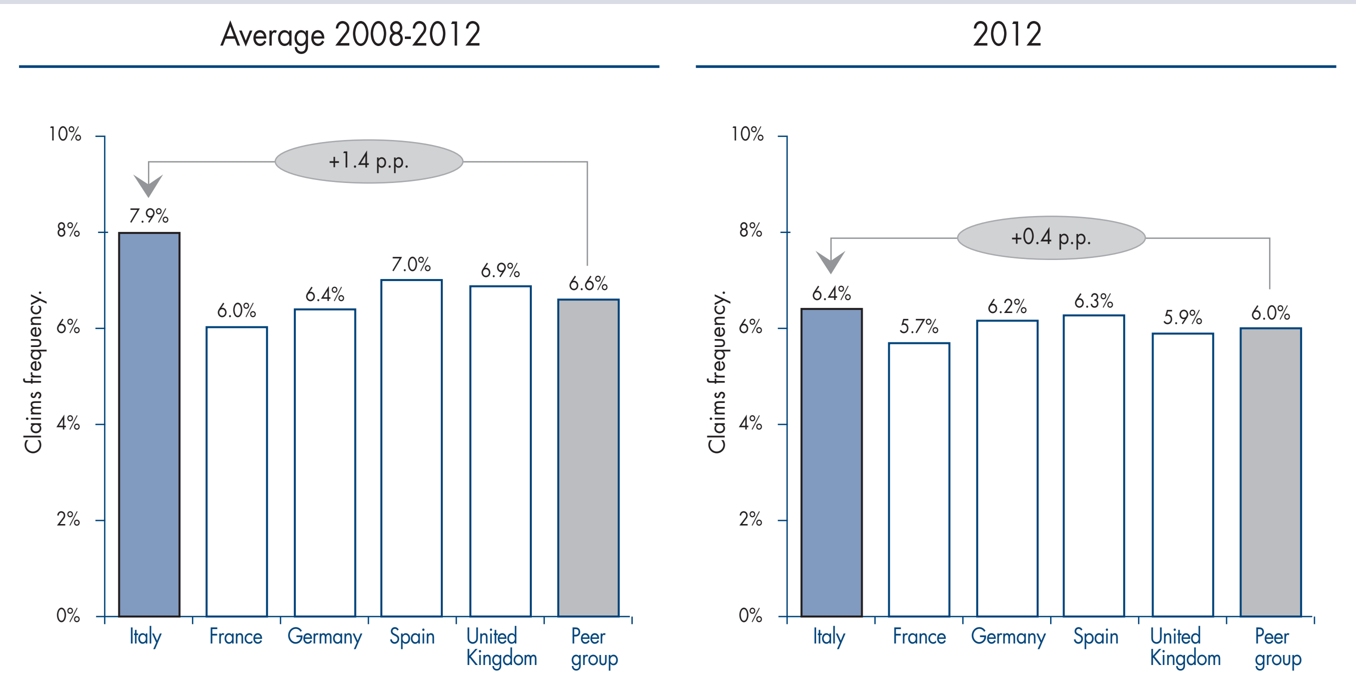
The study takes into consideration multiple factors: different legislative frameworks, different products marketed, country-specific distribution models, different levels of taxation. The starting point for the calculation, on a uniform basis, of the typical loss indicators for motor insurance contributing to the formation of the final price paid by the insured was claims frequency (the likelihood of an accident occurring ([1]) and, once an accident has occurred, its cost, i.e. the average amount of money paid as a reimbursement ([2]).

The findings of the study by component factor are shown below.

Claims frequency

Claims frequency in Italy for the five-year period of observation (2008-2012) is on average 7.9% (Figure 1), nearly a percentage point and a half higher than the 6.6%

Figure 1 – A comparison of claims frequency



Source: BCG Final Document, A Comparison of Motor Insurance Markets in Europe

([1]) Claims frequency is defined as the ratio between the number of claims incurred during a given accident period and the number of insured exposed to the risk of accidents in that period.
([2]) The average cost of claims is the ratio between the overall amounts paid for claims (sum of the total paid cost and the total reserved cost) in an accident year and the number of accidents incurred during that year.

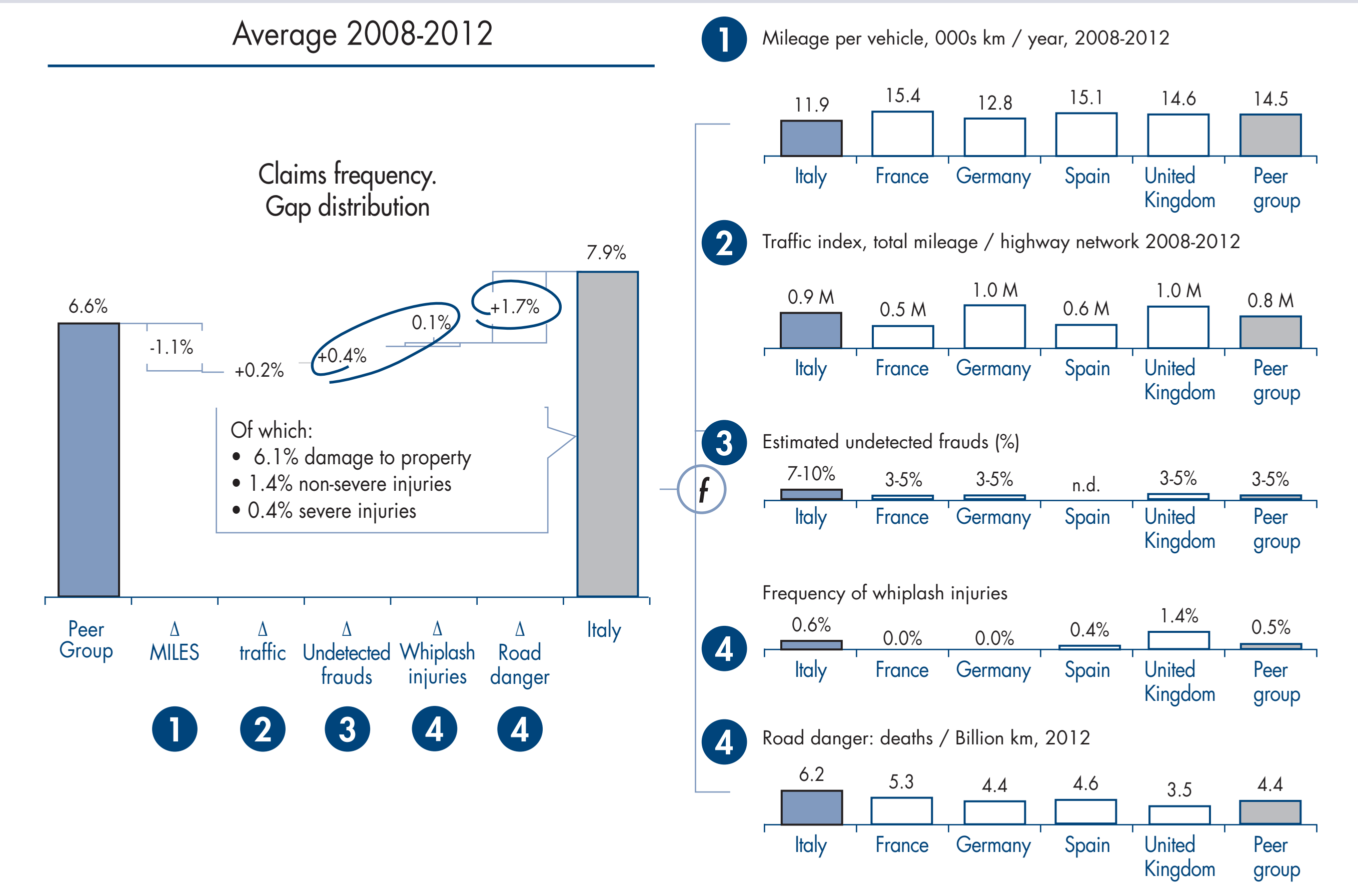
recorded in peer countries (20% greater risk). This gap has however been narrowing progressively (down to approximately 0.4 percentage points in 2012).

Despite the improvement registered during the period of observation, Italy still has the highest indicator of the five countries analyzed.

BCG has found four possible factors to explain the gap (Figure 2):

– in Italy there is greater traffic congestion, which obviously results in increased likelihood of accidents, partially outweighed by less average mileage (under 12,000 kilometers/year per vehicle in Italy compared with14,500 in the peer countries). The traffic index – calculated by dividing total kilometers traveled in one country by the total kilometers of the national highway network – is 0.9 million compared with 0.8 million in peer countries;
– a higher rate of undetected frauds (7%-10% in Italy against a European average of 3%-5%), which is partially explained by the absence of effective tools (such as integrated databases) to make it easier for insurance companies to identify fraudulent claims. This is a widespread phenomenon in some areas of the country

Figure 2 – Causes of the gap in the claims frequency indicator



Source: BCG Final Document, A Comparison of Motor Insurance Markets in Europe

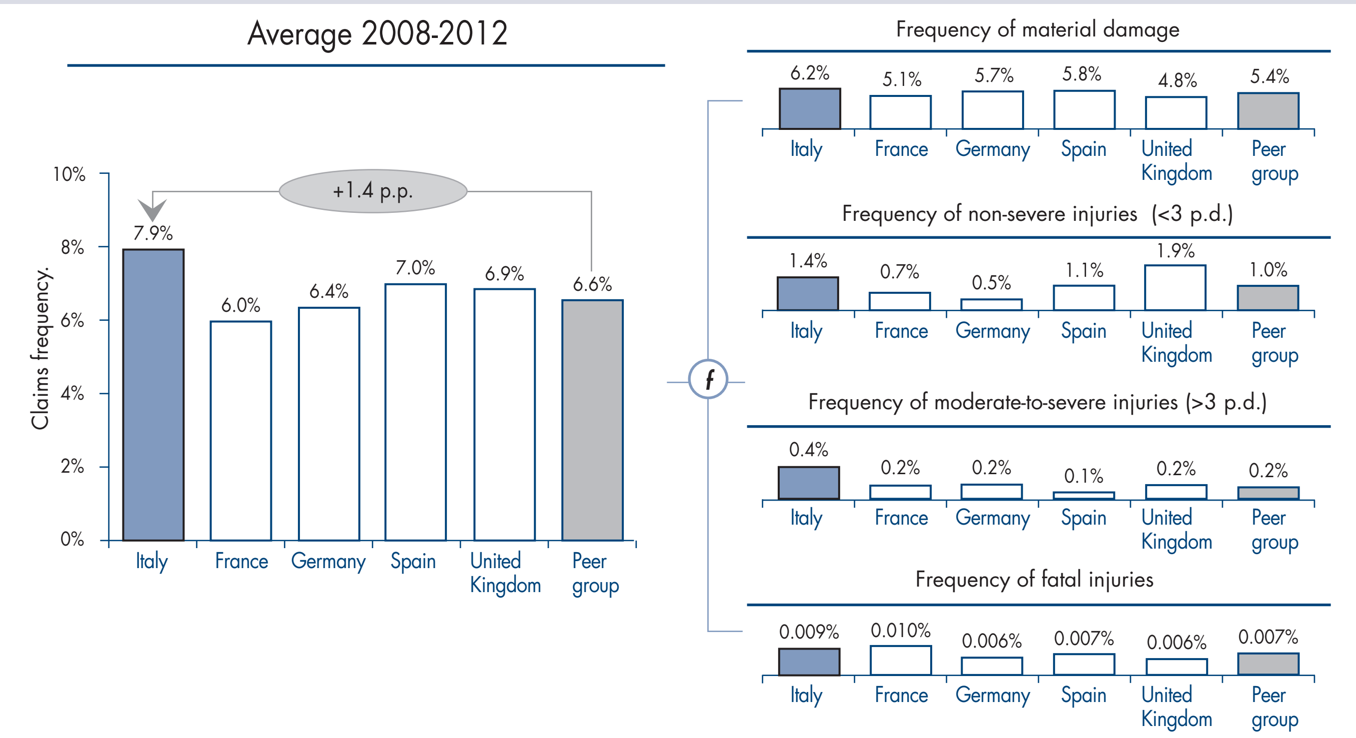
where poorer economic conditions, the greater presence of organized crime, and less effective law enforcement are conducive to widespread fraudulent claims;

- lower road safety and a larger number of motorcycles and scooters have a direct impact on claims frequency and on the rate of serious injuries, which are both more elevated. Motorcycles/scooters in Italy account for 13% of all vehicles, compared to 10% in France, 8% in Spain and a low of 3% in the United Kingdom. The rate of fatal accidents per kilometer traveled for this type of vehicle is 40% higher in Italy than in other European countries, and the accident rate per kilometer is 70% higher than for passenger cars. Both factors can explain the gap in the total claims frequency;
- a higher rate of whiplash injuries in Italy compared to the European average (0.6% vs. 0.5%).

These factors an impact (negative for Italy) on total claims frequency. Moreover, breaking the analysis down into the individual components of risk, the BCG study showed that in Italy the negative effects also involve the individual damage components (Figure 3). Italy has, in fact, the highest claims frequency for the observation period of all peer countries (also higher than the overall average) for:

- material damage, with an average of 6.2% in Italy compared to 5.4% in peer countries (15 percent higher);
- minor injuries (percentage of permanent disability of 3% or less) with an average of 1.4% against 1.0% in other countries;

Figure 3 – Claims frequency by type of damage



Source: BCG Final Document, A Comparison of Motor Insurance Markets in Europe

– moderate-to-severe injuries (permanent disability over 3%) with an average of 0.4%, twice as high as the other European countries (0.2%);
– lastly, fatal injuries, with a rate of 0.009% compared with 0.007% on average in peer countries.

Average total claims cost

The BCG analysis of the average cost of claims (the other fundamental item for the quantification of motor insurance risk) shows that Italian insurers pay more (for the five-year period average) than those of the other countries for material damages (Euro 1,741 against Euro 1,720 in other countries), for minor injuries up to 3% of permanent disability (Euro 4,592 against Euro 3,691) and above all for fatal injuries, where compensation in Italy can be as high as Euro 650,000 compared to just under Euro 140,000 in the peer countries.

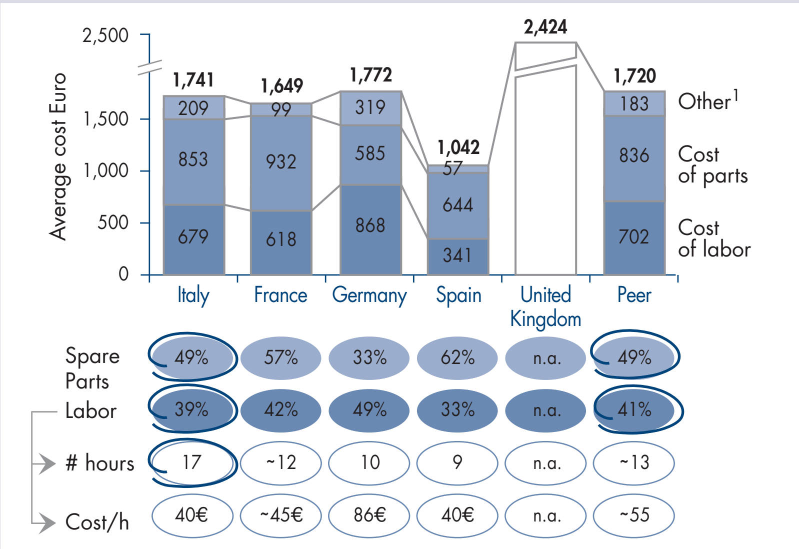
By contrast, for moderately severe injuries (permanent disability between 4% and 9%) and severe injuries (permanent disability over 9%) Italy pays, on average, less compensation.

The main reasons for the gap in the average cost by type of damage are discussed below.

Average claim cost - property damage

The gap in the average claim cost for property damage between Italy (Euro 1,741) and the other European countries (Euro 1,720) is quite modest (only 1%) but BCG's comparative study provides a useful breakdown of the different components of the overall average, namely spare parts and labor, based on quantitative interviews with the major insurance players (Figure 4).

Figure 4
Breakdown of the average claim cost - property damage
(1) Includes cost of insurance adjusters



Source: BCG Final Document, A Comparison of Motor Insurance Markets in Europe

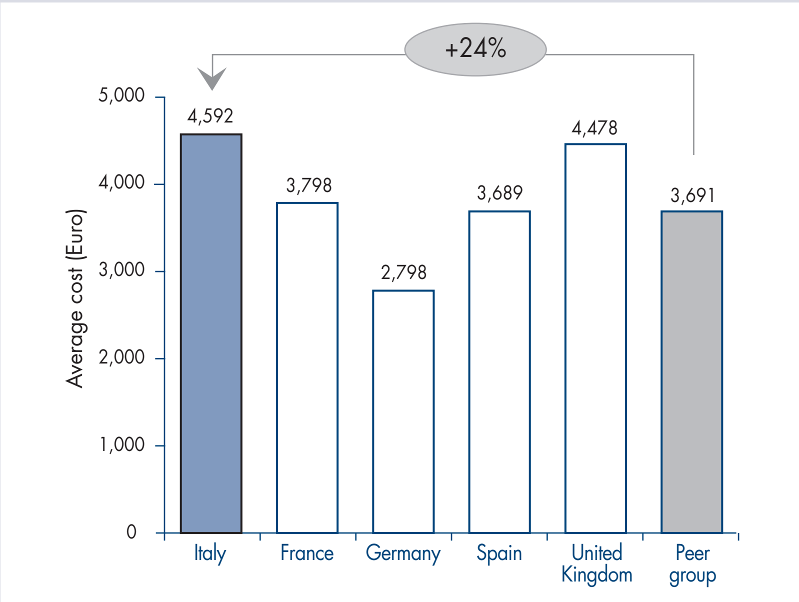
The incidence of the cost of spare parts in Italy is in line with the other countries (49%), although the average value is slightly higher (Euro 853 per claim compared to Euro 836 in the peer countries). BCG has found that one possible cause for this gap is the lower bargaining power of Italian body repair shops on the parts prices, due to their greater fragmentation and lower turnover than shops in the rest of Europe. This also translates into lower efficiency, higher fixed costs and a lower occupancy rate.

The average cost of labor has a similar impact on the average cost of property damage in Italy and in the other European countries (39% and 41% respectively), but the sub items composing the cost of labor have a different impact by reason of the lower productivity of Italian body shops. The average number of hours per claim is higher in Italy than in the peer countries (17 vs. 13 hours) but the cost per hour is lower (Euro 40 vs Euro 55). The different dynamic probably originates as a consequence of the bargaining process between the damaged party and the body shop, which leads to a compromise between the standard repair time (usually longer in Italian shops) and the cost of labor (generally lower). Once again the large number of shops in Italy and their lack of specialization can explain the divide.

Average claim cost - minor injuries (up to 3% of permanent disability)

This particular class of damage registers the largest gap between Italy and the peer countries (Figure 5). The average claim cost in Italy is Euro 4,592, 24% higher than in other European countries (Euro 3,691). More specifically, the average cost is lower by 40% in Germany (Euro 2,798 on average), and around 20% in Spain and France (with average values of Euro 3,689 and 3,798 respectively). The only country with approximately the same average claim cost is the United Kingdom (Euro 4,478).

Figure 5
Average claim cost - minor injuries
Euro



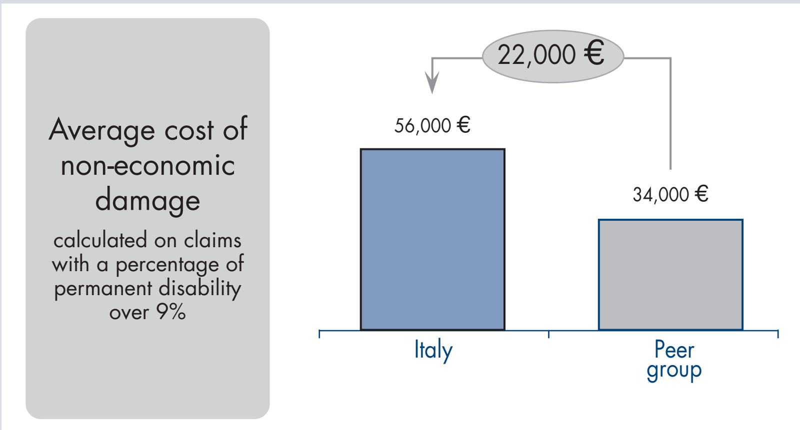
Source: BCG Final Document, A Comparison of Motor Insurance Markets in Europe

In most cases these claims for mild injury involve "whiplash," which in Italy, especially in the recent past, account for a high percentage of insurance frauds. As a result of the implementation of the "Monti law", the number of claims for permanent disability of under 3% decreased significantly in 2012 (by more than 20%) and this downward trend continued in 2013 (-12% on 2012).

Average claim cost - moderate-to-severe injuries (over 3% permanent disability)

A transnational comparison for personal injury claims (especially in case of severe injuries) is always complex, due to internationally differing legislation and rules (Figure 6). In Italy, for example, compensation is higher for non-economic damage, contrary to France, Germany and the United Kingdom where amounts paid as compensation are higher for economic damage (such as loss of income or need for assistance).

Figure 6 Non-economic damage



Source: BCG Final Document, A Comparison of Motor Insurance Markets in Europe

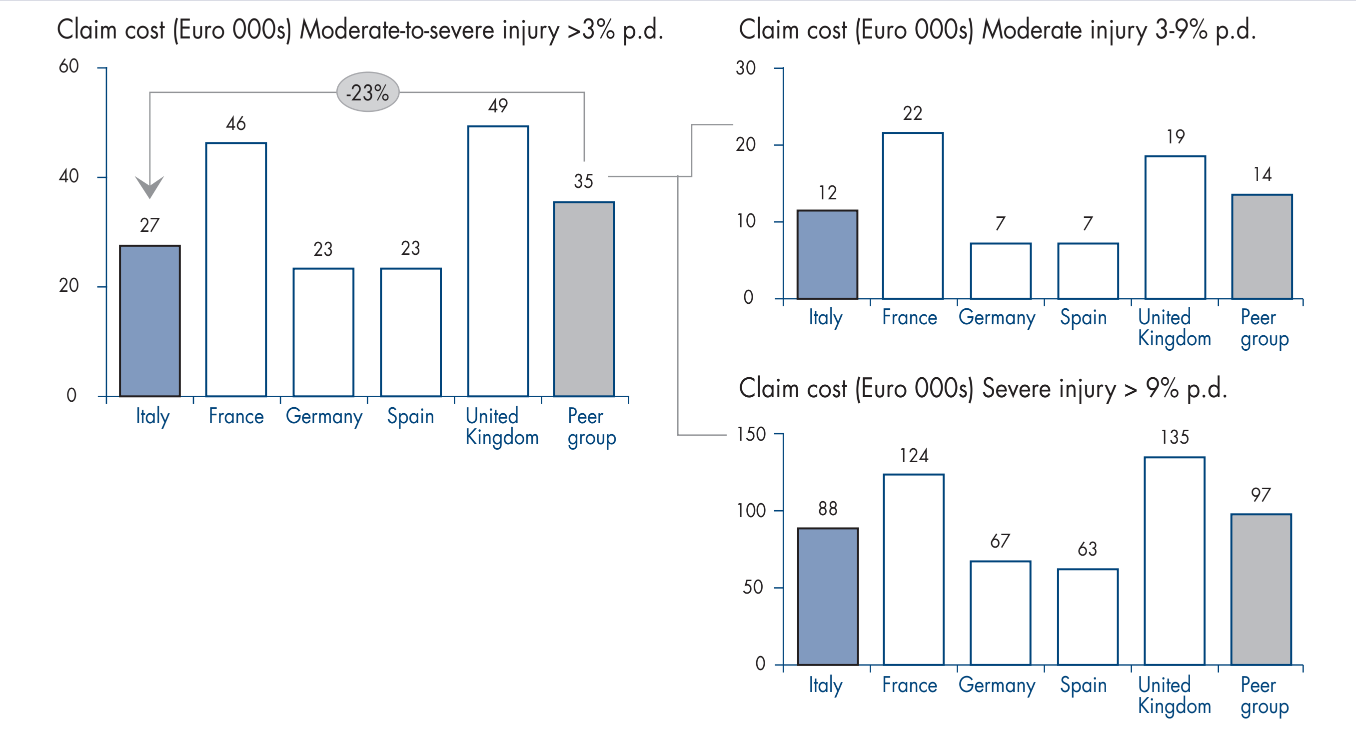
The BCG survey shows an average claim cost in Italy for non-economic damage in the case of severe injuries (over 9% permanent disability) of Euro 56,000 compared with Euro 34,000 in the other European countries (a 65% gap).

In some cases, specifically analyzed by the experts, the gap is as much as three to sixfold to the disadvantage of Italian insurers.

With regard to economic damages, namely the financial component in connection with lost or reduced income during the claimant's working life, the average value in Italy is lower than in the other European countries. However, in this context, Italy's lower wage level should also be taken into due consideration. One contributing factor in the larger settlements for economic damages in other countries is larger awards for future medical expenses or to the need for assistance.

A comparison of the overall average claim cost (economic and non-economic damages) for moderate-to-severe injuries with over 3% permanent disability shows that the Italian values are 20% below the European average in the peer countries (Euro 27,000 vs. Euro 35,000) (Figure 7).

Figure 7 – Severe injuries – 2008-2012 Average



Source: BCG Final Document, A Comparison of Motor Insurance Markets in Europe

More in detail, the countries that award higher compensation than Italy are France and the United Kingdom (with an average claim cost of Euro 50,000), while Germany and Spain are more in line with the Italian average.

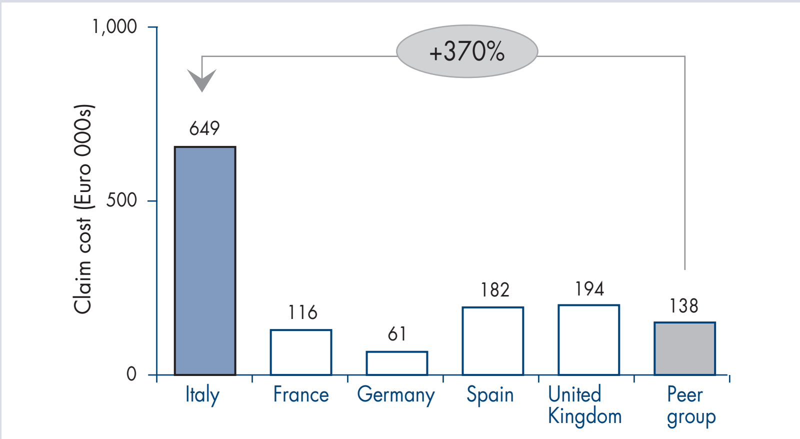
In particular, with regard to the average claim cost for injuries with over 9% permanent disability, Italy registers values around Euro 88,000, compared to Euro 97,000 in the peer countries. However, this gap depends in part on to the severity of the injury. According to the study, in fact, total compensation is generally more generous for percentages of permanent disability around 25%, while for the most serious cases (over 50% permanent disability) compensation is lower in Italy compared with the other countries, mostly because of the more advantageous calculations in terms of financial losses.

Average claim cost - fatal injuries

The widest gap between Italy and the other European countries involves the average claim cost in fatal injuries, where compensation in Italy is systematically higher (four times greater) as in the other countries (Figure 8).

The average value in Italy (approximately Euro 650,000) is 370% higher than in the other countries (Euro 138,000). Outside Italy, the highest average compensation is registered in the United Kingdom, at nearly Euro 200,000.

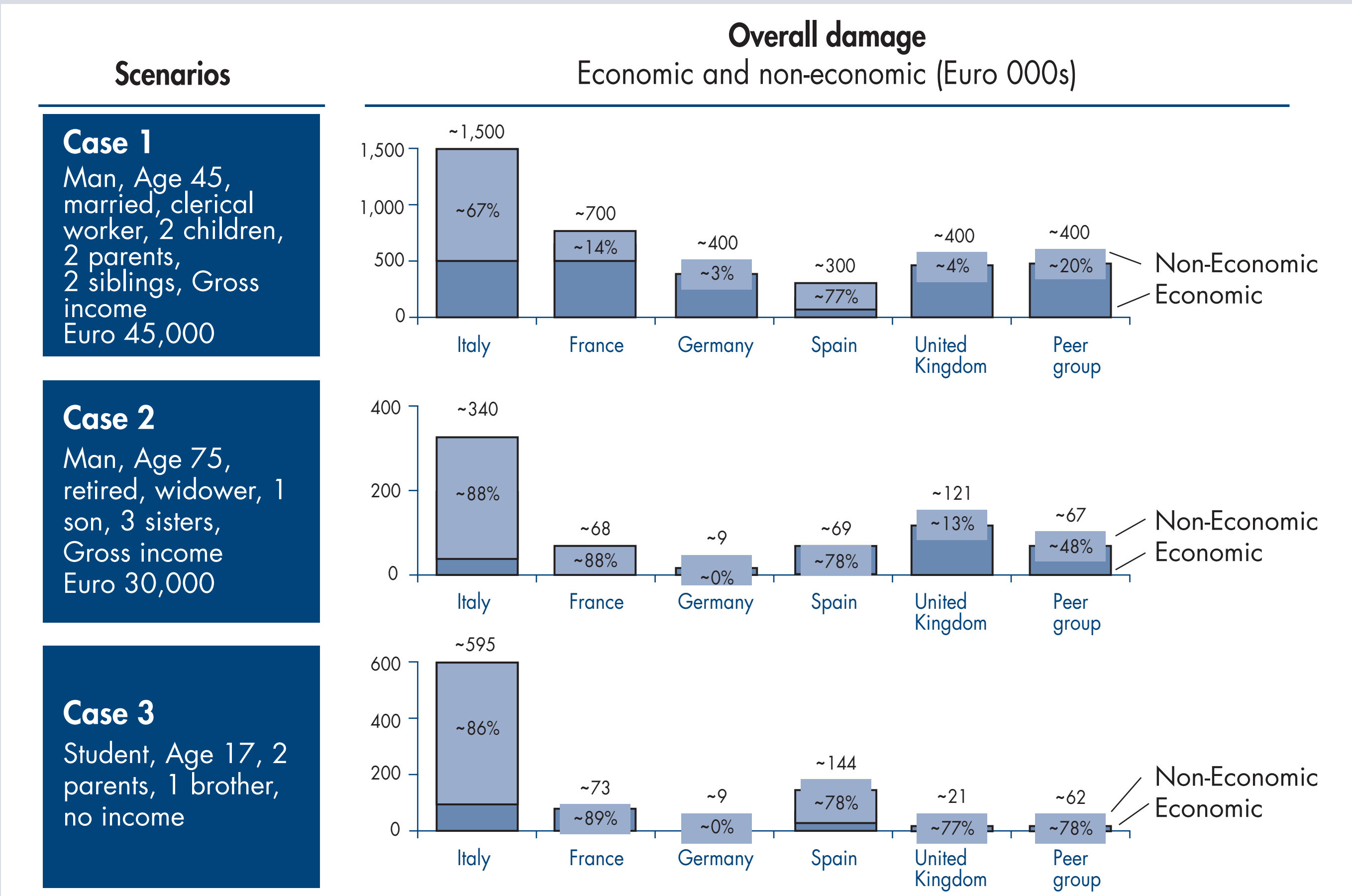
Figure 8
Average claim cost - fatal injuries



Source: BCG Final Document, A Comparison of Motor Insurance Markets in Europe

The reason is that Italy awards substantial moral damages to all surviving relatives, while in other countries compensation is limited to immediate cohabiting family (spouse and offspring), and settlements are large only when there is proven and acknowledged financial loss imputable to the victim's death (Figure 9). Moral damages are virtually non-existent in Germany and rarely exceed Euro 100,000 in the other countries.

Figure 9 – Average claim cost - fatal injuries



Source: BCG Final Document, A Comparison of Motor Insurance Markets in Europe

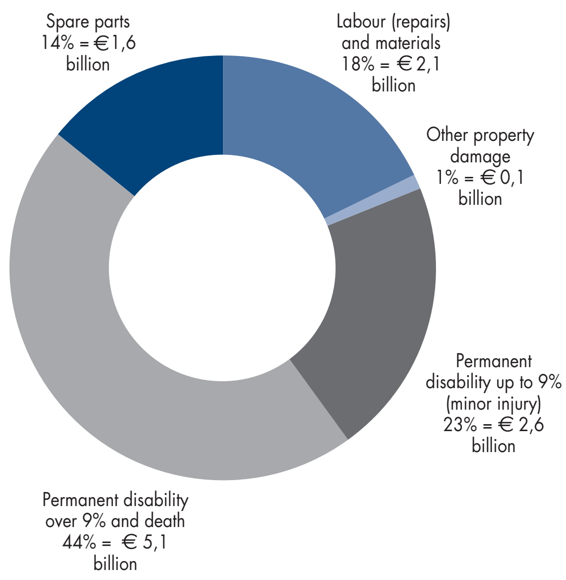
COMPENSATION FOR PERSONAL INJURY

The total damages paid (for both property damage and personal injury) came to €11.5 billion in 2013 ([1]). Of this, about two thirds (€7.7 billion) was in relation to personal injury (including the property-damage component of mixed claims).

As regards personal injury compensation specifically, two facts stand out (Figure 1):

– compensation for mild injury involving permanent disability of 1 to 9 percent amounted to €2.6 billion (23% of the total claims cost);
– serious injuries involving more than 9 percent permanent disability or death generated outlays of €5.1 billion (44% of total claims cost).

Figure 1
Distribution of total cost of liability compensation



Compensation for property damage (€3.8 billion, 33% of total claims cost)
Compensation for personal injury (€7.7 billion, 67% of total claims cost). Includes property damage in mixed claims

The percentage of all motor liability claims involving personal injury fell last year from 20.1% to 19.3% (Table 1). After rising both in 2009 (to 21.8%) and 2010 (to 22.7%), this share had registered a first, slight downturn in 2011, to 22.4%. As is explained further on, the main cause for the improvement was the reduction in the number of minor injuries, especially those involving less than 3 percent disability.

([1]) ANIA's estimate based on data from Italian insurers and units of non-EU insurance companies operating in Italy. The data are for the cost of claims (amounts paid and reserved) of accidents occurring in 2013. The total cost of claims for the year, including any excess or shortfall of reserves against claims from previous years, was practically the same.

Table 1 – Claims frequency by type of damage and severity of personal injury (*)

	2009	2010	2011	2012	2013
Total claims frequency	7.77%	7.36%	6.53%	5.87%	5.60%
% claims with only property damage	*78.2%*	*77.3%*	*77.6%*	*79.9%*	*80.7%*
Frequency of claims with only property damage	6.07%	5.70%	5.07%	4.69%	4.52%
% claims with personal injury	*21.8%*	*22.7%*	*22.4%*	*20.1%*	*19.3%*
Frequency of claims with personal injury	1.697%	1.669%	1.463%	1.180%	1.080%
Frequency of claims with up to 9% permanent disability	1.627%	1.602%	1.401%	1.121%	1.024%
1% permanent disability	0.708%	0.689%	0.617%	0.506%	0.481%
2% permanent disability	0.563%	0.552%	0.469%	0.294%	0.245%
3% permanent disability	0.186%	0.190%	0.163%	0.137%	0.129%
4% permanent disability	0.077%	0.078%	0.069%	0.071%	0.065%
5% permanent disability	0.042%	0.040%	0.036%	0.043%	0.043%
6% permanent disability	0.021%	0.021%	0.019%	0.027%	0.025%
7% permanent disability	0.014%	0.013%	0.012%	0.019%	0.017%
8% permanent disability	0.010%	0.010%	0.010%	0.014%	0.012%
9% permanent disability	0.007%	0.007%	0.007%	0.010%	0.007%
Frequency of claims with over 9% permanent disability	0.070%	0.067%	0.062%	0.059%	0.056%

(*) Valued at the end of the year in which the accident occurred

To analyze the trends of the different components of personal injury claims, we have examined their evolution over time, with an assessment of the impact on the overall price requirements of the motor liability sector.

Permanent disability of 1-9 percent. Decree Law 1/2012 (the "liberalization" decree), converted with amendments into Law 27/2012, introduced provisions against speculative claims for very mild injuries, principally "whiplash" injuries, changing the eligibility requirements for compensation. To gauge the positive effect of the measure, we can look at the data from 2009 to 2013 on the frequency of claims for permanent injury of 1 to 9 percent (Table 1) and their costs (Table 2), taken from ANIA's motor liability statistical yearbook.

In 2009 and 2010 the frequency of mild injury claims (defined as the ratio to total risks insured of the claims for personal injury involving permanent disability of 1 to

Table 2 – Average claim cost by type of damage and severity of personal injury (*)

	2009	2010	2011	2012	2013
Total average claim cost	3,903	4,057	4,345	4,495	4,597
% of claims with only property damage	*34.5%*	*32.0%*	*31.7%*	*33.3%*	*33.3%*
Average cost of claims with only property damage	1,725	1,716	1,803	1,899	1,908
% incidence of personal injury claims (cost amount)	*65.5%*	*68.0%*	*68.3%*	*66.7%*	*66.7%*
Average cost of claims with personal injury	11,694	12,052	13,155	14,804	15,766
of which:					
Average cost of claims with personal injury up to 9% p.d.	6,037	6,022	6,135	5,951	5,833
Average cost of claims with personal injury over 9% p.d.	155,487	166,750	179,891	191,379	203,594

(*) Valued at the end of the year in which the accident occurred

9 percent) was around 1.6%. In 2011 it fell to 1.40%, but this was the direct consequence of the overall decline in claims generally, due mostly to the economic recession, which reduced the use of motor vehicles and hence accidents. Both indicators of claims frequency (total and mild injury) fell by the same amount (11 or 12 percent) in 2011. In 2012, however, with the new rules in effect, the frequency of mild injury claims fell to 1.12% (20 percent less than in 2011), while the overall claims frequency was reduced by only 10 percent). The trend continued in 2013 as well: total claims frequency declined by 4.7 percent and mild injury claims by 8.7 percent (to barely 1%).

To see the reasons for the improvement, let us recall that for a number of years there had been an increasingly widespread tendency to speculative exaggeration of personal injury claims, concentrating on very mild injuries (1-3 percent disability). These were the injuries most drastically affected by the new rules, as is confirmed by the reduction in such claims in 2012 and 2013. The frequency of claims for disability of 1-2 percent was practically cut in half between 2009 and 2013, and that of 3 percent claims was also sharply reduced. This shows that many of the claims settled by insurers prior to Law 27/2012 were for damages not proven by rigorous medical examination.

The cost of settlements for mild injury claims also came down between 2011 and 2013, although not as sharply as the claims frequency. The average cost fell by around 5% in two years, from €6,135 in 2011 to €5,833 in 2013. While the law blocked the rise in the number of claims for very mild injury (1-3 percent permanent disability), which would theoretically lead to a rise in the average cost of the remaining claims that were settled, insurers continued to recognize temporary disability (lower in cost, averaging less than €1,000 per claim); this explains the slight decline in the average cost of mild disability claims of up to 9 percent.

In short, a plausible explanation is that although many of the extremely mild injuries complained of were not recognized as such, at the same time many injuries that were once regularly recognized as causes of permanent disability were compensated under the heading of temporary disability, because even where such injuries exist they heal, as the entire worldwide body of scientific literature attests, especially as regards minor injury to the cervical vertebrae.

The declining frequency of claims with mild personal injury, combined with the moderate fall in the average amount of compensation, has had a notable positive effect on average final premiums. The fall in the "pure premium" for this component (calculated as the product of claims frequency and average cost), has meant a savings for policyholders of €26 per policy in two years ([2]). While, as noted, some part of

([2]) The €26 fall between 2011 and 2013 for the minor personal injury component alone is obtained as the difference between the pure premium, obtained as the product of claims frequency (1.024%) and average cost (€5,833) in 2013 and in 2011 (1.401% × €6,135).

the broad reduction in claims frequency is due to the recession, the sharper decline in the frequency of minor personal injury claims can be ascribed chiefly to the positive effect of the 2012 "liberalization" decree. If it had not been enacted, the decline in minor injuries would presumably have paralleled the overall claims decline; consequently, we estimate that in that case the pure premium impact would have been €13 per policy, rather than the €26 actually recorded.

The extra benefit to insurers of €13 per policy in claims costs (4.7% of the total pure premium) has been promptly passed on to policyholders, as average premiums came down by 4.5% in 2013.

Death and permanent disability of more than 9 percent. No comparable diminution was observed for more serious injuries (resulting in death or permanent disability of more than 9 percent), which are not subject to the new rules. Over the five-year period, claims frequency for these injuries has come down, but in line with or even more slowly than overall claims frequency, and in any case much less than claims for mild injuries.

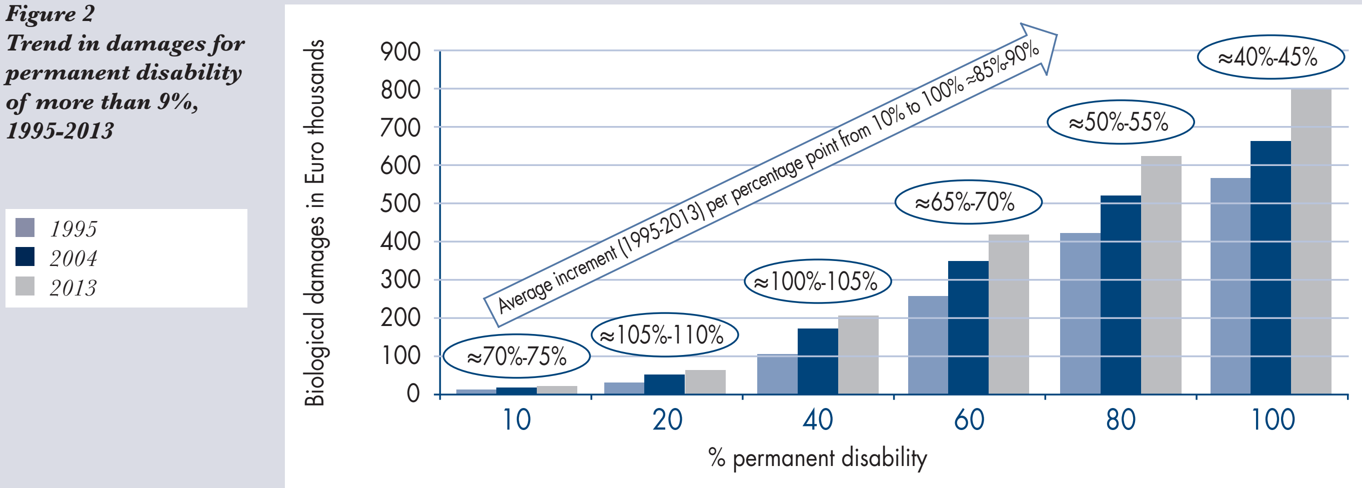
Turning to the cost of these more serious injury claims (including damages for deaths), the average claim cost has risen contantly over the years: from €155,000 in 2009 to nearly €180,000 in 2011 and over €200,000 in 2013 (Table 2). This results in an average annual increase of 7%, or 31% over the five years, completely offsetting the benefits of the reduction in claims frequency for this type of injury. Indeed this item actually had an adverse impact on the overall pure motor liability premium: this serious-injury component increased by 5% over the five years.

As the total cost of claims is affected more by the cost of damages (not currently subject to any rules) than by the number of serious injuries, it is worth reviewing trends in damage awards for personal injury over the last twenty years. We focus on the changes in the damages awarded by the Court of Milan for severe injury since 1995 (the year when the Court introduced its table of average values for a percentage point of permanent disability, a pioneering approach subsequently taken by other courts). Compensation trends have grown still more problematical for the insurance industry insofar as other courts have not only adopted Milan's methodology but have actually taken that Court's awards as bellwether, pulling the national average award upward. It is well known that over the years the Milan Court has recognized higher compensation per point of disability than courts in the rest of Italy.

This historical excursus (Figure 2) produces quite a worrisome picture of the burden borne by the insurance industry, and hence ultimately by policyholders.

In the first decade of the tables' application (1995-2004), for percentage points of disability above 9 there was an average increase in damage awards of 55%-60%, followed by a further increase of between 20% and 25% in the next decade (2004-2013). This brings the total increase since 1995 to between 85% and 90%, in nominal terms.

Figure 2
Trend in damages for permanent disability of more than 9%, 1995-2013



The graph shows, moreover, that the sharpest rise came for biological damage up to 40 percent, an area that covers nearly all severe injuries (95%). For these degrees of permanent disability, the compensation awarded by the Milan Court at least doubled between 1995 and 2013. Over the same period, price inflation for clerical and production worker households came to 23% in 1995-2004 and 19% in 2004-2013 – far below the increments in the Court's compensation awards.

It is well worth reiterating the absolute urgency, as regards these injuries, of instituting a set of rules for their economic and medical-legal valuation. The compensation table envisaged in the 2005 Private Insurance Code but never enacted owing to political resistance would introduce greater equity as between geographical areas by replacing amounts decided by local courts with uniform costs nationwide and determining clearly and unequivocally what compensation is to be made for biological damage.

Lastly, let us underscore that the compensation awarded to the victims of traffic accidents by the Milan Court, for instance, is far greater than the amounts recognized by the National Industrial Accidents Insurance Institute, INAIL, for work-related accidents (Figure 3). Nor does INAIL recognize moral damages, as if the fact that the payor is different could justify not only a different valuation of human life but even a different set of damage components.

The Milan Court has also increased the compensation it awards to the survivors of accident victims, quadrupling insurers' outlays on this count in just twenty years. As an example, Table 3 shows the non-economic damages for three different cases, valued in 1995 and then again in 2013. Over the period, the average increase (the simple average of the three profiles) was greater than 280%. Again, it is worth observing that other courts, which once made lower damage awards, have increased their own valuations over the years, adapting to the Milanese standard.

What is more, in recent years there has also been an extension of the criteria for compensation for severe personal injury: broadening the range of persons entitled with increased application of "reflected damages" (to close relatives of the injured

Figure 3 – Biological damage awards of INAIL and Milan Court, 2004-2013

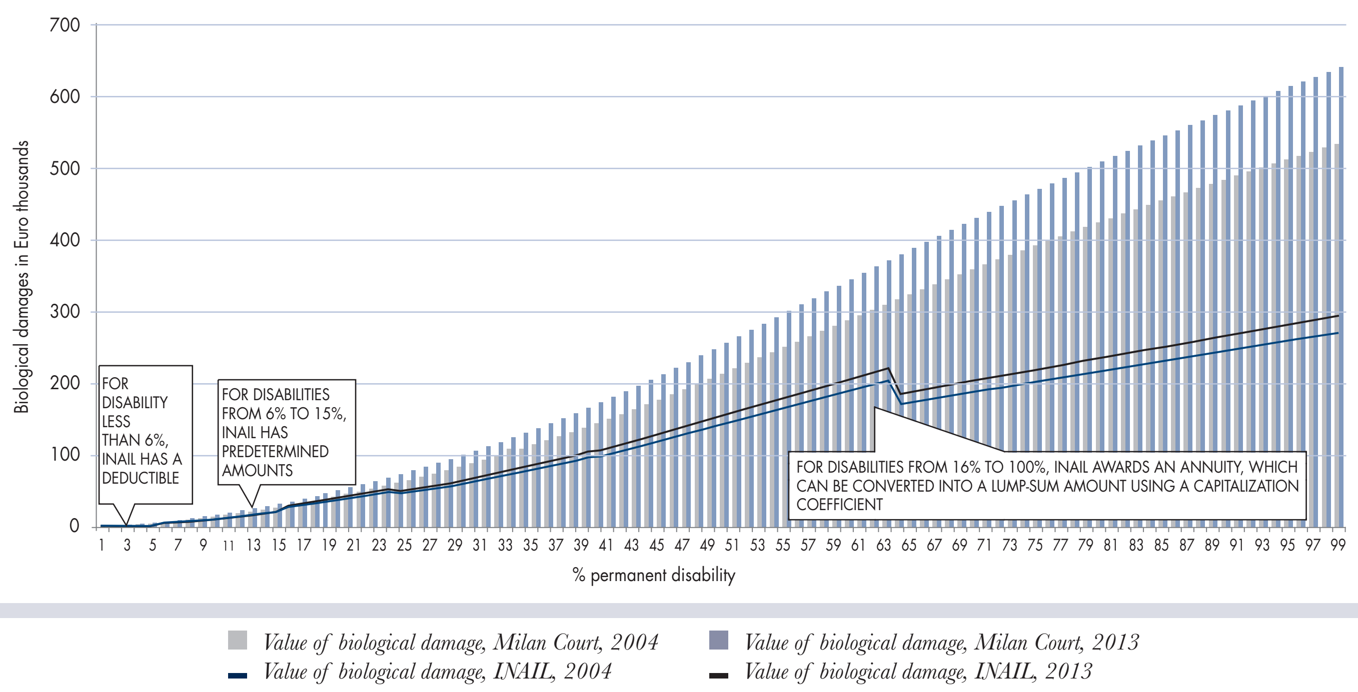


Table 3 – Claims cost for non-economic damage in case of death – Milan Court
Euro thousands

Profile of victim	Damage award	Milan table, 1995	Milan table, 2013	% change, 1995-2013
Clerical worker, age 45, married, 2 children ages 15 and 9, both parents living, age 75, 3 brothers ages 40, 38, 37	Minimum	278	886	219%
	Maximum	583	2,056	253%
	Average	*431*	*1,471*	242%
Student, age 17, parents ages 55 and 52, brother age 15 and sister age 9	Minimum	153	373	144%
	Maximum	219	935	327%
	Average	*186*	*654*	252%
Pensioner, age 75, married, three children, ages 42, 40, 38, 3 sisters ages 76, 72, 70	Minimum	147	723	392%
	Maximum	375	1,729	361%
	Average	*261*	*1,226*	370%
AVERAGE FOR THREE PROFILES	Minimum	193	661	243%
	Maximum	392	1,573	301%
	Average	*293*	*1,117*	*282%*

Source: based on Milan Court tables

party) in their own right, the creation of new types of damages (“existential” damage, esthetic damage, damage to sex life, thanatological damage).

The geography of physical injury. Though the situation has improved, the proportion of claims involving personal injury is still among the highest in Europe, and in some Italian provinces it is as high as 35%. Figure 4 and Table 4 show that in 2012 (the

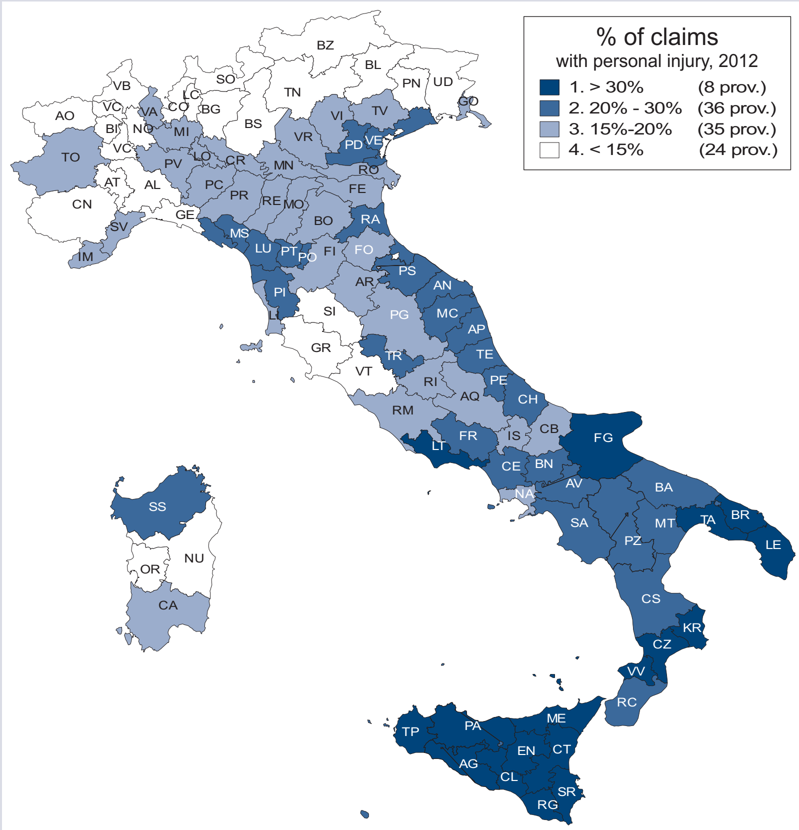
Table 4 – Incidence of claims with personal injury, by province, 2010-2012 (°) (percent)

Provincie	2012	2011	2010	Change 2012/2011
(1)	(2)	(3)	(4)	(5)
VIBO VALENTIA	35.3%	37.2%	36.9%	-5.2%
CROTONE	34.4%	35.2%	41.0%	-2.4%
TARANTO	34.3%	39.3%	44.4%	-12.7%
BRINDISI	33.6%	39.3%	44.5%	-14.6%
FOGGIA	32.7%	38.4%	39.3%	-14.8%
LECCE	32.6%	37.4%	39.1%	-12.8%
LATINA	32.4%	35.7%	36.2%	-9.2%
CATANZARO	32.1%	34.8%	36.0%	-7.8%
SALERNO	29.9%	32.6%	33.5%	-8.5%
REGGIO CALABRIA	29.8%	30.5%	33.4%	-2.4%
MESSINA	29.5%	30.8%	34.1%	-4.2%
BARI	29.4%	33.5%	37.9%	-12.2%
AVELLINO	29.1%	32.8%	35.1%	-11.2%
PESCARA	28.4%	32.2%	33.7%	-11.7%
BARLETTA-ANDRIA-TRANI*	27.9%	32.7%	29.2%	-14.7%
CATANIA	27.6%	30.5%	30.3%	-9.4%
COSENZA	27.5%	29.7%	30.6%	-7.4%
CHIETI	27.3%	31.7%	33.1%	-14.1%
CALTANISSETTA	26.8%	29.9%	31.5%	-10.2%
MASSA-CARRARA	26.4%	29.0%	30.2%	-8.8%
CASERTA	26.3%	31.0%	32.5%	-15.0%
RIMINI	26.2%	31.1%	31.3%	-15.8%
FROSINONE	25.6%	28.1%	30.2%	-8.9%
AGRIGENTO	23.7%	27.1%	29.9%	-12.7%
TERAMO	23.4%	26.0%	29.7%	-10.0%
PISA	23.4%	27.1%	27.5%	-13.7%
LUCCA	23.1%	25.1%	24.6%	-8.1%
PISTOIA	22.9%	27.5%	27.8%	-16.8%
SIRACUSA	22.9%	25.2%	26.1%	-9.0%
ANCONA	22.5%	25.4%	27.2%	-11.2%
BENEVENTO	22.3%	26.1%	26.4%	-14.6%
MATERA	22.1%	25.0%	25.3%	-11.4%
MACERATA	22.0%	25.3%	25.9%	-13.1%
RAGUSA	21.8%	27.2%	28.8%	-19.9%
VENICE	21.7%	23.7%	24.2%	-8.4%
TRAPANI	21.6%	22.9%	24.6%	-5.8%
LA SPEZIA	21.6%	21.8%	24.4%	-1.1%
ENNA	21.5%	28.4%	30.0%	-24.4%
ASCOLI PICENO	21.4%	24.2%	25.6%	-11.3%
POTENZA	21.3%	25.1%	24.8%	-15.1%
SASSARI	21.1%	25.4%	28.9%	-17.0%
PESARO-URBINO	21.1%	25.2%	24.1%	-16.4%
PALERMO	21.0%	21.2%	22.1%	-1.1%
TERNI	21.0%	23.7%	22.7%	-11.5%
RAVENNA	20.4%	23.0%	23.5%	-11.4%
FERMO*	20.4%	23.7%	22.0%	-13.8%
NAPLES	19.9%	22.0%	22.9%	-9.4%
PERUGIA	19.5%	22.1%	22.3%	-12.0%
RIETI	19.5%	20.1%	22.0%	-3.3%
OGLIASTRA	19.4%	20.6%	21.6%	-5.8%
PADUA	19.2%	22.0%	22.3%	-12.8%
AREZZO	19.0%	20.2%	20.1%	-6.1%
ROVIGO	19.0%	21.6%	21.4%	-12.0%
L'AQUILA	18.9%	22.3%	22.7%	-15.1%
FERRARA	18.9%	21.7%	22.7%	-13.2%
ISERNIA	18.7%	21.6%	23.8%	-13.1%

Provincie	2012	2011	2010	Change 2012/2011
(1)	(2)	(3)	(4)	(5)
BOLOGNA	18.6%	22.2%	22.2%	-16.1%
TREVISO	18.4%	20.5%	21.5%	-10.3%
CAMPOBASSO	18.0%	19.8%	19.9%	-9.4%
LODI	17.9%	19.2%	20.2%	-6.4%
FORLÌ-CESENA	17.9%	21.8%	19.7%	-17.7%
ROME	17.8%	19.1%	20.0%	-7.0%
MEDIO CAMPIDANO	17.5%	21.1%	20.1%	-17.3%
PIACENZA	17.4%	18.9%	19.1%	-7.7%
LIVORNO	17.3%	18.5%	19.8%	-6.3%
VERONA	17.1%	18.4%	19.2%	-7.0%
REGGIO EMILIA	17.0%	19.7%	20.4%	-13.5%
PRATO	17.0%	22.8%	23.0%	-25.4%
MONZA-BRIANZA*	16.8%	17.9%	13.8%	-5.9%
TURIN	16.7%	19.3%	19.7%	-13.4%
GORIZIA	16.7%	19.7%	20.3%	-15.5%
FLORENCE	16.5%	19.3%	20.8%	-14.6%
PAVIA	16.4%	17.9%	18.2%	-8.2%
CREMONA	16.1%	17.1%	17.3%	-5.8%
TRIESTE	16.1%	16.5%	17.3%	-2.1%
MILAN	16.0%	17.6%	18.9%	-8.7%
CARBONIA-IGLESIAS	15.9%	19.6%	20.1%	-18.9%
VARESE	15.9%	18.3%	18.6%	-13.4%
CAGLIARI	15.7%	18.5%	19.6%	-15.2%
VICENZA	15.5%	17.0%	17.4%	-8.7%
OLBIA-TEMPIO	15.4%	18.3%	19.7%	-15.7%
MODENA	15.4%	17.9%	17.9%	-13.7%
PARMA	15.4%	16.5%	17.4%	-6.6%
MANTUA	15.1%	16.1%	17.4%	-6.2%
SAVONA	15.1%	15.0%	16.3%	0.4%
IMPERIA	15.0%	15.7%	15.8%	-4.1%
SIENA	15.0%	16.6%	17.3%	-9.5%
COMO	14.9%	16.7%	17.1%	-11.0%
NOVARA	14.5%	15.4%	14.8%	-6.2%
VITERBO	14.3%	16.2%	17.6%	-11.9%
GROSSETO	14.3%	16.1%	18.3%	-11.4%
PORDENONE	14.2%	16.3%	17.3%	-13.2%
BERGAMO	14.1%	15.6%	16.0%	-9.5%
UDINE	13.7%	15.5%	15.5%	-11.5%
LECCO	13.7%	15.0%	15.6%	-8.6%
ORISTANO	13.4%	17.3%	17.6%	-22.4%
ALESSANDRIA	13.4%	14.2%	15.1%	-5.2%
SONDRIO	13.0%	13.1%	13.8%	-0.5%
VERCELLI	12.8%	13.3%	13.7%	-4.1%
CUNEO	12.7%	13.4%	13.1%	-5.5%
BRESCIA	12.6%	13.9%	15.0%	-9.1%
GENOA	12.6%	12.9%	17.2%	-2.5%
NUORO	12.4%	14.2%	17.0%	-12.4%
ASTI	12.2%	13.7%	14.8%	-10.7%
VERBANIA	12.1%	12.4%	12.9%	-2.1%
BELLUNO	11.6%	12.8%	13.8%	-9.6%
AOSTA	11.1%	12.9%	13.2%	-14.2%
TRENTO	10.7%	12.9%	12.8%	-16.9%
BOLZANO	10.6%	11.2%	11.3%	-5.5%
BIELLA	9.6%	11.0%	11.0%	-12.7%
TOTAL	19.2%	21.7%	23.1%	-5.9%

(°) The provincial incidence of personal injury claims is drawn from ANIA's annual statistics; this accounts for the slight difference in the total (19.2%) from the ISVAP data (20.1%), which lack the provincial breakdown

Figure 4 – Proportion of claims involving personal injury, by province, 2012



year of the most recent available data at province level) the provinces of the South are far out of line with the national average of 19.2%; the highest proportions are found in the regions of Puglia and Calabria, and parts of Campania.

GEOGRAPHICAL DISTRIBUTION OF MOTOR INSURANCE FRAUD: NON-INSURANCE

Law 27/2012 (the "liberalization" decree) laid down that all enterprises authorized to do motor liability insurance business must submit a yearly report to IVASS with a geographical breakdown of the number of claims that the insurer elected to investigate possible fraud.

The report consists of three parts: one on information about organization and procedures, including information systems, used by insurance companies to prevent and combat fraud; a second giving numerical data on claims lodged during the reference year, broken down by province and type of damage claimed, with an indication of the claims likely to involve the risk of fraud, those subjected to further investigation (specifying the number of investigations on which no action is taken), and those in which the insurer has lodged a civil or criminal complaint; and a third for aggregate data on civil and criminal complaints, distinguishing between those relating to accident claims and those relating to contractual documentation, with an indication of the insurer's participation in the subsequent court hearings and their outcomes.

Let us recall that for our purposes fraud risk is defined as the risk of economic loss due to customer conduct visa-à-vis the insurer, often taking the form of simple falsehoods, either during the contractual procedure or in the claims handling process. In particular, claims exposed to the risk of fraud are those having at least one of the parameters of significance laid down by IVASS in measure 2827/2010 as requirements for consulting the "claims database" created for the express purpose of preventing and combating motor liability fraud.

ANIA asked a sample of insurance companies accounting for a third of the motor liability market in 2012 for their data from the second section of the report, in order to evaluate the extent and impact of this type of crime. The sample of claims lodged in 2012 and reported came to about a million. Table 1 shows that about half the claims were lodged in the North of Italy, 22.5% in the Centre, 19% in the mainland South, and 9% in the island regions of Sicily and Sardinia.

The average share of claims exposed to risk of fraud was 14.1% nationwide, but this conceals substantial regional differences. The lowest rate of fraud risk was registered in the North (10.8%, against the national average of 14.1%). By type of damage, the percentage incidence for material damage is unchanged, while it more than doubles (22.8%) for personal injury. In nearly a quarter of all the claims comprising risk of fraud (23.6%) the insurer engaged in activities beyond the standard operating procedure. Ultimately 25.2% of the claims subject to further investigation were settled with no further action taken; in 2.5%, a civil or criminal complaint was lodged. The region with the lowest incidence of fraud risk was Liguria (9.2%), but nearly a third of these cases underwent additional inquiry and some 35% were settled without further action (in this survey Valle d'Aosta has not been included, owing to the great volatility of the data as a consequence of the very small number of claims. While the northern region with the highest percentage of fraud-risk claims (21%) was Trentinto-Alto Adige, the regions with the most civil and penal complaints were Piedmont (4.2%) and Emilia Romagna (3.6%); that with the fewest was Friuli Venezia Giulia (just 0.6%).

Fraud risk in central Italy was found in 13.1% of all claims. Here too the fraud risk incidence of claims involving personal injury was twice as high (24.8%) as for material damage only. In nearly a third of all these cases of possible fraud the insurer conducted more than the ordinary inquiry, settling 27.6% of them without further action and making a civil or penal complaint in 2.6% of the cases. The highest incidence of suspect cases was in the Marche region (16.8%), which was also the region where settlement with no further action was most common (35.5%) and where the percentage of complaints was lowest (1.0%). The regions in which additonal inquiries were

Table 1 – Motor liability insurance fraud in Italy by region

REGION	Distribution of claims (%)	Claims at fraud risk/total claims			Claims with further inquiry/claims with fraud risk	of which: claims subject of further inquiry but settled with no further action	of which: claims against which civil or penal complaints were lodged
		% of claims	% by type of claim				
			Material	Injury			
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
PIEDMONT	8.1%	10.0%	9.7%	23.5%	24.8%	25.6%	4.2%
VALLE D'AOSTA	0.2%	9.8%	9.7%	20.9%	23.3%	30.0%	0.0%
LOMBARDY	18.0%	10.3%	10.5%	21.8%	20.6%	23.8%	1.8%
LIGURIA	3.5%	9.2%	9.3%	15.6%	30.0%	34.3%	1.7%
FRIULI-VENEZIA GIULIA	2.2%	10.5%	11.0%	17.1%	23.3%	19.9%	0.6%
TRENTINO-ALTO ADIGE	2.0%	21.0%	22.3%	33.2%	18.9%	16.4%	1.1%
VENETO	7.6%	10.1%	10.6%	22.7%	22.6%	30.3%	2.1%
EMILIA ROMAGNA	7.6%	12.0%	12.3%	24.5%	29.5%	24.1%	3.6%
NORTH	49.3%	10.8%	11.0%	22.5%	23.6%	25.2%	2.5%
TUSCANY	6.0%	11.4%	11.2%	22.5%	26.7%	26.7%	4.6%
UMBRIA	1.1%	10.9%	10.1%	23.2%	35.9%	30.2%	1.5%
MARCHE	2.3%	16.8%	16.7%	30.7%	25.7%	35.5%	1.0%
LAZIO	13.1%	13.4%	13.3%	24.7%	32.9%	26.3%	2.3%
CENTRE	22.5%	13.1%	12.9%	24.8%	30.6%	27.6%	2.6%
ABRUZZO	2.0%	18.3%	18.1%	37.0%	26.7%	27.8%	4.1%
MOLISE	0.4%	22.2%	20.9%	39.5%	52.8%	27.7%	1.5%
CAMPANIA	8.9%	29.2%	27.5%	42.7%	44.7%	25.4%	5.4%
CALABRIA	1.9%	20.2%	18.8%	39.1%	43.2%	31.8%	5.0%
PUGLIA	4.8%	18.2%	16.7%	34.8%	41.2%	25.3%	5.3%
BASILICATA	0.7%	21.5%	20.6%	43.0%	35.7%	38.5%	1.8%
SOUTH	18.8%	23.8%	22.5%	39.1%	42.3%	26.5%	5.1%
SICILY	6.8%	14.9%	13.5%	30.6%	43.5%	43.2%	2.5%
SARDINIA	2.6%	11.5%	11.5%	26.5%	29.2%	24.7%	1.3%
ISLANDS	9.4%	13.9%	13.0%	29.7%	40.2%	40.2%	2.3%
TOTAL ITALY	100.0%	14.1%	13.9%	28.0%	32.6%	27.9%	3.5%

most common were Umbria (35.9%) and Lazio (32.9%); that in which complaints were most numerous was Tuscany (4.6%).

The highest incidence of fraud risk in 2012 was in the South: nearly a quarter of all claims were suspect, and 40% of those involving personal injury. Additional inquiry was made in 42.3% of the cases, and 26.5% of these were settled without further action. Insurance companies lodged civil or penal complaints in 5.1% of the claims. By region, the percentages were highest in Campania, Puglia and Calabria (Molise was excluded owing to the great volatility of the data consequent to the small number of claims).

The incidence of claims with risk of fraud in the island regions (13.9%) was in line with the national average. However, Sicily showed higher-than-average percentages both for suspect claims (14.9%) and for further inquiry (43.5%), and complaints lodged in 2.5% of the claims. In Sardinia the values were much lower.

A study by the Boston Consulting Group, moreover, has found that the proportion of "undetected frauds" is nearly twice as high in Italy as in the rest of Europe, on top of the higher percentage frauds officially ascertained. The study also notes that anti-fraud measures are less extensive in Italy; elsewhere there may be advanced, reliable databases for effective fraud investigation (as in Germany) or special bodies with investigative powers (as in Britain).

Table 2
Motor liability fraud in Europe

Country	% of fraudulent claims	Estimated undetected fraud
Italy	~ 2%	7%-10%
France	~ 1%	3%-5%
Germany	n.d.	3%-5%
Spain	~ 2%	3%-5%
United Kingdom	~ 1.2%	3%-5%

Source: Boston Consulting Group

Motor insurance fraud is strictly related, geographically speaking, to the circulation of uninsured vehicles. Province-level data gathered by the Highway Police, municipalities and municipal police have been matched against the insured vehicles in the ANIA database to produce a statistical inference of the total number of uninsured vehicles on the roads.

Specifically, the analysis found that 3.5 million vehicles, or 8.0% of all those on the roads, had no insurance coverage in 2013, up from an estimated 3.1 million in 2012. In the provinces of the South, the figure is above 13% on average (12% in 2012). In the Centre the average is 8.1% (6.4% in 2012), and in the North 5.3% (4.6% in 2012) (Table 3).

Table 3
Estimate of uninsured vehicles, 2013
Millions

Region	Total insured vehicles	Estimated uninsured vehicles	Total vehicles in circulation	Proportion vehicles uninsured (*)
North	20.9	1.2	22.1	5.3%
Centre	9.4	0.8	10.2	8.1%
South	10.1	1.5	11.6	13.1%
ITALY	40.4	3.5	43.9	8.0%

(*) Based on Highway Police data

The Boston Consulting study found that non-insurance too was more prevalent in Italy than in other European countries, nearly twice as common as the average of between 3% and 4% recorded in France, Spain, Britain and Germany. In particular, the study notes the lack of a systematic approach to detecting and punishing violations of the insurance obligation. In fact, law enforcement bodies in Italy carry out few controls, while the sort of automatic checks performed in such countries as Britain using TV cameras at entry points to motorways or restricted-traffic zones are totally lacking.

JUSTICES OF THE PEACE: CONFLICT OF INTEREST IN MOTOR LIABILITY CASES

Law 374/1991 introducing justices of the peace into the Italian legal system made the exercise of the J.P. function incompatible with being an attorney in the same Appeals Court district. However, subsequent amendments (Laws 477/1992 and 673/1994) restricted this incompatibility to the court of registration of the attorney, his law firm associates, spouse, cohabitant, relatives up to the second degree and inlaws of first degree. Incompatibility is expressly laid down for "persons who exercise professional activity on behalf of insurance companies or banks or have spouses, cohabitants, relatives up to the second degree or inlaws of the first degree who ordinarily exercise such activity" (Article 8[1.c-bis]). Justices of the peace are subject to the general provisions requiring abstention (Article 51 of the Code of Civil Procedure) and to those for all cases in which "he has or has had relations of self-employment or collaboration with one of the parties" (Law 374/1991, Article 10).

Although there is no official list of the J.P.s who are also lawyers, an examination of the official websites of the national magistrates' and national lawyers' councils has found that in Naples 60.4% of J.P.s are registered with a bordering bar association; in other cities in Campania the proportion is higher still: 75% in Pomigliano d'Arco, 90% in Nola, 92.3% in Sant'Anastasia, and 100% in Acerra, Cicciano, Ottaviano and Marigliano. By contrast, in Milan the figure is 25.3%.

This offers clear evidence that at least in some parts of Italy there is a real conflict of interest betwseen exercise of the profession of attorney and service as justice of the peace. For that matter, Decree Law 69/2013, converted with amendments into Law 98/2013, establishes incompatibility for the newly instituted position of auxiliary J.P. in an Appeals Court district in which the lawyer has been registered within the past five years (Article 69[2 et seqq.]); it also expressly requires abstention or recusal (Article 70) where he "is in any way connected, including via a spouse or other persons, with a law firm to the attorney of one of the parties belongs or has belonged." The national council of lawyers has proposed amendments to Article 69 but not Article 70.

Accordingly, further legislative action should be taken in two directions:

– to establish absolute incompatibility between the position of justice of the peace and the exercise of the legal profession;

– to restore incompatibility within the Appeals Court district and extend the requirement for abstention or recusal beyond law firm associates to all connections of any kind, as in Article 70 of Law 98/2013.

The best overview of the relative incidence of hearings before justices of the peace and of the level of civil litigation and criminal prosecution in the field of motor liability is furnished by IVASS's statistical yearbook, which specifies the number of cases pending before J.P.s and regular courts, including those before Appeals Courts and the Court of Cassation (for civil cases at the second and third levels and for all criminal cases).

On 31 December 2012 (the latest data available), 2.7% of all the pending cases (8,000 out of nearly 300,000) were criminal cases, up from 7,500 a year earlier; 93% of the nearly 280,000 civil cases were before the lower (first-level) courts and the remaining 14,000 at second or third level. Of the first-level proceedings, those before justices of the peace accounted for 83% (230,000 cases, about the same as in 2011); the rest were before the regular courts.

In order to produce a geographical breakdown ANIA conducted an ad hoc survey of a sample of insurers (accounting for over 60% of the market) on civil suits pending in 2012 and the outcome of those concluded during the year (Table 1). Some evident

Table 1 – Motor liability cases before justices of the peace, 2012

Region	% of civil cases pending before J.P.s	Cases closed by agreement or withdrawal as % of cases pending	Cases closed with ruling against insurer as % of total cases pending	Cases closed with victory of insurer as % of total cases pending	Cases closed with ruling against insurer as % of cases decided by J.P.	Cases closed with ruling in favour of insurer as % of cases decided by J.P.	Total civil cases pending before J.P.s as % of total claims on which action is taken
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Abruzzo	0.8%	41.4%	22.0%	12.0%	64.7%	35.3%	3.1%
Basilicata	0.5%	60.5%	19.8%	10.4%	65.6%	34.4%	6.3%
Calabria	3.7%	49.3%	23.2%	8.3%	73.6%	26.4%	14.6%
Campania	62.5%	46.6%	16.1%	7.2%	69.1%	30.9%	72.5%
Emilia-Romagna	1.2%	30.8%	15.5%	12.9%	54.5%	45.5%	1.4%
Friuli-Venezia Giulia	0.1%	23.7%	28.0%	16.3%	63.2%	36.8%	0.7%
Lazio	6.7%	28.8%	12.8%	12.0%	51.5%	48.5%	4.9%
Liguria	0.7%	27.1%	10.7%	9.1%	53.9%	46.1%	1.8%
Lombardy	1.4%	49.2%	22.7%	18.8%	54.7%	45.3%	0.7%
Marche	0.4%	38.1%	23.3%	17.6%	57.0%	43.0%	1.3%
Molise	0.2%	27.7%	13.1%	9.2%	58.8%	41.3%	2.6%
Piedmont	0.7%	49.6%	16.5%	15.7%	51.2%	48.8%	0.8%
Puglia	10.3%	47.1%	15.9%	11.1%	58.9%	41.1%	19.7%
Sardinia	0.6%	26.7%	17.1%	12.1%	58.7%	41.3%	2.0%
Sicily	6.7%	44.2%	25.3%	11.2%	69.4%	30.6%	8.3%
Tuscany	2.4%	34.1%	13.3%	15.6%	45.9%	54.1%	2.8%
Trentino-Alto Adige	0.2%	47.9%	7.9%	5.8%	58.0%	42.0%	0.8%
Umbria	0.3%	34.9%	15.1%	12.0%	55.8%	44.2%	1.9%
Valle d'Aosta	0.0%	34.4%	6.3%	6.3%	50.0%	50.0%	0.3%
Veneto	0.7%	33.5%	21.8%	15.8%	58.0%	42.0%	0.9%
TOTAL	100.0%	44.7%	16.7%	8.9%	65.3%	34.7%	9.1%
Median		*36.5%*	*16.3%*	*12.0%*	*58.0%*	*42.0%*	*1.9%*

anomalies were found, especially in several Southern regions. These areas, which account for an extremely high proportion of the civil cases heard by justices of the peace (almost 80 per cent of the national total are in the regions of Campania, Puglia and Calabria alone), are also characterized by shares of unfavourable outcomes for the insurance companies above the nationwide median (and in parallel a lower share of findings in the insurers' favour). For the regular courts, by contrast, no particular geographical pattern is perceptible.

Of more than 230,000 civil suits pending before a justice of the peace, about 150,000 were in Campania, and 109,000 in Naples alone. Of the rest, 24,000 were in Puglia, 16,000 in Sicily and nearly 9,000 in Calabria. Not counting Lazio (and Rome in particular), with its 16,000 pending civil cases, the remaining 27,000 cases were distributed more or less uniformly among the other regions.

For a better idea of how litigation is concentrated in geographical terms, we have related the number of pending civil cases to the number of insurance claims incurred during the year (it would be better to calculate the ratio for all claims against which funds have been reserved, but as the geographical breakdown on this is unavailable, we consider only claims incurred – settled and reserved – during the year). The ratio is over 70% in Campania, 20% in Puglia and 15% in Calabria, while in the rest of Italy the value is incomparably lower (the nationwide median is 1.9%).

Of all the civil cases heard by J.P.s, at the end of 2012 about 45% had been concluded with an agreement between the parties or unilateral renunciation. Here, there is no particular geographical pattern. About 25% were concluded with the J.P.'s ruling, and of these 65% found against the insurance company. However, excluding some regions with particularly high percentages – Campania, Calabria, Puglia, and Sicily – the rate of unfavourable findings falls to just over 50%. In Calabria in particular, the figure is 74% (and in the province of Catanzaro over 80%); in Campania and Naples the rate is 70%; in Milan and Bologna the proportion is around 60%, and in Rome and Turin 50%.

MOTOR INSURANCE PRICE DEVELOPMENTS IN ITALY AND EUROPE

The change in the average motor liability premium

Given compulsory liability insurance, the annual rise in premium income is a gauge of the increase in the total amount spent by policyholders for coverage. To calculate the average price of individual coverage, however, one must obviously take account of the variation in the number of vehicles insured. Dividing premium volume by number of vehicles, one gets the average per-vehicle price of coverage ([1]).

Table 1 shows the average Italian price for insurance of a vehicle and its component factors over the years. The more recent results can be summarized as follows:

– the average price for motor liability insurance rose by a total of 10.7% in 2010 and 2011, owing to the particularly negative results of this insurance class; in 2012 the average premium held practically stable (an increase of just 0.7%), as the improvement in the technical indicators (claims frequency in particular) helped bring the branch's accounts back into balance;
– in **2013** this effect was considerably more evident; in fact the average motor liability premium fell by **4.6%**.

In parallel with the foregoing breakdown of the change in average premiums derived from insurance company accounts, starting in 2013 ANIA has also utilized a quarterly monitoring program (covering 85% of the market in terms of premium income) to estimate the actual price paid for an initial or renewed motor liability insurance policy. The survey excludes fleet policies. For comparability, only annual policies expiring in the reference month are considered; temporary policies are consequently excluded. The premiums are calculated net of taxes and National Health Service contributions (Table 2).

Taking the average of the four surveys done in 2013 we can estimate the premium paid during the year and compare it with 2012. On **average in 2013**, net of taxes the cost of motor liability coverage came to **€436**, **down 4.5%** from €456 in 2012. This variation is practically the same as the reduction calculated on the basis of total premium income (Table 1).

The latest data, for March 2014, found premium income of €1,092 million for 2.7 million policies. More than 75% of the policies were for passenger cars, 8% for motorcycles and 3% for scooters. According to these data, the average price of motor liability insurance, net of taxes, came **down by 6.3%** between **March 2013** and

([1]) Methodologically, using the variation in the average premium to measure the rise in prices means employing the national accounts method for calculating consumption deflators, which is a Paasche index. The deflator, that is, is a variable-weights index, taking account of the exact composition of insurance expenditure and the price actually paid by the insured. Specifically, the deflator takes account of:

- the motorist's actual merit class, so that if in the reporting year he is in a better class than the previous year (which happens over 95% of the time), the deflator finds a reduction (or smaller increase) in price;
- discounts with respect to listed prices, so that if a motorist gets a discount in the reporting year that he didn't have the year before, the deflator finds a reduction (or smaller increase) in price.

Table 1 – Motor liability insurance premiums, 1994-2013

YEAR	1. Premiums (Source: IVASS) (1)			2. No. vehicles in circulation (2)		3. Average price of coverage per vehicle (index)		MEMO: 4. ISTAT motor liability index		MEMO: 5. ISTAT consumer price index	
	Mn. euro	Index	Annual % change (3)	Index	Annual % change	Index	Annual % change	Index	Annual % change	Index	Annual % change
1994	8,663	100.0	6.1	100.0	3.0	100.0	2.9	100.0	8.5	100.0	4.1
1995	9,316	107.5	7.5	102.1	2.1	105.3	5.3	110.2	10.2	105.3	5.3
1996	9,770	112.8	4.9	101.8	-0.3	110.9	5.3	120.2	9.1	109.5	4.0
1997	10,655	123.0	9.1	102.8	1.0	119.6	7.8	131.2	9.2	111.7	2.0
1998	11,745	135.6	10.2	107.3	4.4	126.4	5.7	149.1	13.6	113.9	2.0
1999	13,226	152.7	12.6	109.6	2.1	139.4	10.3	174.0	16.7	115.8	1.7
2000	14,196	163.9	7.3	112.4	2.6	145.8	4.6	190.8	9.6	118.7	2.5
2001	15,315	176.8	7.9	116.9	4.0	151.2	3.7	211.3	10.7	122.0	2.7
2002	16,628	191.9	8.6	120.1	2.8	159.7	5.6	235.8	11.6	125.0	2.5
2003	17,622	203.4	6.0	123.5	2.8	164.7	3.1	247.7	5.0	128.4	2.7
2004	18,062	208.5	2.5	126.0	2.0	165.4	0.4	250.0	0.9	131.3	2.2
2005	18,171	209.8	0.6	128.7	2.1	163.1	-1.5	254.3	1.7	133.8	1.9
2006	18,387	212.3	1.2	131.2	2.0	161.8	-0.8	260.1	2.3	136.6	2.1
2007	18,208	210.2	-1.0	133.5	1.7	157.5	-2.7	264.0	1.5	139.1	1.8
2008	17,606	203.2	-3.3	133.9	0.3	151.8	-3.6	270.2	2.4	143.8	3.3
2009	16,963	195.8	-3.6	134.2	0.2	145.9	-3.9	278.1	2.9	144.9	0.8
2010	16,881	204.4	4.4	133.9	-0.3	152.7	4.7	298.2	7.2	147.1	1.5
2011	17,760	215.0	5.2	133.1	-0.5	161.5	5.8	314.3	5.4	151.2	2.8
2012	17,542	212.5	-1.2	130.7	-1.9	162.6	0.7	328.1	4.4	155.8	3.0
2013	16,232	197.6	-7.0	127.4	-2.5	155.1	-4.6	327.5	-0.2	157.7	1.2

(1) Premiums only of Italian companies and units of companies with registered offices in non-EEA countries, since the data on number of vehicles insured by units of companies located within EEA countries are not available
(2) Through 2008, based on ACI data. Starting with 2009, the number is calculated on the basis of the change in the number of vehicles insured derived from an ANIA survey, using a methodology consistent with that which IVASS specifically requests of insurance companies. Preliminary data put the number of insured vehicle/years in 2013 at 38.2 million, down from 39.2 million in 2012. The number refers only to Italian insurance companies and units of non-EEA insurance companies. Counting all the other types of insurer doing business in Italy, the fall in the number of insured vehicles comes to 2.7%
(3)The percentage change in premiums in 2010 and in 2013 is calculated in uniform terms

March 2014, or by €27 from €437 to **€410**. That is, the decline in insurance prices observed throughout 2013 actually accelerated in the first quarter of 2014. In the two years since March 2012, the average premium has been reduced by 9% or nearly €40.

To estimate the overall impact on the amount actually spent by policyholders, one must also take account of the taxation of liability premiums. In addition to the National Health Service contribution (10.5%), there is a tax set independently, since 2011, by the provinces, which may increase it above the base rate of 12.5% up to a maximum of 16%. The average effective rate in 2013 was 15.0%, and by March 2014 it was 15.5%, with an additional cost to policyholders. Factoring in these tax and parafiscal costs, the average actual premium cost comes to €516 in March 2014, down from €549 a year earlier – a decline of 6%.

Table 2
Actual motor liability premiums

Sector	Average (pre-tax) premium (Euro)	12-month % change
March 2014, all policies	410	-6.3
of which:		
Private passenger cars	417	-6.8
Private motorcycles	252	-5.1
Private motor scooters	159	-4.2
MEMO:		
2013 average, all policies	436	-4.5
December 2013	467	-5.8
September 2013	426	-4.8
May 2013	417	-3.4
March 2013	437	-2.6
2012 average, all policies	456	
December 2012	496	
September 2012	448	
May 2012	432	
March 2012	449	

ISTAT's motor liability index

Changes in the cost of insurance coverage can also be derived from the price index constructed by the national statistical institute, ISTAT, which sureys the premiums for some typical policyholder profiles monthly throughout Italy. In doing so, however, one must consider that ISTAT's values can be likened chiefly to insurers' "list prices" and do not correspond exactly to the actual prices paid for new or renewed motor liability policies; rather, they represent the maximum reference price for each type of risk coverage. Accordingly, variations in them are not a reliable indicator of the change in actual spending by consumers. List prices, that is, may be misleading in that:

1) They ignore the bonus for drivers who do not cause accidents (more than 95 percent of the total, since only those who have primary or equal responsibility for accidents are ineligible for the bonus).
2) They take no account of discounts, caps on which are barred by Law 248/2006, known as the Bersani decree.
3) They do not consider the growing number of motorists who change insurer every year to get a better price.
4) They do not take account of the second Bersani decree's provision for the "household" bonus-malus clause.

Even taking all this into account, ISTAT's motor liability price index shows a decline of 3.2% in the year to March 2014. This is the sharpest reduction ever recorded by ISTAT; the even larger fall indicated by ANIA's survey is explained by insurance

Table 3
Motor liability insurance prices

Year	ISTAT price (% change) (a)	ANIA price (% change) (b)	Difference (% points) (b-a)
2006	2.3	-0.8	-3.1
2007	1.5	-2.7	-4.2
2008	2.4	-3.6	-6.0
2009	2.9	-3.9	-6.8
2010	7.2	4.7	-2.5
2011	5.4	5.8	0.4
2012	4.4	0.7	-3.7
2013	-0.2	-4.6*	-4.4
May 2014 (**)	-3.0		

(*) Estimated
(**) Twelve-month change

companies' more frequent use of discounts from list prices, thanks to the improved performance of the liability sector.

Table 3 compares ISTAT's list price index with the actual cost of liability insurance, from financial statements, over the past eight years; it also gives the ISTAT data for May 2014. Between 2006 and 2009 the gap between the change in the ISTAT index and that in the average premium cost widened steadily, reaching between 6 and 7 percentage points, since by construction the ISTAT index cannot reflect the impact of the new bonus-malus rules, which accentuated the natural tendency for policyholders to shift towards the better merit classes, or of the upward trend in discounts. In 2010 and 2011, by contrast, the gap narrowed, essentially because the scope for discounts offered by insurance agents was limited by reason of the deterioration in the insurers' technical accounts. It began to widen again in 2012, thanks to better conditions, which permitted a reduction in the premiums actually paid by policyholders.

Table 4
Change in transport equipment insurance price index (%)

	AVERAGE FOR YEAR					TOTAL	12-MONTH CHANGE
	2009	2010	2011	2012	2013	2009-2013	May 2013-2012
Italy	2.9%	7.2%	5.4%	4.5%	-0.2%	21.2%	-3.0%
Austria	2.3%	2.8%	2.7%	2.5%	2.5%	13.5%	2.4%
Belgium	-1.2%	0.3%	0.4%	1.3%	1.2%	1.9%	0.8%
Denmark	0.6%	4.0%	1.4%	1.6%	-17.4%	-11.0%	11.9%
Finland	5.5%	4.0%	3.0%	3.2%	4.0%	21.3%	3.9%
France	1.6%	6.6%	1.0%	2.1%	-1.5%	10.1%	-0.4%
Germany	2.0%	4.2%	1.5%	-2.7%	4.1%	9.2%	2.3%
Greece	7.0%	13.2%	8.1%	1.4%	-7.7%	22.6%	-15.4%
Ireland	11.5%	1.4%	5.0%	3.6%	-7.5%	13.9%	5.8%
Luxembourg	0.9%	-2.6%	2.6%	6.6%	0.8%	8.4%	1.8%
Norway	4.2%	4.2%	4.3%	3.4%	2.3%	19.8%	1.3%
Netherlands	1.8%	0.1%	3.5%	2.1%	12.1%	20.7%	-0.3%
United Kingdom	10.3%	30.8%	23.3%	0.7%	-1.6%	76.3%	3.1%
Spain	1.3%	1.8%	2.8%	0.5%	-0.3%	6.3%	-0.4%
Sweden	2.0%	2.0%	-1.2%	1.0%	0.4%	4.2%	0.8%
EU 27	2.1%	6.0%	5.2%	1.4%	0.5%	16.0%	0.4%

Source: Eurostat

The latest available Eurostat data indicate that in May 2014 the average price of motor liability insurance in Italy was 3.0% lower than twelve months earlier (Table 4), one of the sharpest declines in all of Europe. Overall, the EU-27 average rose by 0.4%. Except for Greee, where prices fell by 15.4%, premiums were practically stable or increasing everywhere. The most substantial increases were registered in Denmark (11.9%), Ireland (5.8%), Finland (3.9%) and Britain (3.1%). In a longer-term perspective, in the five years from 2009 through 2013 the rise in motor liability premiums came to 76% in the UK and 23% in Greece. In Italy the five-year increase came to 21%, but the year-on-year decrease registered in 2013 appears to have continued in 2014.

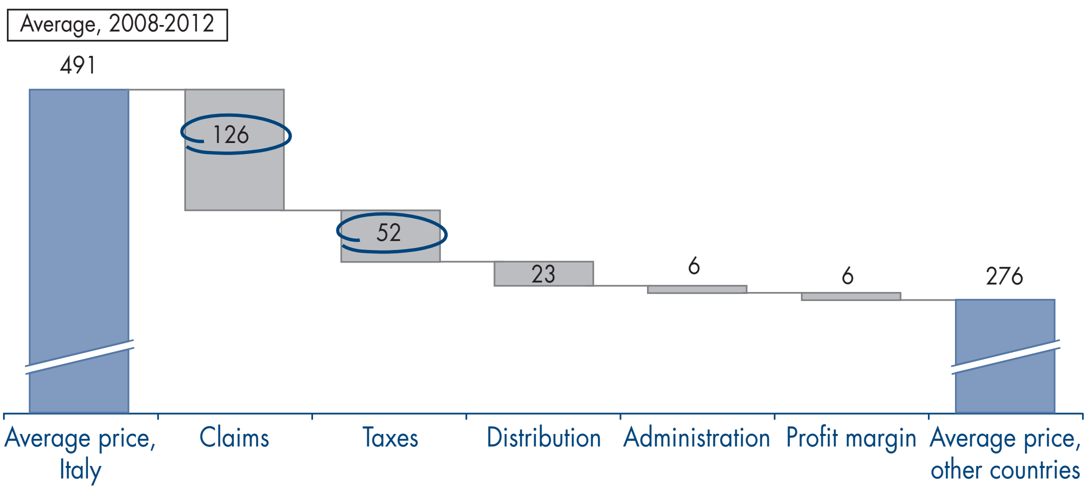
Motor liability prices in Europe – the Boston Consulting study

ANIA commissioned the Boston Consulting Group to conduct an objective analysis of the differences in the average motor liability insurance premium in Italy, France, Germany, Spain and the United Kingdom, inquiring above all into the technical causes for the differences. The analysis extended over five years (2008 through 2012) to avoid possible distortions due to differing national economic cycles. Further, only individual policies were considered, as the pricing standards for commercial policies differ markedly, depending heavily on the type of vehicle fleet insured.

The study sought to get basically homogeneous data, normalized between countries to control for differences in contractual conditions and limits (the presence or absence of deductibles, for instance) and products not directly comparable (such as comprehensive policies). Taxation was also adjusted, counting national health service contributions everywhere as parafiscal.

The BCG's method for calculating average premiums is analogous to ANIA's own method. That is, it uses the ratio of total premiums paid (but gross of taxes) to the number of vehicles insured. In the five years examined the average motor liability premium in Italy was calculated on this basis at €491, against an average in the other countris of €278. The BCG study broke this total cost down into its component elements to explain the gap (Figure 1).

Figure 1
Average motor liability premiums and components, Italy and Europe
Euro



To summarize, the chief factors in Italy's higher premiums are higher claims costs (with an average impact of €126 per policy) and taxation (another €52), which together explain 80% of the differential. The other cost items (distribution, administration, profit margin) have a marginal impact.

The study pinpoints four key areas (on which intervention is urgent) that are driving claims costs up in Italy (the individual causes are discussed above in the section comparing indicators and technical elements). They are:

1) *Personal injury*: Italy is marked by higher average non-economic damages for personal injury (€50,000-€60,000, against €30,000-€40,000 in the other countries). And in the case of death the insurance settlement averages four times as much (€649,000 against €138,000). Finally, Italy shows a higher proportion of disputes, so the share of claims that go to litigation, at 45%, is three times as large as in the rest of Europe.

2) *Traffic risk and driving*: The behaviour of Italian drivers is particularly dangerous, a factor in the country's higher accident rate (the study found that Italians are five times as likely as drivers in other countries to use their cell phones at the wheel; and only 10% of rear seat passengers fasten their seatbelts, compared with 90% elsewhere). Italy's greater traffic risk is highlighted by the indicator of "traffic deaths per billion kilometers" – 6.2 in Italy against 4.4 in the other countries, a difference of 40%. Another significant factor cited in the study is the large number of motorcycles and scooters in Italy, which for the same distance covered have twice as many accidents as passenger cars and ten times as many lethal accidents.

3) *Fraud*: Qualitative interviews by BCG with insurers in all the countries surveyed found that undetected motor insurance fraud is twice as common in Italy as elsewhere, owing to the relative lack of anti-fraud instruments at the disposal of the insurance companies (only a limited anti-fraud database compared with Germany's extensive system, for instance, and the absence of a body with investigative powers such as that created in Britain). Italy also suffers from the lack of a systematic approach to detecting and punishing violations of the motor insurance obligation. It is estimated that some 7% or 8% of Italian vehicles are uninsured, compared with 3% to 4% in the rest of Europe. The main causes would appear to be, first, the relatively low number controls and sanctions, as well as the lack, to date, of automatic checks such as those carried out in Britain, and significantly smaller fines for violators.

4) *Property damage*: While the study finds only a limited gap in this area (around 1%), it also finds a lower proportion of Italian vehicles repaired at officially recommended facilities (30% to 40% less than in other countries) and a more fragmented, less efficient market structure of motor vehicle body shops. The study found that it is harder for Italian insurers to carry out controls (as by inspecting the vehicle before it is repaired). Furthermore, Italy must contend with ineffective legislation intended to stimulate settlement in the form of repairs rather than monetary compensation.

THE USE OF BLACK BOXES IN ITALY

For our purposes, a "black box" is an ICT device installed on a passenger car, in various modalities, and that comprises at least these four basic components:

- Accelerometer: a device that measures a vehicle's changes of trajectory, accelerations and brakings and tracks the dynamic of any accidents;
- GPS: a satellite-operated global positioning system;
- GSM: a global system for mobile telecommunications that transmits the data recorded by the equipment to the operations center for analysis and classification;
- Microprocessor with memory: a flash memory similar to a USB for storing the data recorded even when the device is not connected with the vehicle's electrical system or when it is damaged in an accident.

The number of black boxes installed on Italian passenger cars nearly doubled in 2013 from 1.2 million to over 2 million (ANIA estimates). The growth in black box use has been very rapid over the past five years, driven by the significant savings on motor liability premiums that it offers and the accessory services that can be provided along with insurance. Italy is the world leader in this market; the leading suppliers of the devices are Italian, as are the providers of the indispensable ICT services.

Over the years the spread of black boxes has been marked by product development through technological progress and its adaptation to the needs of the insurance industry, so far the technology's principal user. At first, towards the end of the 1990s, the satellite tracking devices were used against vehicle theft. Hidden inside a car or truck, they could be used to locate the stolen vehicle and alert the police. Given the high cost of the devices and significant operating costs, this service was affordable only to a market niche comprising high-end passenger cars and trucks.

Around the middle of the next decade cheaper and more sophisticated devices became available, incorporating accelerometers, which created the potential for mass use. At first pre-defined "pay as you go" policies were launched, gauged either by time or by milage, parameters that the new devices could monitor. New post-crash assistance services arose. And, most important, the ICT devices were deployed against insurance fraud. Since they could record the exact dynamics of an accident, in fact, they could detect inconsistencies in damage claims. For instance, if an accident occurs in heavy city traffic at low speed, it is unlikely that it can cause a "whiplash" injury. The black boxes now began to be shifted out of the motor housing and onto the dashboard.

In the third, current phase the devices have begun to monitor the motorist's driving style on behalf of a sophisticated, "pay as you drive" pricing system. We should not ignore the preventive function of these tools – a driver who is conscious of his performance at the wheel is prompted to virtuous driving behaviour so as not to forfeit the better policy terms linked to the black box.

The market offers a good many motor liability policies calling for the installation of a black box on the insured's vehicle; and the supply is evolving constantly. An

ANIA survey has found that nearly all the devices have a crash recording function, i.e. can reconstruct the exact dynamic of an accident. And this central function is flanked by a range of additional services, depending on the terms of the contract. They may be supplementary guarantees for assistance in case of breakdown (offered in 95% of the cases) or theft (60%). A high percentage of black boxes have a device that in case of accident or breakdown sends an emergency message to an ambulance or tow truck service. A rarer feature (10%-15% of these policies) is an automatic eCall mode (request for medical assistance) when the motorist himself is unable to call. Most of the black boxes (70%) are linked with more or less sophisticated forms of personalized pricing. The most common relate the premium to driving time or mileage. An increasing number of policies provide for controls on the motorist's driving style. Finally, some 20% of the devices make possible additional services (insurance for travel or sport, parking, speed limit control).

The black box market is now expanding its field of application. Trials are being conducted with a view to more widespread use on public transport vehicles, for greater safety of drivers and passengers. All the new car-sharing services that have sprung up in Italian cities since the start of 2013 use black boxes to locate the cars without having to create special parking lots. An imminent EU regulation will make it compulsory to install ITC devices with eCall functions on all newly registered vehicles.

To assess the effects of black boxes on policyholders' driving style, hence their proneness to accident, ANIA has used vehicle license-plate numbers to match the data on motor liability insurance in 2012 with those from the motor vehicles bureau, which starting in that year report the presence of satellite-served black boxes. Considering the sample-based nature of ANIA's statistics (representing 85% of insured vehicles) and the progressive integration of the motor vehicle bureau's database in the course of 2012, the matching identified more than a million cars with black boxes, or practically equal to the estimate of 1.2 million for that year. Geographically, the devices are most common in the South (half the total), especially Campania and Sicily. The northern regions in which they are most widespread are Lombardy and Emilia Romagna; in the Centre, Lazio (and Rome in particular).

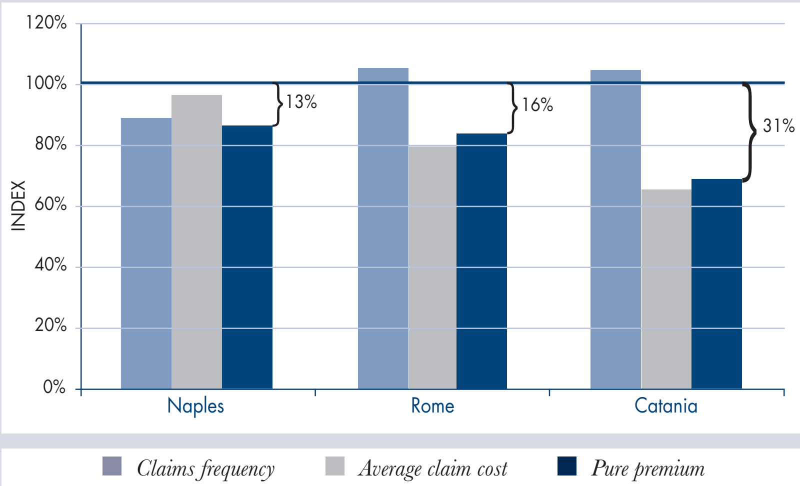
The boxes enable insurers to be informed of the policyholders' characteristics, so as to better estimate their propensity for risk. But not all the data are available to insurers yet, and in some cases the law prevents their utilization. To quantify the possible benefits of the black boxes in personalizing the risk insured, one must determine how much the "pure premium" and its two components (claims frequency and average claim cost) varies with the presence of the devices. However, this evaluation must apply to policyholders with similar profiles, in line with insurance practice of analysis of homogeneous risk categories on the principle of mutuality. For instance, it would be improper to consider technical indicators apart from the factors of geographical location and age, which are both closely correlated with claims frequency and cost.

For example, taking as profile a driver younger than 25 with a mid-powered car and, thanks to the Bersani law, one of the best three merit classes, we have calculated the pure-premium differential between a policyholder with and one without the black box, concentrating on several provinces where black boxes are most common. Figure 1 shows the results for three provinces.

In Naples, 17% of the drivers fitting this profile have had the black box installed; their claims frequency is 10% lower, and their average claim cost is also lower, by 3%. Drivers with the black box, that is, are more virtuous, and their pure premium is more than 13% lower than that of drivers with the same characteristics but without the box.

Figure 1
Technical indicators for typical young driver profile with and without black box

(index: driver without box = 100)



In Rome, 10% of these drivers had the device installed, but their claims frequency was actually 6% higher than that of their counterparts with no black box. However, they had a much more pronounced advantage in terms of average claims cost, which was more than 20% lower, amply offsetting their higher claims frequency. Overall, then, in Rome too the drivers with the black box were more virtuous, and their pure premium was nearly 16% lower.

In Catania, more than a quarter of the drivers corresponding to the profile had the black box installed; as in Rome, no reduction of claims frequency was found, but their average claims cost was almost 35% lower than for no-box policyholders. Again, those with the device were more virtuous, with a pure premium over 30% lower.

With the most sophisticated black boxes on the market, premiums are determined on the basis of the actual use of the car, distance drven, driving style, and observance of the rules of the road. More precise risk measurement will benefit above all honest, prudent drivers in the most problematic parts of the country, who currently bear the consequences of relatively widespread fraud and abusive practices.

DIRECT INDEMNITY SEVEN YEARS ON: AN APPRAISAL

The direct indemnity system is now seven years old, enough time for a reasonably extensive analysis of its impact on damage compensation and the main technical indicators (claims frequency, average cost of claims and speed of settlement) for the main vehicle types (cars, trucks, motorcycles/scooters) ([1]).

Direct indemnity has had a positive impact on the speed of settlement by insurers. Except for 2009, when the indicator slipped slightly, the percentage of claims settled within the year they were incurred has risen constantly: from 65.2% in 2006 to 71.3% in 2013. Claims frequency, which rose from 2007 through 2009, turned back downwards from 2010 to 2013. Not counting claims reported late, claims frequency in 2013 was 5.60% (down from 5.87% in 2012), nearly a quarter lower than in 2006. The pattern for the average cost of claims was exactly the opposite: after three years of reduction, it turned upwards in 2010 and continued to rise thereafter, reaching €4,597 in 2013, representing an increase of about 12% compared with 2006 (Table 1).

Direct indemnity: the data

Incidence of CARD claims. In 2013 the claims that could be handled through the CARD direct indemnity convention accounted for 79.2% of the total, while 20.9% were "No-CARD" claims, i.e. those ineligible for direct indemnity (Table 2). The percentage of eligible claims was down very marginally from 79.5% in 2012, possibly owing to an increase in coverage by foreign companies doing business in Italy but not participating

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([1]) Proper analysis of trends must take account of a series of important factors that could distort the comparison:
- In 2007 the CARD direct indemnity system was in effect for only eleven months; further, the procedure was not open to accidents involving two drivers insured by the same company (cases of so-called "natural" direct indemnity).
- Starting in 2008, albeit on a voluntary basis, "natural" direct indemnity claims could be entered into the CARD system.
- Starting in 2009 it became obligatory for insurers to handle eligible "natural" claims through the CARD system.

The technical indicators have also been affected by the differing procedures for determining the fixed compensation amounts. In 2007 there was a single amount for CID compensation payments. In 2008 and 2009 there were separate amounts for property damage and for minor personal injury. In 2010 the single compensation amount covering both property damage and minor personal injury was reinstated, but calculated separately for motorcycles/scooters and other vehicles. The method for determining the fixed compensation amount for passengers has not changed over time.
Finally, the turnover in scooters – the progressive renewal of those in circulation – has affected the number of claims and their average amount according to procedure (only scooters with the new type of license plate can be handled by the direct indemnity method, even if since 13 February 2012 all scooters, including those in circulation prior to July 2006, are required to have the new, fixed plate).

Table 1
Technical indicators, motor liability insurance

Year	Claims frequency	Average cost of claims (€)	Speed of settlement (**)
2006 (*)	7.47%	4,100	65.2%
2007	7.61%	3,967	67.6%
2008	7.73%	3,913	69.7%
2009	7.77%	3,903	69.0%
2010	7.36%	4,057	70.5%
2011	6.53%	4,345	70.8%
2012	5.87%	4,495	71.0%
2013	5.60%	4,597	71.3%

(*) Counts only accidents for which the insured motorist is liable. In 2007, with the introduction of direct indemnity, the claims considered are those "handled", i.e. the total of CARD plus non-CARD claims
(**) Percentage of claims settled in the year incurred

in the direct indemnity system. The incidence of CARD claims for all vehicles was 79.7% in 2001, 80.7% in 2010, 79.5% in 2009, 73.1% in 2008, and just 71.2% in 2007.

Despite the large percentage of claims handled via direct indemnity, the CARD system covers only about 45% of total claims costs. The difference reflects the exclusion from the system of most accidents involving serious personal injury, those for which settlements are largest.

Table 2 – Proportion of claims handled via CARD convention (*)

	All vehicles	Private passenger cars	Motorcycles/scooters			Trucks			Other
			Total	Private motorcycles	Private scooters	Total	< 3.5 tons	> 3.5 tons	
% of insured vehicles	*100.0*	*72.3*	*10.8*	*7.7*	*3.1*	*7.7*	*6.3*	*1.4*	*9.2*
CARD claims (%)									
2013	79.2	83.8	80.6	80.9	79.4	63.5	70.1	44.2	58.8
2012	79.5	84.2	80.0	81.3	75.3	64.0	70.6	44.9	59.5
2011	79.7	84.5	76.5	81.7	58.6	64.9	71.4	45.3	60.0
2010	80.7	85.0	74.9	82.3	51.0	65.9	72.5	46.4	62.5
2009	79.5	84.9	73.1	82.9	43.0	64.5	71.3	44.7	58.4
2008	73.1	80.7	66.4	79.4	31.3	55.6	62.4	37.8	57.6
2007	71.2	78.8	59.5	77.7	16.3	52.4	59.4	34.4	34.7
Non-CARD claims (%)									
2013	20.9	17.2	21.4	21.2	22.2	37.3	30.7	56.7	41.7
2012	21.0	16.7	21.7	20.4	26.2	36.8	30.2	56.0	42.2
2011	21.1	16.2	24.7	19.6	42.4	35.7	29.2	55.3	40.9
2010	20.0	15.7	26.2	18.9	49.7	34.5	28.0	54.1	38.4
2009	21.2	15.6	27.8	18.1	57.8	36.0	29.2	55.6	42.9
2008	27.5	19.9	34.4	21.4	69.5	44.9	38.0	62.8	44.0
2007	29.0	21.4	40.7	22.8	83.4	47.8	40.7	65.7	65.1

(*) Based on quarterly motor liability statistics. A claim may involve some damages handled via the CARD direct indemnity convention and others handled outside it and may therefore be counted in both items; consequently, the total may be greater than 100%

The incidence of the direct indemnity procedure differs according to vehicle type. For cars and motorcycles, which make up over 80% of all insured vehicles, the proportion of claims handled via the direct indemnity procedure is between 81% and 84%. The only vehicle type showing a significant increase in CARD claims is scooters, with a rise from 75.3% in 2012 to 79.4% in 2013; this increase, which was less marked than that of the previous year, stems from the entry into force on 13 February 2012 of the requirement to mount the new type of license plate even for scooters in circulation since before 2006, formerly exempt; those with the old, movable type of plate do not come within the direct indemnity system.

For trucks – 8% of insured vehicles – 63.5% of accidents were covered by the CARD convention last year, but the percentage is considerably higher for smaller trucks (70.1% for those below 3.5 tons, 44% for those above that threshold). Other vehicle types – taxicabs, buses, agricultural vehicles, circulating mobile machinery, and all cars and motorcycles/scooters not for private use or not insured under the bonus-malus system (hence, all vehicles covered by fleet insurance policies) – account for 9.2% of the total. The incidence of direct indemnity for this group slipped from 59.5% to 58.8%.

Claims frequency. Claims frequency for all vehicle types fell by 4.7 per cent in 2013, from 5.87% to 5.60% (it had been 6.53% in 2011, 7.36% in 2010, 7.77% in 2009, 7.73% in 2008, and 7.61% in 2007). Thus after three years, from 2007 to 2009, in which claims frequency rose, the frequency of accidents diminished for the fourth consecutive year in 2012, falling to its lowest level in recent years; even so, last year's reduction was much more moderate than those registered in 2011 and 2012, of 11.3 and 10.1 percent (Table 3).

There are several reasons for the slowdown in the decline in claims frequency. One contributing factor may have been increased vehicle use, deriving from the slight decline in fuel prices, which were down 1.8% on 2012. This is confirmed by fuel consumption as well, which contracted by just 2.6% in 2013 after falling by 10% in 2012. In addition, last year saw a modest decline in policyholders' recourse to informal settlement for minor accidents, as is confirmed by the number of requests submitted to the claims clearing house operated by Consap.

By type of vehicle, the sharpest improvements in claims frequency last year were again registered by motorcycles (a decline of 9.0%) and scooters (6%), but the other vehicle types also performed better, with diminutions of 5% for cars and 4.4% for trucks.

Speed of settlement. The claims settled definitively within the first year constituted 71.3% of all claims incurred in 2013, up slightly from 71.0% in 2012. The improvement was accounted for entirely by passenger cars (Table 4). A closer analysis of settlement speed distinguishes between the two types of claims handled, namely CARD and non-CARD. Table 4 shows that the percentage of CARD claims settled

Table 3 – Claims frequency by type of vehicle and settlement procedure (*)

Settlement procedure/year	All vehicles	Private passenger cars	Motorcycles/scooters			Trucks			Other
			Total	Private motorcycles	Private scooters	Total	< 3.5 tons	> 3.5 tons	
Claims handled (%)									
2013	5.60%	6.16%	3.09%	3.40%	2.29%	6.22%	5.64%	8.88%	3.63%
2012	5.87%	6.48%	3.35%	3.74%	2.43%	6.50%	5.90%	9.25%	3.79%
2011	6.53%	7.21%	3.85%	4.38%	2.71%	7.04%	6.43%	9.80%	4.24%
2010	7.36%	8.18%	4.10%	4.73%	2.87%	7.76%	7.10%	10.74%	5.23%
2009	7.77%	8.59%	4.56%	5.36%	3.12%	8.14%	7.42%	11.28%	5.59%
2008	7.73%	8.47%	4.47%	5.28%	3.17%	8.74%	7.81%	12.64%	5.99%
2007	7.61%	8.30%	4.33%	5.03%	3.28%	9.93%	8.85%	14.37%	4.29%
CARD claims (%)									
2013	4.43%	5.16%	2.49%	2.75%	1.82%	3.95%	3.95%	3.93%	2.14%
2012	4.67%	5.46%	2.68%	3.04%	1.83%	4.16%	4.17%	4.15%	2.25%
2011	5.21%	6.02%	2.90%	3.53%	1.57%	4.51%	4.54%	4.38%	2.51%
2010	5.95%	6.92%	3.05%	3.87%	1.46%	5.09%	5.12%	4.95%	3.25%
2009	6.17%	7.19%	3.28%	4.37%	1.32%	5.16%	5.21%	4.97%	3.21%
2008	5.66%	6.60%	2.87%	4.05%	0.96%	4.69%	4.71%	4.61%	3.34%
2007	4.98%	5.90%	2.39%	3.65%	0.49%	4.33%	4.39%	4.09%	1.32%
Non-CARD claims (%)									
2013	1.17%	1.06%	0.66%	0.72%	0.51%	2.32%	1.73%	5.03%	1.52%
2012	1.23%	1.08%	0.73%	0.76%	0.64%	2.39%	1.78%	5.18%	1.60%
2011	1.38%	1.24%	1.01%	0.91%	1.22%	2.67%	1.99%	5.75%	1.84%
2010	1.47%	1.32%	1.10%	0.92%	1.48%	2.77%	2.05%	6.02%	2.08%
2009	1.64%	1.42%	1.34%	1.03%	1.91%	3.09%	2.29%	6.64%	2.53%
2008	2.13%	1.85%	1.69%	1.24%	2.42%	4.32%	3.26%	8.74%	2.90%
2007	2.64%	2.38%	1.98%	1.39%	2.88%	5.67%	4.50%	10.59%	3.04%

(*) Excluding claims reported late, i.e. incurred during the year but reported in a subsequent year. These represent an additional 10 to 15 percent with respect to the percentages shown

Table 4 – Settlement speed: claims settled in year incurred (%)

Settlement procedure/year	All vehicles	Private passenger cars	Motorcycles/scooters			Trucks			Other
			Total	Private motorcycles	Private scooters	Total	< 3.5 tons	> 3.5 tons	
Claims handled (%)									
2013	71.3	72.8	52.5	51.6	55.5	69.6	70.9	65.7	72.9
2012	71.0	72.5	53.0	52.2	55.6	69.6	70.8	66.2	73.3
2011	70.8	72.3	54.2	52.5	60.0	69.5	70.6	66.2	72.7
2010	70.4	71.8	55.1	52.8	62.5	69.5	70.5	66.2	71.3
2009	69.0	70.3	54.5	52.2	61.9	68.0	68.9	65.2	72.4
2008	69.7	71.1	57.4	54.4	65.6	68.5	70.1	64.3	69.3
2007	67.6	69.0	56.3	52.8	64.7	65.9	67.9	61.1	66.5
CARD claims (%)									
2013	77.5	79.1	57.7	57.2	59.7	77.2	78.9	69.3	78.1
2012	77.1	78.7	57.6	57.5	58.1	76.9	78.5	69.4	76.8
2011	77.3	78.8	58.4	58.2	59.3	77.1	78.6	70.2	77.4
2010	76.1	77.6	58.3	57.9	60.2	76.0	77.5	69.1	74.5
2009	74.8	76.2	57.3	57.4	56.8	74.6	76.1	67.5	75.9
2008	75.6	77.3	58.9	59.3	56.1	74.5	76.4	66.1	72.3
2007	73.9	75.3	57.5	58.2	49.2	72.5	74.6	63.6	69.2
Non-CARD claims (%)									
2013	47.5	43.5	31.2	28.7	39.8	56.9	53.3	62.5	66.0
2012	47.7	43.1	34.6	30.1	47.3	57.4	53.6	63.3	66.8
2011	47.5	42.4	42.1	29.9	61.3	57.4	53.6	63.6	66.5
2010	46.5	40.7	44.7	29.1	63.6	56.4	52.3	62.6	64.5
2009	46.6	40.4	46.1	28.6	62.8	55.2	51.3	61.2	64.6
2008	53.3	48.8	54.4	37.2	68.6	61.3	60.5	62.5	63.7
2007	58.1	52.8	61.6	38.7	76.5	66.4	65.8	67.3	73.7

within the year rose from 77.1% to 77.5%, while for non-CARD claims it slipped from 47.7% to 47.5%. The difference depends on the fact that the non-CARD claims comprise not only multiple-vehicle accidents but also all claims for severe personal injury (permanent disability of the non-liable driver of more than 9%, injury to bystanders and passengers of the liable vehicle), which generally take considerably longer to settle. Excluding motorcycles, all vehicle types showed an increase in CARD settlement speed. The increase was most pronounced for motor scooters, owing to the increase in the proportion of CARD claims for these vehicles. For this reason the settlement of non-CARD claims involving scooters slowed perceptibly in 2013, as this category no longer includes a number of small and quickly settled claims that, aside from type of license plate, met the eligibility requirements for the direct indemnity procedure.

Average claims cost. After three years in which direct indemnity had a beneficial impact on the average cost of claims (reducing it by 5% between 2006 and 2009), the trend was reversed in 2010, and the rise accelerated in 2011 and continued, while moderating, in 2012 and 2013 (7.1% in 2011, 3.5% in 2012, 2.3% in 2013). One factor may well have been the decrease in small claims thanks to the institution of compulsory clinical or instrumental verification of minor permanent injury, as the other claims, on average, are larger (Table 5).

Table 5
Average claim cost by type of settlement procedure
Euro

Procedure/year	All claims	% change
Claims handled		
2013	4,597	2.3%
2012	4,495	3.5%
2011	4,345	7.1%
2010	4,057	3.9%
2009	3,903	-0.3%
2008	3,913	-1.4%
2007	3,967	
CARD claims		
2013	2,668	0.7%
2012	2,648	-3.7%
2011	2,750	3.1%
2010	2,667	4.4%
2009	2,555	-0.3%
2008	2,563	5.2%
2007	2,436	
Non-CARD claims		
2013	11,788	4.4%
2012	11,292	11.1%
2011	10,160	7.1%
2010	9,488	7.2%
2009	8,847	19.4%
2008	7,407	8.3%
2007	6,840	

In comparing the average cost of CARD and non-CARD claims, one must bear in mind that variations may be affected by the differing incidence of the different compensation procedures over the years. The average cost of CARD claims was practically unchanged last year (€2,648 as against €2,668 in 2012), while the cost of non-CARD claims rose by 4.4%. The increase in the average cost of non-CARD claims was presumably due in part to the rise in the proportion of motor scooter accidents eligible for direct indemnity, which excluded small claims that had all the requisites for the procedure but that had previously been excluded by reason of type of license plate.

6

OTHER NON-LIFE INSURANCE CLASSES

OTHER NON-LIFE INSURANCE CLASSES

Written premium income of non-life business other than motor vehicle insurance decreased by 1.1% last year. The combined ratio was 91.2%, down 10 percentage points on 2012, owing to the 17% decrease in the cost of claims. Despite the negative result of the reinsurance balance, the growth in investment profits lifted the overall profit on the technical account to over Euro 800 million.

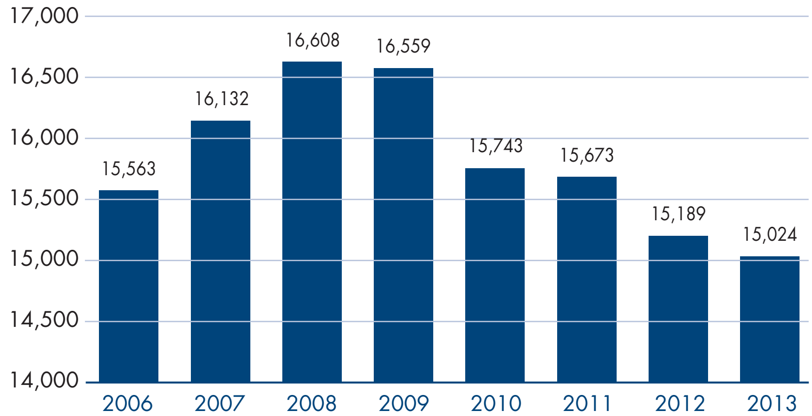
NON-LIFE INSURANCE CLASSES OTHER THAN MOTOR INSURANCE

Premiums from direct domestic business in non-life classes other than motor insurance (i.e. excluding land vehicles and motor and marine vehicle third party liability) totaled Euro 15,024 million, down 1.1% for a homogeneous set of companies. Premiums increased for policies on assistance (7.3%), legal expenses (5.0%) other property damage (2.3%) and credit (1.3%). They decreased in all the other classes of business, most markedly for policies for suretyship (-2.1%), health (-3.0%), general liability (-3.1%), ships (-4.9%), goods in transit (-12.7%), aircraft liability (-27.3%), aircraft (-39.1%), and railway rolling stock (-55.5%). Non-motor insurance premiums' share of total non-life premiums increased from 42.9% in 2012 to 44.6% in 2013.

The following trends can be observed for the main classes:

- in the property business (fire and other damage to property) the volume of premiums remained unchanged, in spite of an increase in the number of retail contracts, attributable to a decrease in the average premium;
- in general third party liability the slight downturn in turnover is explained mainly by the adjustment of premiums to the contraction of corporate turnover;

Direct premiums of non-life insurance classes other than motor insurance
Euro million



– the macro class of transport insurance (including aircraft, railway rolling stock, ships, goods in transit and aircraft liability) experienced a general fall in the volume of written premiums due to the contraction in turnover and to the reduction of traffic (as a result of the particularly adverse economic situation), as well as to the acquisition of Italian risks by foreign insurance companies and to fiercer competition, which led to a reduction in premium rates.

The **incurred claims cost for the current accident year**, defined as the amounts paid and reserved, totaled Euro 9,625 million, a decrease of 12.5% on the previous year. Therefore despite the modest decrease in written premium income, the loss ratio for the current accident year improved, falling from 71.1% to 63.7%.

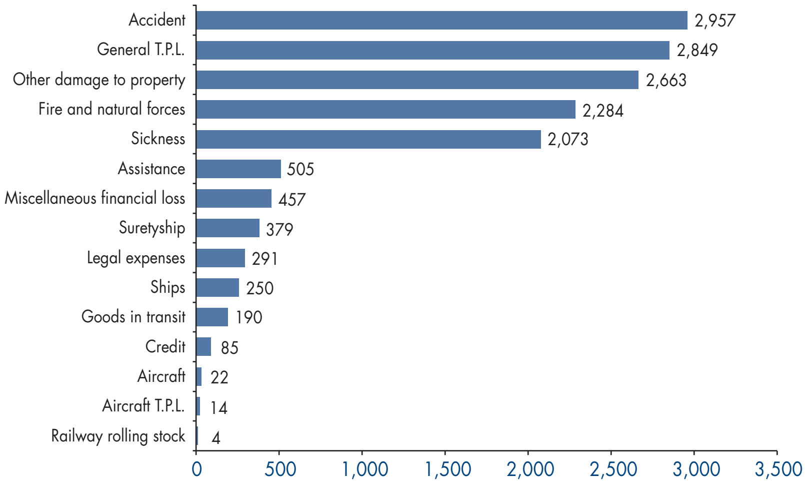
Non-life insurance classes other than motor insurance (excluding land vehicles insurance and motor and maritime liability)
Euro million

	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	15,563	16,132	16,608	16,559	15,743	15,673	15,189	15,024
Changes in premium reserves (-)	497	476	531	51	235	237	-280	-86
Incurred claims (-):	9,788	9,768	10,933	11,736	10,276	9,859	11,054	9,144
– incurred claims cost for the current accident year (-)	10,000	10,137	11,166	11,804	10,499	10,000	11,004	9,625
– excess/shortfall of reserves for those claims	212	369	233	68	223	141	-50	481
Balance of other technical items	-434	-388	-419	-414	-408	-357	-363	-321
Operating expenses (-)	4,619	5,018	5,059	5,015	4,799	4,762	4,568	4,610
– commissions	3,259	3,506	3,567	3,528	3,407	3,387	3,192	3,183
– other acquisition costs	580	624	660	682	670	642	675	683
– other administration costs	780	888	832	805	722	733	701	744
Direct technical balance	**225**	**482**	**-334**	**-657**	**24**	**458**	**-517**	**1,035**
Investment income	806	903	403	1,072	510	314	760	557
Direct technical account result	**1,031**	**1,385**	**69**	**415**	**534**	**772**	**243**	**1,592**
Reinsurance results	-632	-537	-135	-359	-539	-513	554	-768
Overall technical account result	**398**	**848**	**-66**	**56**	**-5**	**259**	**796**	**824**
Annual % changes in premiums	4.1%	3.7%	3.0%	-0.3%	0.4%	0.6%	-1.5%	-1.1%
Combined ratio	**94.6%**	**93.5%**	**98.5%**	**101.4%**	**96.7%**	**94.2%**	**101.5%**	**91.2%**
– Expense ratio	29.7%	31.1%	30.5%	30.3%	30.5%	30.4%	30.1%	30.7%
– Commissions/Gross written premiums	20.9%	21.7%	21.5%	21.3%	21.6%	21.6%	21.0%	21.2%
– Other acquisition costs/Gross written premiums	3.7%	3.9%	4.0%	4.1%	4.3%	4.1%	4.4%	4.5%
– Other administration costs/Gross written premiums	5.0%	5.5%	5.0%	4.9%	4.6%	4.7%	4.6%	5.0%
– Loss ratio:	65.0%	62.4%	68.0%	71.1%	66.3%	63.9%	71.5%	60.5%
– Loss ratio for the current accident year	66.4%	64.8%	69.4%	71.5%	67.7%	64.8%	71.1%	63.7%
– Excess/shortfall of reserves for previous years claims/ Earned premiums	1.4%	2.4%	1.4%	0.4%	1.4%	0.9%	-0.3%	3.2%
Technical balance/Earned premiums	**1.5%**	**3.1%**	**-2.1%**	**-4.0%**	**0.2%**	**3.0%**	**-3.3%**	**6.9%**
Technical account result/Earned premiums	**6.8%**	**8.8%**	**0.4%**	**2.5%**	**3.4%**	**5.0%**	**1.6%**	**10.5%**
Overall technical account result/Earned premiums	**2.6%**	**5.4%**	**-0.4%**	**0.3%**	**0.0%**	**1.7%**	**5.1%**	**5.5%**
Premiums to total non-life premiums ratio (%)	*41.9%*	*42.8%*	*44.3%*	*45.1%*	*44.2%*	*43.1%*	*42.9%*	*44.6%*

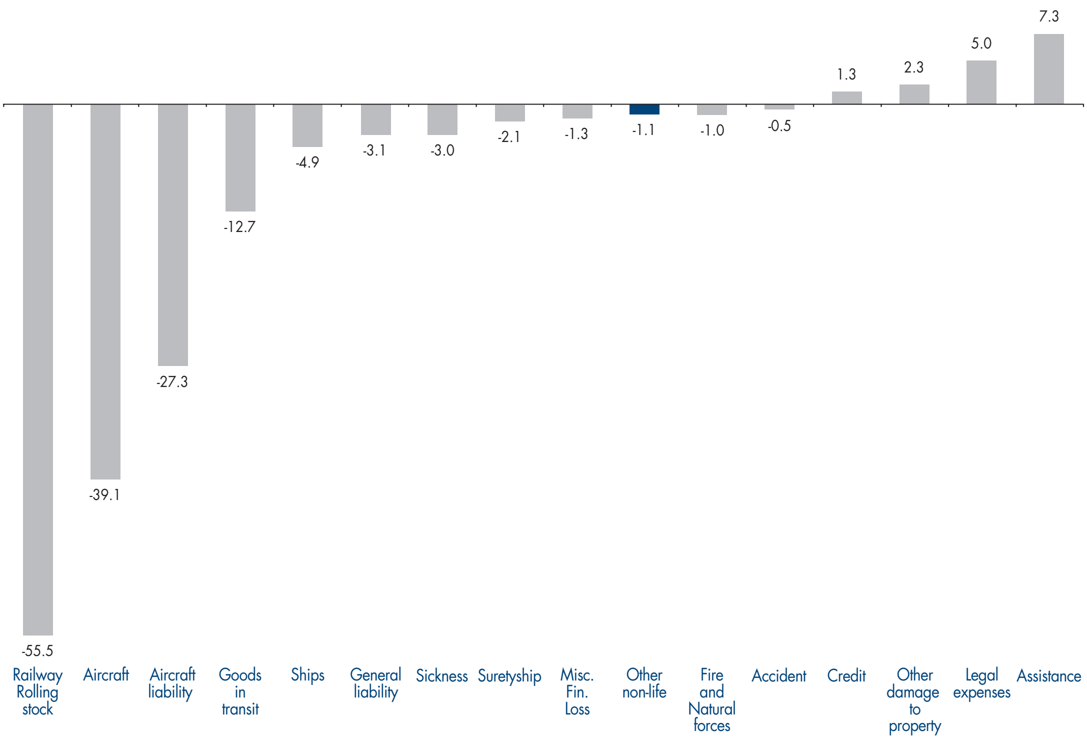
Change calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Incurred claims, which along with the cost incurred for the current accident year also include any excess/shortfall of the amounts reserved for claims incurred in previous accident years, amounted to Euro 9,144 million, 17.3% less than in 2012. The loss ratio to earned premiums thus fell from 71.5% to 60.5%. The business segments most responsible for the improvement of the loss ratio and with the highest share of premiums were accident insurance, whose loss ratio came down from 47.4% to 42.4%, fire and natural forces (90.0% to 47.7%), other damage to property (69.2% to 67.7%), sickness insurance (73.1% to 71.0%) and general liability (90.9% to 83.7%).

Direct premiums by insurance class – 2013
Euro million



Growth rate of direct premiums by insurance class – 2013*
Average 2013: -1.1%
** Change calculated in homogeneous terms*



OTHER NON-LIFE INSURANCE CLASSES

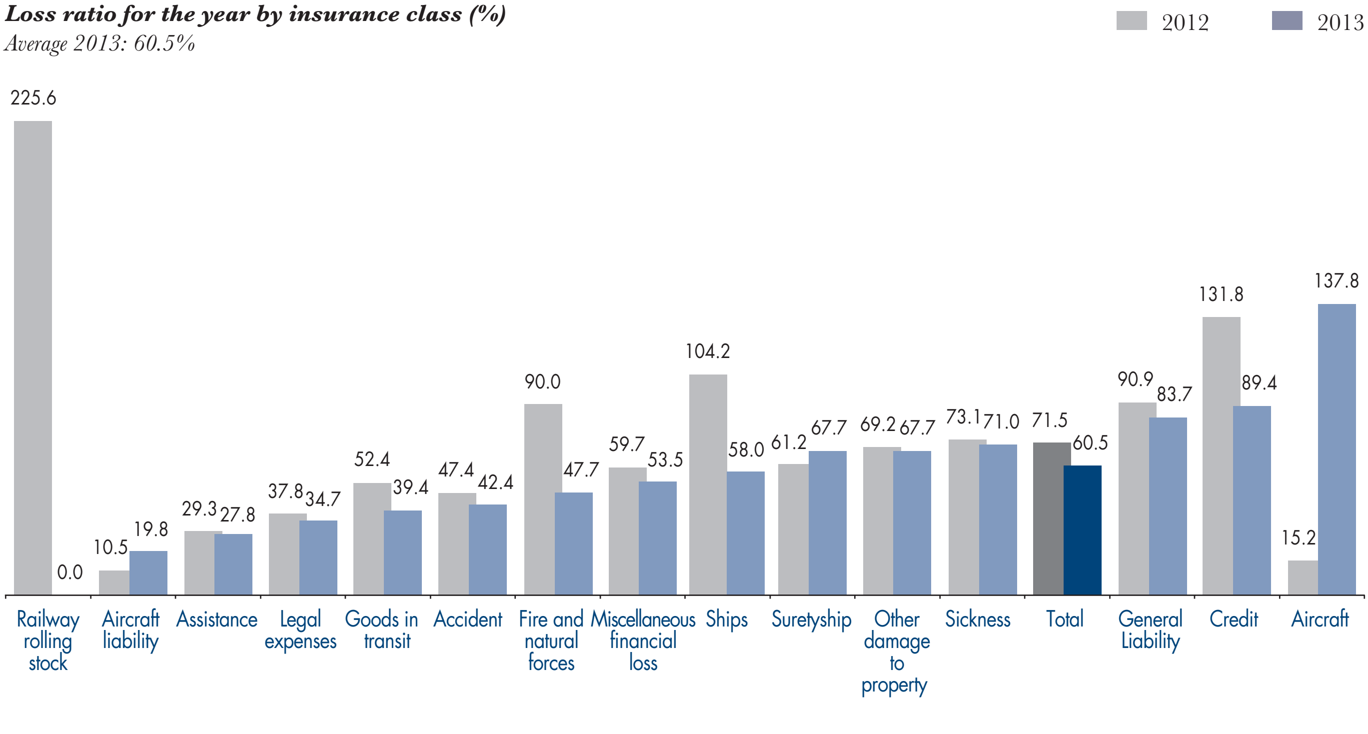
The following trends can be observed for the main classes:

- the loss ratio for fire and natural forces was halved (47.7% in 2013 from 90.0% in 2012) due to the anomalous claims trend registered after the earthquakes in the Emilia Romagna region in 2012 and the particularly bad weather (heavy snowfalls) in the North and Centre of Italy;
- the loss ratio for general third party liability improved compared to 2012, mainly thanks to a decline in the claims frequency for industrial risks as a consequence of the recession-induced fall in production.

Operating expenses amounted to Euro 4,610 million (Euro 4,568 million in 2012) and include administration expenses relating to the technical management of insurance business, acquisition costs, premium collection costs and costs relating to the organization and management of the distribution network. The ratio of expenses to premiums was 30.7%, up slightly from 30.1% in 2012. The ratio for agent commissions and other acquisition costs to premiums remained virtually unchanged, while that of administration expenses reached 5.0% in 2013, from 4.6% a year earlier. The business segments with the highest indicators were miscellaneous financial loss (43.2%), legal expenses (35.6%), accident (33.5%) and assistance (33.3%). More moderate ratios, under 20%, were recorded for aircraft (19.0%), aircraft liability (17.7%), ships (16.5%) and railway rolling stock (11.0%).

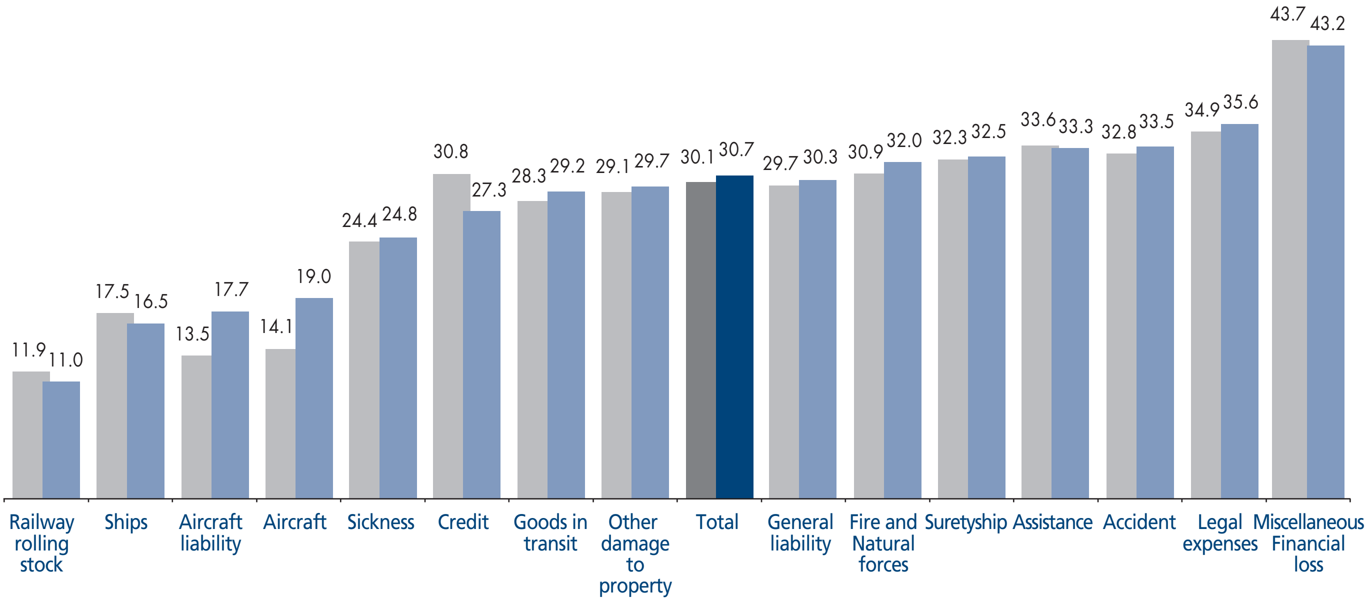
The **technical balance** for direct business was positive by Euro 1,035 million, whereas it had been negative by Euro 517 million in 2012. The improvement was due to the lower incurred claims costs described above.

Loss ratio for the year by insurance class (%)
Average 2013: 60.5%



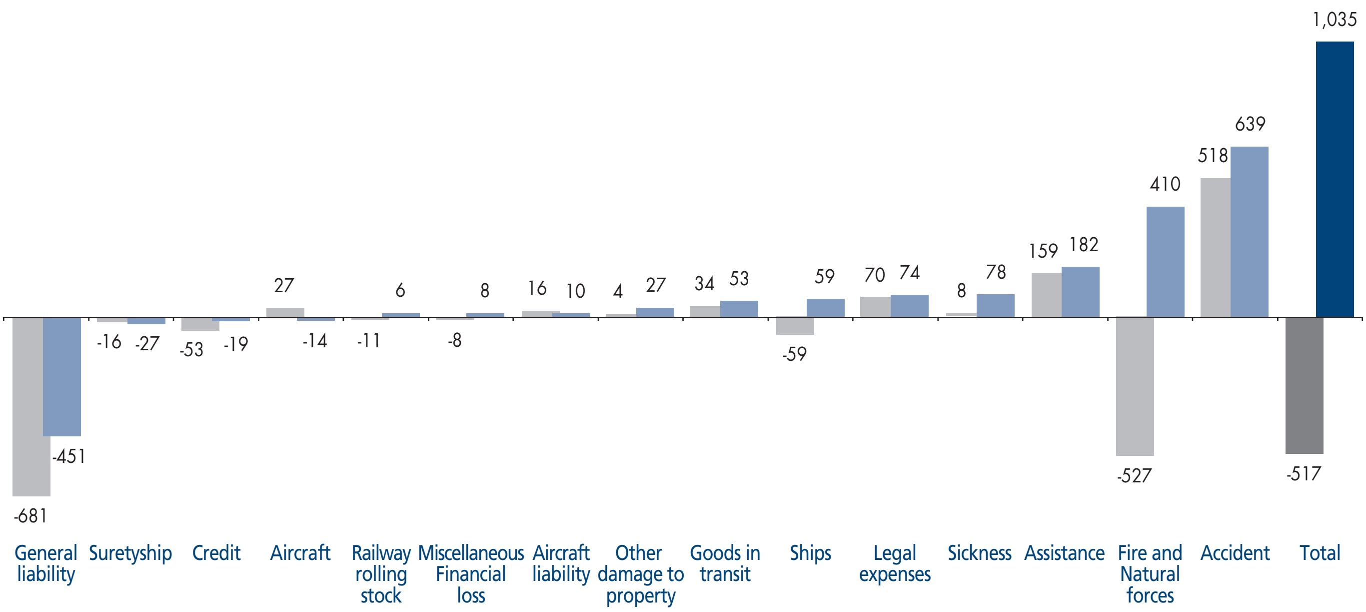
OTHER NON-LIFE INSURANCE CLASSES

Expense ratio for the year by insurance class (%)
Average 2013: 30.7%



The technical balance was positive and in excess of Euro 100 million for the following classes: assistance (Euro 182 million against Euro 159 million in 2012), fire (Euro 410 million against Euro -527 million), and accidents (Euro 639 million against 518 million). An especially large negative balance was recorded for general liability (Euro -451 million).

Direct technical balance by insurance class
Euro million



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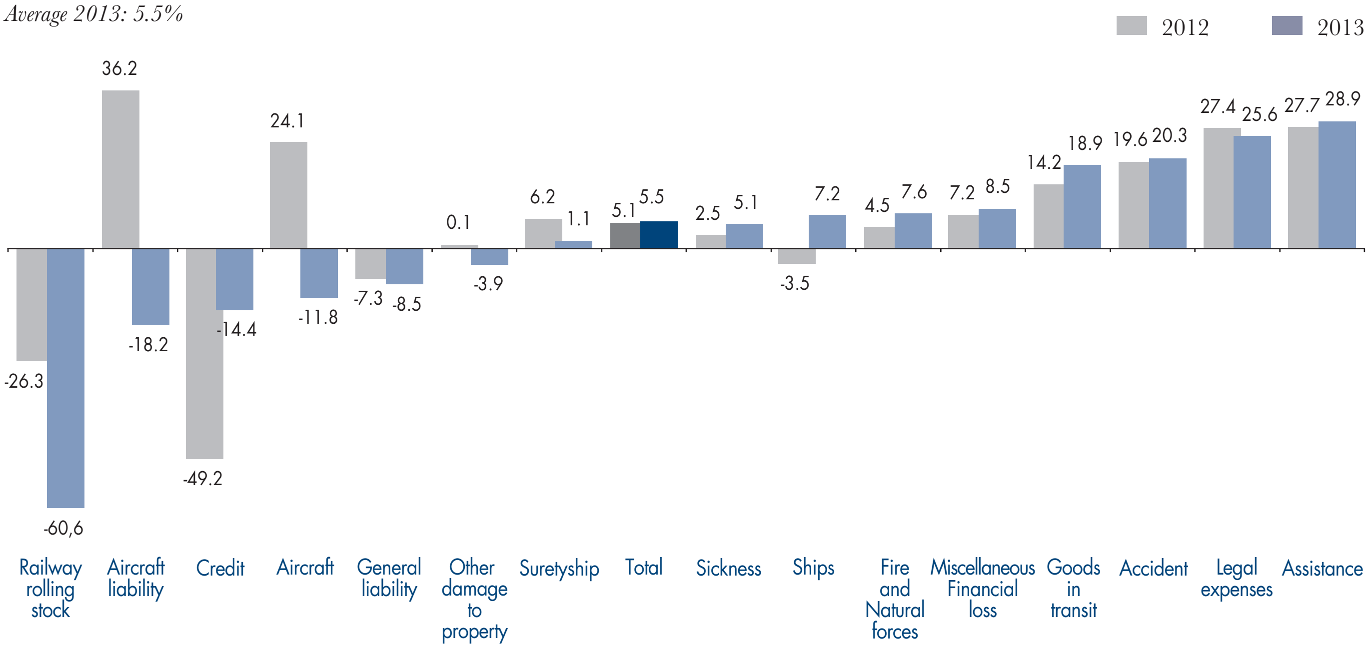
OTHER NON-LIFE INSURANCE CLASSES

With **investment profits** totaling Euro 557 million (Euro 760 million in 2012), the **direct technical account result** was positive by Euro 1,592 million (Euro 243 million in 2012).

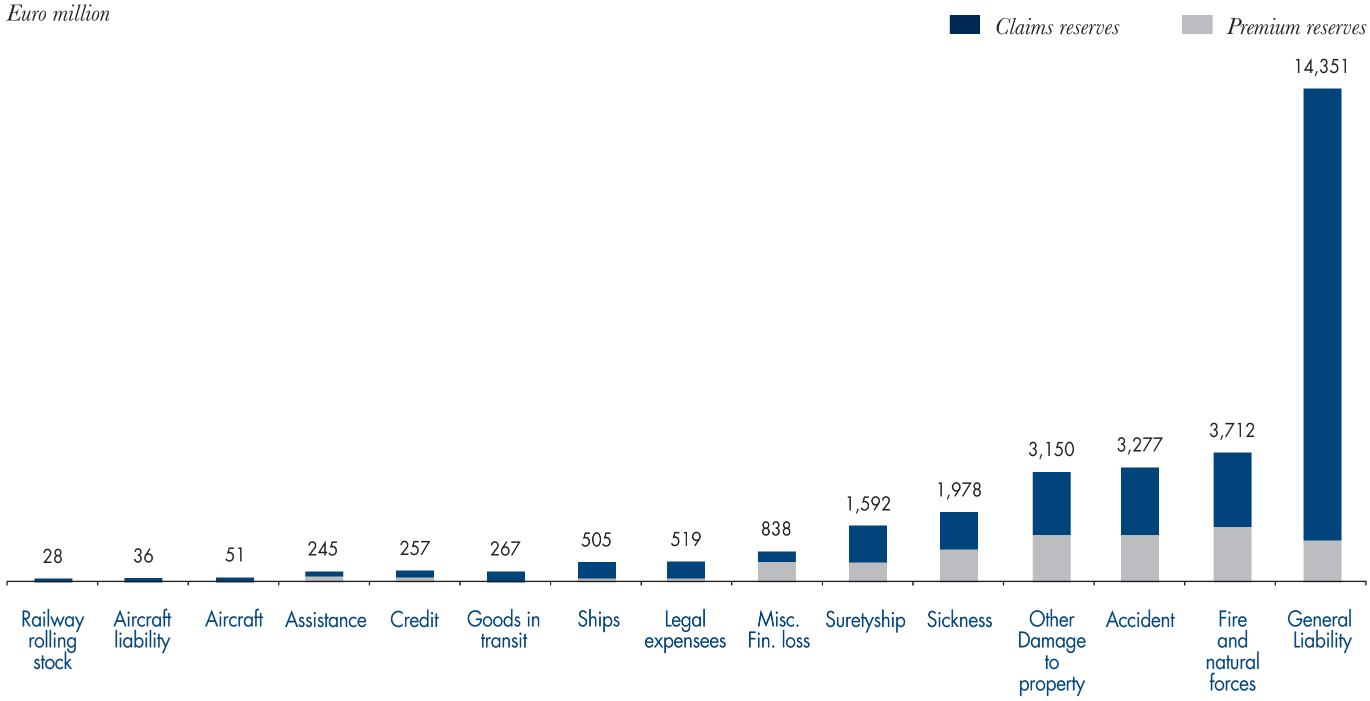
Taking into account the negative reinsurance balance of Euro 768 million (compared with a positive balance of Euro 554 million in 2012), the **overall technical account result** showed a profit of Euro 824 million, up from Euro 796 million in 2012, and was equal to 5.5% of premiums (5.1% in 2012). The following branches of business registered ratios higher than 10%: goods in transit (18.9%), accident (20.3%), legal expenses (25.6%) and assistance (28.9%). Significantly negative ratios were recorded for general third party liability (-8.5%), aircraft (-11.8%), credit (-14.4%), aircraft liability (-18.2%) and railway rolling stock (-60.6%).

% incidence of overall technical account result on earned premiums by insurance class
Average 2013: 5.5%



The **direct technical reserves** of non-life insurance classes other than motor insurance, net of sums to be recovered from policyholders and third parties, amounted to Euro 30,806 million in 2013; premium reserves totaled Euro 8,131 million and claims reserves Euro 22,675 million. General liability was the business segment with the highest technical provisions (Euro 14,351 million counting claims and premium reserves for 2013); total provisions top Euro 3 billion for other damage to property (Euro 3,150 million), accident insurance (Euro 3,277 million) and fire insurance (Euro 3,712 million).

Technical reserves for non-life insurance classes other than motor insurance – 2013
Euro million



MEDICAL MALPRACTICE INSURANCE

For many years ANIA has conducted an annual statistical survey to identify technical trends in the field of medical malpractice insurance by means of indices of claims occurrences starting from 1994 ([1]). However, this statistical survey was strongly influenced, over time, by the progressive increase in the number of Italian companies having left the market sector under examination in favor of other European companies operating in Italy under the freedom of establishment or freedom to provide services. This also had a negative impact on the representativeness of the statistical sample, as EU companies do not provide ANIA with any data other than premiums,

([1]) Two insurance categories are considered:

– institutional liability for healthcare organizations: comprises all policies covering healthcare facilities' liability for medical damages, be they public or private (the survey does not cover nursing homes, medical analysis laboratories, diagnostic centers or universities);
– individual malpractice insurance for physicians: comprises all policies covering doctors' liability, regardless of whether they belong to a healthcare organization.

and even this only in part. Consequently, while it is easy to calculate the volume of total premiums for the market, the technical indicators deriving from the sample might not be fully representative of the whole market.

Estimating premium volume

Direct Italian medical liability insurance business was estimated at Euro 543 million in 2012, 53% of it accounted for by institutional policies and 47% by individual policies ([2]). The statistics do not include the premiums of European insurance companies that operate in Italy under the freedom to provide services. Premiums went up by 3.6% compared to the previous year, thanks in part to the increase of over 14% in the volume of premiums from individual practitioners. This was due to some extent to the price revision made necessary by the persistent technical imbalance in this sector. By contrast, premiums paid by healthcare institutions registered a decrease of 4.3% compared to 2011.

Over ten years (2002-2012), total premiums in the medical insurance sector recorded average annual growth of 7.2% (4.8% for healthcare institutions and 10.9% for individual practitioners).

Number and average cost of claims

As shown in Table 1, the estimated number of claims registered by Italian insurance companies in 2012 was around 31,200, of which 19,500 accounted for by institutional policies. The number of claims registered diminished slightly (-0.7% compared to 2011), in line with the trend started in 2010, with a decrease of over 8% in the 3-year period 2010-2012. Claims by institutions decreased by 1.0% in 2012, while those by individual practitioners were virtually unchanged.

Table 2 shows the medical malpractice claims that the companies closed without compensation, according to their year of registration. Looking at the oldest claims (registered between 1994 and 2002), we see that on average two-thirds of all malpractice claims were closed without payment of any compensation. In particular, this percentage is higher for claims by institutions (around 71% on average). This could be due to duplication of charges of malpractice (for instance against both the institution and the individual practitioner), with claims being closed by the company without payment, given that they correspond to a single claim for the insurance company. As for individual malpractice claims, around 60% are closed without payment.

([2]) ANIA's estimate for the entire market (including the premiums of Italian representatives of insurers with registered offices in the European Economic Area) is based on a sample survey of companies that accounted for 41% of the premium income from general third-party liability insurance in 2012.

Table 1
Number of claims filed (*)
(*) Estimate by ANIA of the claims for the whole market on a sample of companies included in the survey with total premiums (in 2012) equaling 41% of general third party liability

Year of registration	Institutional liability	Δ%	Individual malpractice	Δ%	Total medical liability	Δ%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1994	6,345		3,222		9,567	
1995	11,411	79.9%	5,892	82.9%	17,303	80.9%
1996	13,028	14.2%	4,028	-31.6%	17,057	-1.4%
1997	18,672	43.3%	4,829	19.9%	23,501	37.8%
1998	21,678	16.1%	6,036	25.0%	27,714	17.9%
1999	23,261	7.3%	9,073	50.3%	32,334	16.7%
2000	23,249	0.0%	10,078	11.1%	33,327	3.1%
2001	21,911	-5.8%	11,238	11.5%	33,149	-0.5%
2002	19,028	-13.2%	11,443	1.8%	30,471	-8.1%
2003	16,566	-12.9%	10,874	-5.0%	27,440	-9.9%
2004	16,356	-1.3%	11,988	10.2%	28,344	3.3%
2005	16,343	-0.1%	12,290	2.5%	28,633	1.0%
2006	16,424	0.5%	11,959	-2.7%	28,383	-0.9%
2007	16,128	-1.8%	13,415	12.2%	29,543	4.1%
2008	17,746	10.0%	11,851	-11.7%	29,597	0.2%
2009	21,476	21.0%	12,559	6.0%	34,035	15.0%
2010	21,353	-0.6%	12,329	-1.8%	33,682	-1.0%
2011	19,627	-8.1%	11,782	-4.4%	31,409	-6.7%
2012	19,436	-1.0%	11,759	-0.2%	31,195	-0.7%

Table 2 – Number of claims closed without payment

Year of registration	Number of claims closed without payment institutional	Incidence of claims closed without payment on total claims (%)	Number of claims closed without payment individual	Incidence of claims closed without payment on total claims (%)	Total number of claims closed without payment	Incidence of claims closed without payment on total claims (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1994	4,244	66.9%	1,854	57.5%	6,098	63.7%
1995	9,044	79.3%	4,053	68.8%	13,097	75.7%
1996	9,993	76.7%	2,252	55.9%	12,246	71.8%
1997	13,972	74.8%	2,851	59.1%	16,823	71.6%
1998	15,332	70.7%	3,674	60.9%	19,006	68.6%
1999	15,749	67.7%	5,585	61.6%	21,334	66.0%
2000	15,571	67.0%	6,442	63.9%	22,013	66.1%
2001	15,591	71.2%	6,538	58.2%	22,129	66.8%
2002	12,383	65.1%	6,838	59.8%	19,221	63.1%
2003	10,389	62.7%	6,294	57.9%	16,684	60.8%
2004	10,139	62.0%	6,798	56.7%	16,937	59.8%
2005	10,129	62.0%	7,021	57.1%	17,150	59.9%
2006	9,492	57.8%	6,695	56.0%	16,187	57.0%
2007	9,419	58.4%	7,372	55.0%	16,790	56.8%
2008	9,782	55.1%	5,921	50.0%	15,703	53.1%
2009	10,555	49.1%	5,827	46.4%	16,382	48.1%
2010	9,166	42.9%	4,536	36.8%	13,702	40.7%
2011	6,052	30.8%	3,042	25.8%	9,094	29.0%
2012	3,721	19.1%	1,649	14.0%	5,370	17.2%

Table 3 gives the breakdown of total claims (institutional liability and individual malpractice) into those settled and those reserved, both by number and by amount, according to their year of registration. The percentages settled (whether by number or by amount) are relatively low for the more recent generations of claims, because both the effective liability of the insured and the value of the damage are generally quite uncertain. With the passage of time the percentage of settled claims rises, to over 90% for those older than ten years. After 19 years, 2.0% of the claims registered (in 1994) were still unsettled, accounting for over 5.5% of the amount of that claim generation, showing just how long it can take to settle this type of claim.

Table 3
Incidence of the number and amount of claims filed (%) at 31/12/2012
Total malpractice claims

Year	Number of claims settled (%)	Number of claims reserved (%)	Amounts settled (%)	Amounts reserved (%)
(1)	(2)	(3)	(4)	(5)
1994	98.0%	2.0%	94.5%	5.5%
1995	98.1%	1.9%	95.0%	5.0%
1996	97.4%	2.6%	95.2%	4.8%
1997	96.9%	3.1%	92.8%	7.2%
1998	96.4%	3.6%	94.0%	6.0%
1999	95.5%	4.5%	91.5%	8.5%
2000	92.9%	7.1%	89.9%	10.1%
2001	91.7%	8.3%	84.4%	15.6%
2002	88.9%	11.1%	80.5%	19.5%
2003	86.4%	13.6%	79.1%	20.9%
2004	83.4%	16.6%	71.5%	28.5%
2005	79.8%	20.2%	69.1%	30.9%
2006	76.5%	23.5%	59.9%	40.1%
2007	67.7%	32.3%	51.4%	48.6%
2008	61.9%	38.1%	48.0%	52.0%
2009	51.7%	48.3%	42.8%	57.2%
2010	38.5%	61.5%	26.2%	73.8%
2011	24.6%	75.4%	14.6%	85.4%
2012	8.7%	91.3%	4.3%	95.7%

Table 4 reports the average cost of settlements for the two types of policy and by year of registration, showing that the average claim cost tends to increase as the percentage settled rises, which is to say as the data solidify. At first, in fact, insurers often underestimate the cost of claims, because the evaluation of physical impairment is complex and adequate information is commonly not available immediately after the occurrence of the event. This is compounded by uncertainty in evaluating damages owing to frequent changes in court rulings in this field.

For instance, for claims filed in 2002, at the end of that year insurers estimated the average settlement cost at Euro 20,157, but four years later, the estimate had doubled

Table 4 – Average cost of claims at 31/12/2012 – Total malpractice claims
Amounts (Euro)

Year of registration	at 31.12.2002	at 31.12.2004	at 31.12.2005	at 31.12.2006	at 31.12.2007	at 31.12.2008	at 31.12.2009	at 31.12.2010	at 31.12.2011	at 31.12.2012
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1994	16,410	30,212	28,898	29,833	28,421	28,904	29,012	28,023	27,983	27,782
1995	14,418	21,464	21,406	22,976	22,488	22,687	22,676	22,190	21,887	21,829
1996	16,961	23,253	22,000	21,789	21,622	23,819	23,493	23,028	23,091	23,044
1997	25,331	31,082	29,594	29,214	28,961	32,948	31,940	31,950	31,768	31,342
1998	17,939	24,517	22,474	30,152	29,966	34,271	33,924	33,184	33,049	32,495
1999	22,820	28,144	28,556	32,063	32,571	37,281	36,511	36,584	36,157	36,106
2000	22,254	32,298	33,887	37,600	37,634	39,968	40,605	40,134	38,929	39,688
2001	21,843	31,675	33,152	36,757	35,974	40,042	40,159	37,457	45,865	47,214
2002	20,157	33,026	35,298	39,903	38,490	42,732	43,196	42,371	46,835	47,111
2003		30,306	34,379	39,475	39,080	44,521	47,241	46,169	50,577	49,492
2004		22,706	29,755	36,545	38,349	44,083	43,304	43,653	49,951	50,504
2005			26,670	33,174	35,471	42,383	42,245	41,277	46,330	46,473
2006				30,659	33,408	41,476	42,019	41,779	50,330	53,385
2007					26,670	38,266	38,816	39,537	47,798	51,466
2008						29,505	34,067	39,427	49,581	52,176
2009							25,083	33,225	43,852	44,244
2010								27,689	38,538	41,313
2011									30,789	35,576
2012										29,422

to nearly Euro 40,000; it kept rising to what now appears to be the "final" average cost of claims of that generation (about Euro 47,000). The same pattern can be observed, sometimes with an acceleration, for all the generations of claims.

Loss ratios

These rapidly rising cost trends, together with the large number of claims registered each year, have produced extremely negative results for the sector's technical accounts, hence very high loss ratios. As with other business segments, for a correct assessment of the performance of medical liability insurance we must also examine the loss ratio (claims in relation to premiums) for the entire medical liability branch year by year.

Table 5 gives medical malpractice insurance loss ratios for the various claims generations and their evolution over the years.

At 31 December 2012 the average loss ratio for all generations was 173%. For the most recent generation the ratio came to 122%.

As for the evolution of the loss ratio over time, as the percentage settled rises and information is stabilized, we find three distinct patterns:

Table 5 – Loss ratios at 31/12/2012 – Total medical malpractice insurance
Average 2012: 173%

Year of registration	at 31.12.2002	at 31.12.2004	at 31.12.2005	at 31.12.2006	at 31.12.2007	at 31.12.2008	at 31.12.2009	at 31.12.2010	at 31.12.2011	at 31.12.2012
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1994	199%	251%	241%	251%	238%	240%	241%	237%	236%	235%
1995	182%	212%	216%	206%	202%	201%	201%	203%	200%	200%
1996	187%	198%	195%	191%	187%	199%	198%	195%	189%	194%
1997	223%	320%	300%	293%	286%	336%	323%	323%	311%	315%
1998	168%	340%	313%	288%	284%	341%	331%	323%	312%	316%
1999	179%	262%	266%	249%	246%	330%	321%	321%	308%	314%
2000	151%	216%	219%	208%	206%	233%	217%	214%	203%	210%
2001	154%	218%	218%	200%	192%	215%	204%	187%	251%	260%
2002	149%	232%	229%	199%	192%	207%	199%	275%	287%	296%
2003		196%	199%	171%	162%	173%	177%	215%	223%	225%
2004		145%	170%	154%	150%	144%	140%	162%	174%	180%
2005			173%	162%	155%	133%	131%	118%	123%	125%
2006				158%	157%	150%	141%	128%	142%	150%
2007					140%	130%	123%	109%	117%	123%
2008						111%	147%	138%	148%	151%
2009							153%	155%	169%	163%
2010								153%	177%	153%
2011									147%	151%
2012										122%

– for the generations of claims registered from 1994 to 2004, the loss ratio estimated at 31 December 2012 was particularly high (ranging from 180% for claims registered in 2004 to over 310% for the 1997 and 1999 generations);
– for the 2005-2012 generation the loss ratio tends to be lower, though it is still clearly at levels that make this business unprofitable.
– the loss ratio improved in the last year for which data are available. However, the indicator had already shown signs of improvement in 2005 and in 2007, reaching the same level as today, only to return to higher levels the next year.

NATURAL DISASTERS: CATASTROPHIC EVENTS IN 2013 AND AN INITIAL ESTIMATE OF THE INSURANCE MARKET'S CURRENT EXPOSURE

For Italy, 2013 was a year of floods with a particularly high cost in terms of property and lives lost.

One of the most serious events was the series of intense rainfalls and floods in November 2013 in Sardinia, more specifically in the province of Olbia. The cyclone caused 17 fatalities and did Euro 400 million worth of damage to businesses, houses and infrastracture which, however, have not resulted in claims registered by private insurance companies.

The world economic cost of natural disasters in 2013 was lower than in the previous years; the total cost of damages for natural disasters is estimated to be around Euro 90 billion, compared to an average of Euro 135 billion over the past 10 years. Damages compensated by insurance companies amount to about Euro 23 billion, down from Euro 40 billion on average over the past decade.

According to the PERILS survey on exposure to earthquake and flooding risk throughout Italy for 2014 (in which about 60% of the insurance industry in terms of fire and natural forces insurance premium volume took part), the total exposure of the sector to these risks, taking account of the contractual limits, amounts to more than Euro 400 billion, over 20% more than in 2013. The regions where risk exposures increased most sharply were Lazio, Piedmont, Emilia Romagna and Tuscany, although this could be in part due to a greater statistical significance of the data collected. For houses insured against natural disasters, the exposure is estimated at more than Euro 60 billion for 2013, in line with figures from a year earlier.

The Italian regions where insurance companies are most exposed to natural catastrophes as regards both businesses and dwellings are those of the North. The regions of the Center show a significant exposure for dwellings (around 25%). These estimates are subject to change and will be recalculated at the end of this year.

THE DIFFUSION OF INSURANCE POLICIES AMONG ITALIAN HOUSEHOLDS IN 2012

The survey by the Bank of Italy

The Bank of Italy conducts a biennial survey on the Italian household budgets. The first survey was conducted in the early 1960s in attempt to monitor the development of households' economic and financial behaviour. The latest surveys were calculated on a sample of about 8,000 households (24,000 individuals) from around 300 municipalities in Italy.

The survey questionnaire includes a section dedicated to their habits regarding insurance, to gather information on insurance coverage acquired. This section features two sets of questions, one on medical insurance, i.e. health and/or accident, and one on non-life classes other than motor insurance.

Accidents and health

The survey's section on medical insurance asks households whether one or more family members subscribed a health insurance and/or accident policy and what is the annual premium paid (Figure 1).

Figure 1 – Survey: medical and accident premiums

Medical insurance (accident and health)					
F26. Did you, or any other member of your family, subscibe a private medical insurance (for accident and health) in 2012? **ASS4** – Yes .... 1 – No .... 2 → ***Q. F29*** **F27.** How many medical insurance premiums were subscribed by your family in 2010? |……| **NASS4**					
	1° Premium	**2° Premium**	**3° Premium**	**4° Premium**	**5° Premium**
F28. How much did your family pay in 2012 for this premium? **ASS4S1 … 5**	€ |….|….|·|….|….|….|	€ |….|….|·|….|….|….|	€ |….|….|·|….|….|….|	€ |….|….|·|….|….|….|	€ |….|….|·|….|….|….|

Source: Bank of Italy, Survey of Household Income and Wealth

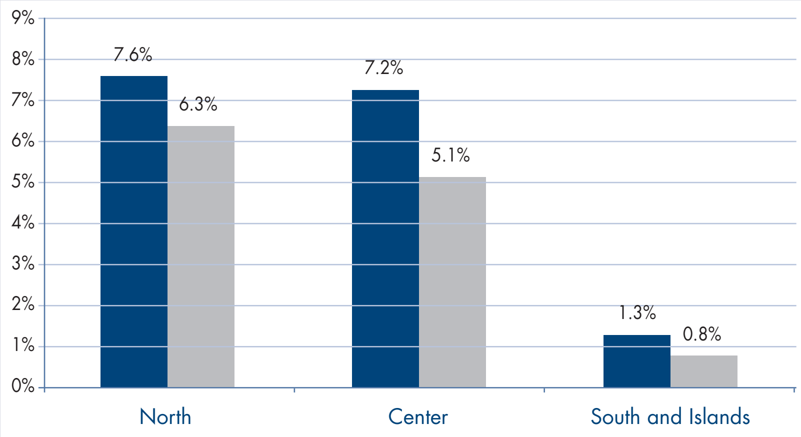
In 2012, 4.3% of households subscribed at least one health and/or accident policy, much lower than the percentage recorded in 2010 (5.5%); in absolute terms, insured households numbered 1 million out of a total of 24 million (1.2 million in 2010).

Health insurance policies have decreased everywhere in Italy, especially in the Center, where the share of insured households decreased by more than 2 percentage points (from 7.2% in 2010 to 5.1% in 2012); in the North the decline was by more than a percentage point (from 7.6% to 6.3%), while coverage in the South fell to under 1% (1.3% in 2010) (Figure 2).

The percentage of insured households where the breadwinner is self-employed was 11% in 2012, down from 15% in 2010. The number of insured employee households

Figure 2
Diffusion of health policies by region

2010
2012

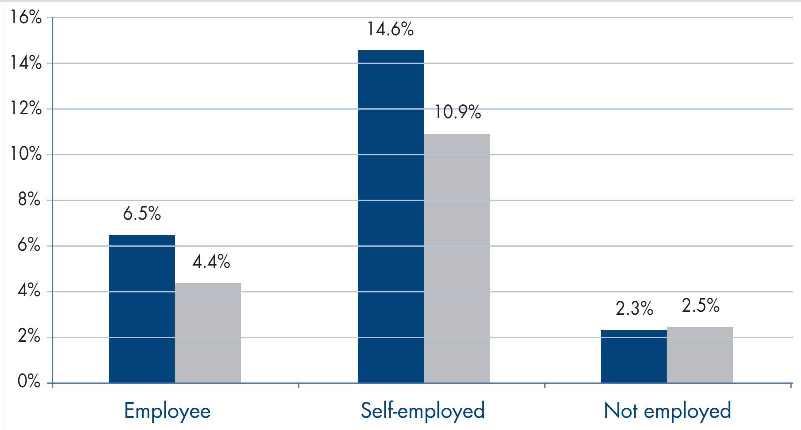


Source: Based on Banca d'Italia data

also decreased (from 6.5% in 2010 to 4.4% in 2012), while the percentage of insured households whose head is economically inactive was virtually unchanged (2.5% in 2012 compared to 2.3% in 2010) (Figure 3).

Figure 3
Diffusion of health and accident policies by household head's employment status

2010
2012

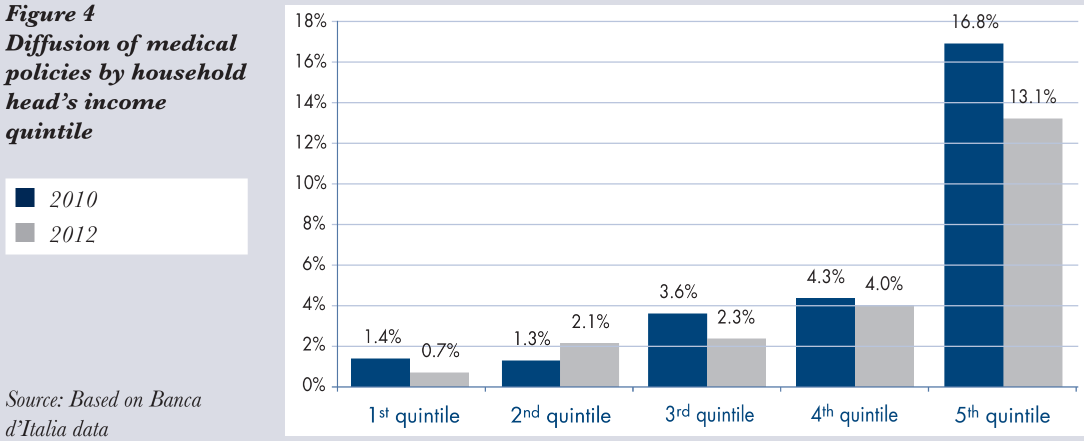


Source: Based on Banca d'Italia data

In 2012, the percentage of households with at least one policy was reduced for all income classes, with the exception of the second quintile, among which it increased by nearly one percentage point (from 1.3% to 2.1%).

The contraction was particularly steep among households where the head is in the top income quintile, which experienced a drop in coverage of nearly 4 percentage points (from 16.8% to 13.1%), followed by a reduction of more than one point among third-quintile households (from 3.6% to 2.3%) (Figure 4).

Figure 4
Diffusion of medical policies by household head's income quintile



Source: Based on Banca d'Italia data

Non-life classes other than motor

The questionnaire section on non-life insurance asks households whether one or more family members subscribed any non-life policies – on houses and land, personal injuries, means of transport (other than motor insurance) – and what the annual premium was (Figure 5).

Figure 5 – Survey: non-life premiums (other than motor)

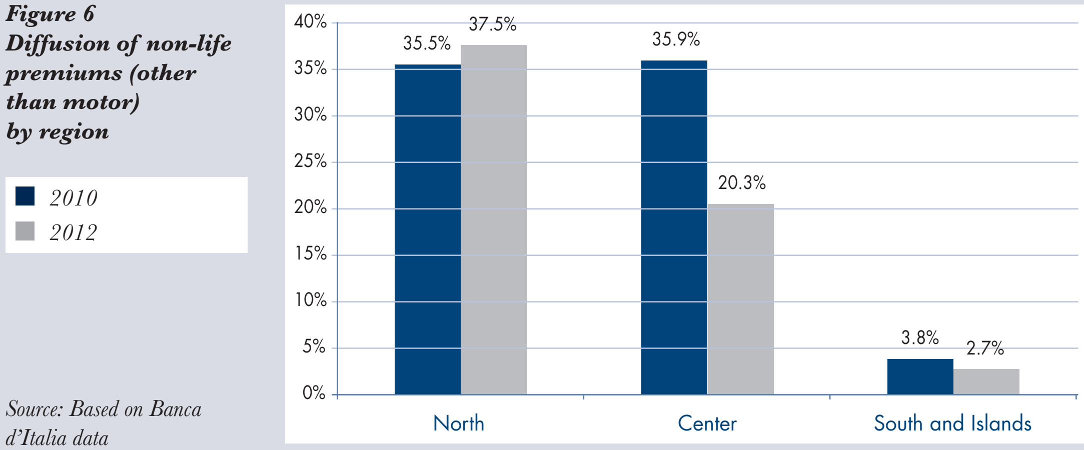
Non-life premiums (other than motor)			
F29. Did you, or any other member of your household pay non-life insurance policy premiums in 2012, for damages to property, theft, fire, hail, malpractice etc. (other than compulsory motor insurance)? **ASS3** – Yes .... 1 – No .... 2 → ***END OF SECTION***			
F30. How many policies did you have for…	…means of transport	…houses and land	…personal injuries
	|……|	|……|	|……|
F31. How much did your household pay in 2012 for the premiums? € |....|....| |....|....|....| **ASS3S**			

Source: Bank of Italy, Survey of Household Income and Wealth

In 2012, 23% of households subscribed at least one non-life policy (other than motor insurance), slightly less than in 2010 (25.5%); in absolute terms, insured households were 5.6 million out of a total of 24 million (6.2 million in 2010).

The change was unevenly distributed among households in the different geographical areas. In the North, the percentage of households with some form of non-life coverage increased by two percentage points in 2012 (to 37.5% from 35.5% in 2010, while in the South and Island regions it slipped from 3.8% to 2.7%. The pattern differed in the Center, where the share of insured households plummeted from 35.9% to 20.3% in the two years. However, it should be duly noted that data for the year 2010 were significantly different from the long-term average (Figure 6).

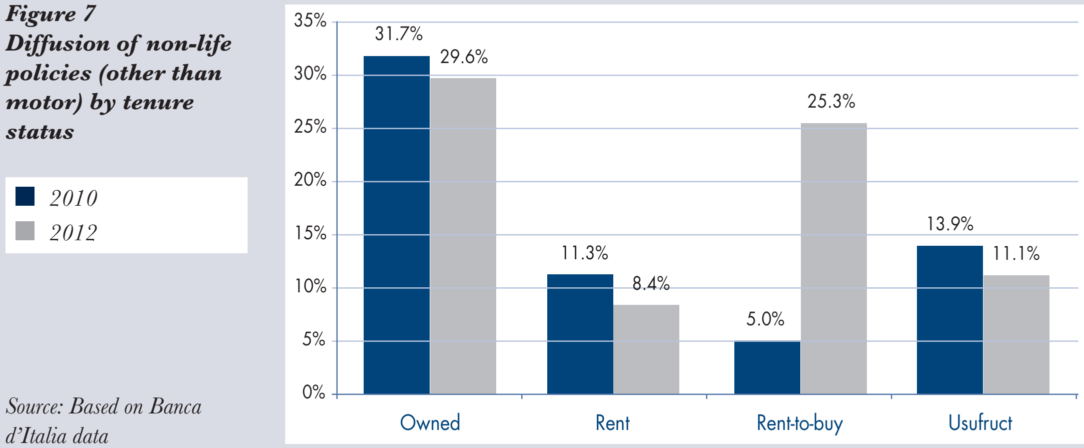
Figure 6
Diffusion of non-life premiums (other than motor) by region



Source: Based on Banca d'Italia data

Non-life insurance is more common among house owners (29.6% in 2012, 31.7% in 2010), as home-owners insurance is more popular than other non-life policies. The percentage of insured tenant households went down by almost 3 percentage points (8.4% in 2012, 11.3% in 2010). The change was significant for households living in houses with a rent-to-buy agreement, although this is most likely attributable to sample variations due to their low incidence on the total (Figure 7).

Figure 7
Diffusion of non-life policies (other than motor) by tenure status



Source: Based on Banca d'Italia data

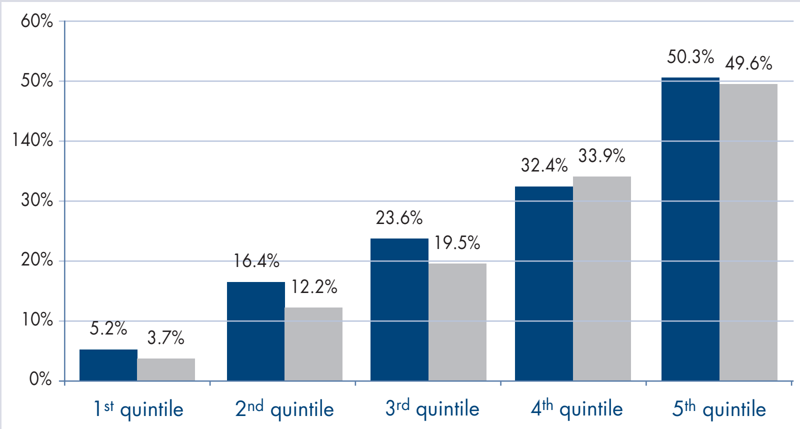
In 2012, the percentage of households who subrscribed at least one non-life policy shrank for all income groups, with a steeper reduction in households with a medium-to-low income.

In particular, the percentage of households with a non-life insurance policy went from 5.2% to 3.7% in the lowest quintile, from 16.4% to 12.2% in the second quintile and from 23.6% to 19.5% in the third quintile.

The percentage of households where the head's income is in the highest quintile with at least one non-life policy was 49.6% (down from 50.3% in 2010) (Figure 8).

Figure 8
Diffusion of non-life policies (other than motor) by income quintile

2010
2012



Source: Based on Banca d'Italia data

7

HUMAN RESOURCES AND LABOR

STAFF AND LABOR COSTS

At the end of 2013 the Italian insurance industry's managerial and non-managerial staff numbered 47,936, basically the same as a year earlier (47,712). ANIA produced this estimate for the entire industry, which includes some 4,000 employees of subsidiaries covered by the insurance industry labor contract, using data from a sample of companies accounting for about 75% of total insurance employment.

Number of staff

Year	Administration (*)	Dealers	Total
2002	36,987	2,993	39,980
2003	36,429	2,862	39,291
2004	37,275	2,830	40,105
2005	37,016	2,908	39,924
2006	36,665	3,130	39,795
2007	36,567	3,156	39,723
2007 (**)	*41,121*	*5,157*	*46,278*
2008	41,479	5,352	46,831
2009	41,881	5,488	47,369
2010	41,730	5,456	47,185
2011	42,193	5,284	47,477
2012	42,498	5,214	47,712
2013	42,747	5,189	47,936

(*) Administration, call center and managerial staff.
(**) In 2007 for the first time the total included 4,554 employees of subsidiaries of insurance companies and roughly 2,000 additional dealers as a consequence of a major corporate restructuring.

Total staff costs
Euro million

Year	Administration (*)	Dealers	Total
2002	2,119	117	2,236
2003	2,268	115	2,383
2004	2,379	129	2,508
2005	2,457	142	2,599
2006	2,533	154	2,687
2007	2,711	169	2,880
2007 (**)	*2,972*	*277*	*3,249*
2008	3,118	273	3,390
2009	3,142	261	3,403
2010	3,192	263	3,456
2011	3,284	267	3,551
2012	3,478	262	3,740
2013	3,635	262	3,897

(*) Administration, call center and managerial staff.
(**) In 2007 for the first time the total included 4,554 employees of subsidiaries of insurance companies and roughly 2,000 additional dealers as a consequence of a major corporate restructuring.

Annual change in total staff costs (%)

Year	Administration	Dealers	Total
2003	7.0%	-1.7%	6.6%
2004	4.9%	12.2%	5.2%
2005	3.3%	10.1%	3.6%
2006	3.1%	8.5%	3.4%
2007	7.0%	9.7%	7.2%
2008	4.9%	-1.6%	4.3%
2009	0.8%	-4.2%	0.4%
2010	1.6%	0.7%	1.6%
2011	2.9%	1.5%	2.7%
2012	5.9%	-1.7%	5.3%
2013	4.5%	0.0%	4.2%

Annual change in staff costs per employee (%)

Year	Administration	Dealers	Total
2004	4.5%	15.3%	5.2%
2005	2.3%	9.3%	2.8%
2006	4.1%	3.0%	3.7%
2007	7.6%	5.5%	7.4%
2008	4.6%	-3.8%	3.8%
2009	-0.1%	-7.2%	-0.8%
2010	1.3%	-0.2%	1.2%
2011	2.5%	3.4%	2.6%
2012	5.0%	0.5%	4.8%
2013	3.8%	0.9%	3.7%

Staff comprises administration personnel (39,144 employees), dealers and dealer organizational personnel (5,189 employees), call center staff (2,408) (*) and managerial personnel (1,195). Administration staff increased by 208 (+0.5%) in 2013, and managerial staff by 69 (+6.1%), while call center employees were cut by 28 (-1.1%) and dealers and organizational personnel by 25 (-0.5%).

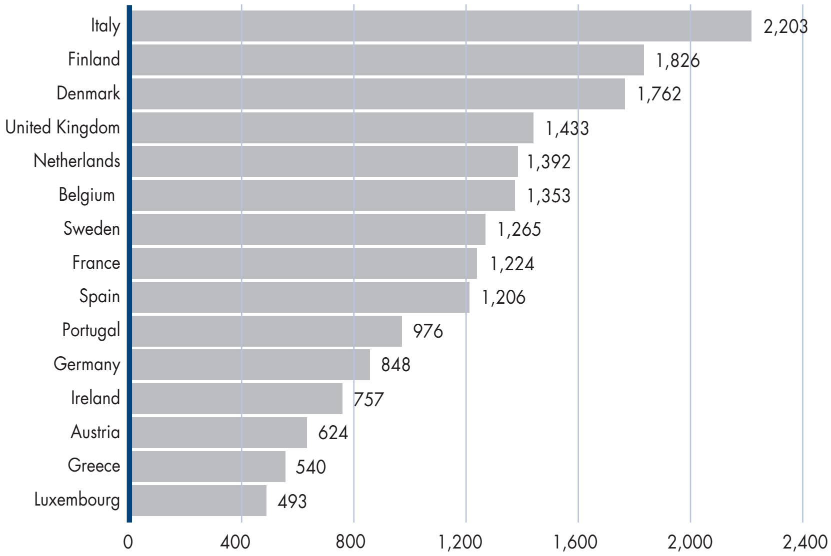
Overall, the number of employees rose by 224 or +0.5% in 2013.

For the entire industry, the number of men employed rose slightly by 0.7%, while the number of women was virtually unchanged (up just 0.3%).

At the end of the year female personnel accounted for 46.1% of the total. About 41% of all employees are university graduates; another 52% have upper secondary school diplomas.

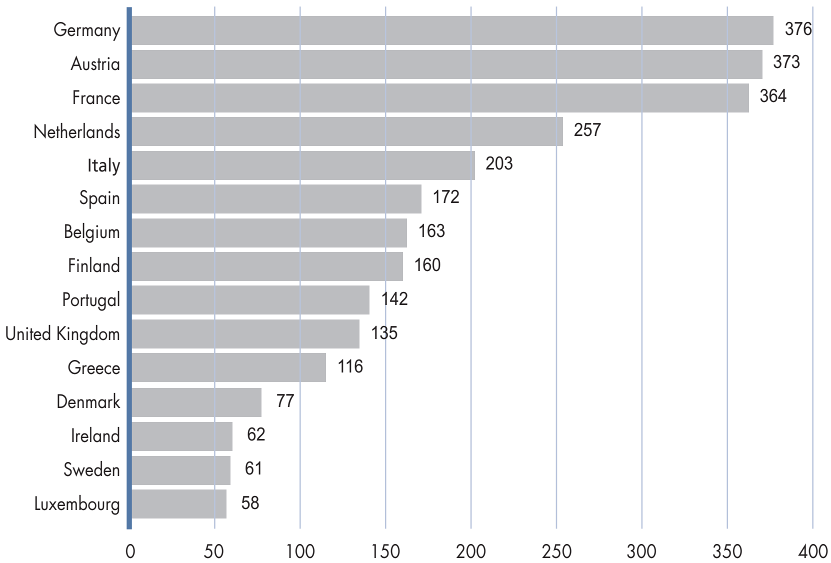
(*) Call center employees are subdivided into claims staff (first section) of 1,402 and sales staff (second section) of 1,006.

Premiums per employee in the EU-15 – 2012
Euro thousand



Source: Insurance Europe

Employees per company in the EU-15 – 2012



Source: Insurance Europe

The cost of staff (net of dealers and their organization staff) amounted to Euro 3,635 million in 2013, an increase of 4.5% for the year; per employee costs were Euro 85,300, an increase of 3.8%.

The cost for dealers and related staff came to Euro 262 million, virtually unchanged from 2012; the per capita cost rose by 0.9%, to Euro 50,500.

To enhance the statistical significance of the data, per capita labor costs are calculated as the total staff cost for a given year over the average number of employees in service during that year and the previous one.

For the entire industry, the companies' labor costs rose by 4.2% in 2013, owing in part to the salary increments of 1.43% mandated by the industry-wide collective bargaining agreement for non-managerial insurance employees signed on 7 March 2012. The rise in labor costs was also due partly to the trend of employment of managerial staff (up 6.1%), and partly to the rise in commissions (+10% on 2012), especially for call center staff employed in the second section.

Per employee labor costs increased by 3.7%.

8

INSURANCE DISTRIBUTION

After a two-year decline, in 2013 life premiums written through bank and post office branches, the main distribution channel, recorded a significant increase. The trend for premiums paid through other channels, with the exception of financial salesmen, was also positive, though much less pronounced. In the non-life sector, agents were again the main sales channel, although their business continues to perform worse than other channels, with a consequent erosion of the market share. Over the past year premiums distributed via bank and post office branches – although accounting for a small share of total premiums – have increased, as have telephone and Internet sales, to a slightly lesser degree. An ANIA study based on data from the Italian Association of Insurance and Reinsurance brokers (AIBA) has shown that insurance company figures underestimate the importance of brokers in the non-life sector.

LIFE BUSINESS

In 2013 life premiums registered strong growth, after declining in the previous two years, with most policies being distributed through bank and post office branches, followed by agents. By contrast, sales by financial salesmen fell (Table 1).

In particular, the volume of written premiums distributed through bank and post office branches in 2013 grew by 49.3%, after a falling by nearly 40% in the period 2011-2012; this has had an impact on the sector's market share, which grew by 11 percentage points, going from 48.5% in 2012 to 59.3% in 2013. The improvement in growth helped to maintain positive average premium growth of 1.3% through this channel over the past five years.

In 2013, financial salesmen, still the second-leading channel of intermediation, were the only distribution channel in the life sector registering a decrease in premiums (of almost 14%). Their average annual gain over the past five years was still positive at around 1.3%. The corresponding market share came down to 16.5% from 23.3% a year earlier.

Table 1 – Life insurance business by distribution channel, 2009-2013

CHANNEL	Gross written premiums (Euro million)					Market share (%)					Average	Average Annual growth (%)					change %
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	(2009-2013)	2009	2010	2011	2012	2013	(2009-2013)
Bank branches (1)	47,210	54,310	40,419	33,808	50,475	58.1	60.3	54.7	48.5	59.3	***56.2***	64.3	15.0	-25.6	-16.4	49.3	***1.3***
Financial salesmen	13,141	14,367	13,582	16,272	14,010	16.2	15.9	18.4	23.3	16.5	***18.1***	143.3	9.3	-5.5	19.8	-13.9	***1.3***
Agents	12,897	13,811	12,103	11,386	12,276	15.9	15.3	16.4	16.3	14.4	***15.7***	0.5	7.1	-12.4	-5.9	7.8	***-1.0***
Direct sales	7,057	6,689	6,994	7,458	7,553	8.7	7.4	9.5	10.7	8.9	***9.0***	4.2	-5.2	4.6	6.6	1.3	***1.4***
Brokers	811	936	771	791	797	1.0	1.0	1.0	1.1	0.9	***1.0***	2.3	15.4	-17.6	16.4	0.8	***-0.4***
TOTAL	81,116	90,114	73,869	69,715	85,110	100.0	100.0	100.0	100.0	100.0	***100.0***	48.7	11.1	-18.0	-5.5	22.1	***1.0***

(1) Data for this channel includes premiums distributed by post office branches

INSURANCE DISTRIBUTION

In spite of an increase in premiums of 7.8% in 2013, agents' business continued to perform worse than the market average, with its share shrinking from 16.3% in 2012 to 14.4% in 2013.

Direct sales premium volume in 2013 was basically in line with 2012, which translated into a reduction of the market share from 10.7% to 8.9%.

Written premiums sold by brokers represent a marginal share, less than 1% of the total market, and have remained virtually unchanged since 2011 (with less than Euro 800 million in terms of volume).

By type of product (Tables 2 and 3), Class I (life insurance products) showed the best performance in premium income generated by bank and post office branches, which grew by more than double the market average (59% vs. 27%), their market share thus rising from 52.4% in 2012 to 65.6%.

In Class III (linked policies), the main distribution channel was once again that of financial salesmen, with a market share of 48.6% in 2013 and volume growth of 11.3% for the year. All other sales channels (except for brokers, who lost 33.2%) showed positive growth compared to 2012, with rather stable market share performances, the second-leading channel being bank and post office branches for this class of products (45.2% market share and a 12.1% increase in premiums).

Table 2
Breakdown of life market by class and distribution channel (%)

Class	Agents	Brokers	Bank branches (1)	Financial salesmen	Direct sales	Total
YEAR 2013						
I - Life	16.0	0.6	65.6	9.8	8.0	100.0
III - Investment funds	5.4	0.0	45.2	48.6	0.8	100.0
IV - Sickness	25.3	44.5	26.6	0.4	3.2	100.0
V - Capitalization	23.2	11.0	18.2	0.7	46.9	100.0
VI - Pension funds	22.0	0.9	16.9	6.1	54.0	100.0
Individual retirement policies (2)	39.9	0.1	25.0	22.8	12.3	100.0
TOTAL LIFE	14.4	0.9	59.3	16.5	8.9	100.0
YEAR 2012						
I - Life	18.7	1.0	52.4	18.4	9.5	100.0
III - Investment funds	5.0	0.0	45.3	49.1	0.6	100.0
IV - Sickness	27.1	49.9	18.5	0.1	4.4	100.0
V - Capitalization	29.5	8.1	16.9	0.4	45.2	100.0
VI - Pension funds	15.1	0.6	14.1	3.5	66.7	100.0
Individual retirement policies (2)	38.5	0.1	22.0	27.4	12.0	100.0
TOTAL LIFE	16.3	1.1	48.5	23.3	10.7	100.0

(1) Data for this channel includes premiums distributed through post office branches
(2) Individual retirement plan premiums (as per Article 13, paragraph 1(b) Leg. Decree 252/05) are a subgroup of of individual Class I Life policies and Class III Investment funds

Table 3
Change % in life premium volume by class and distribution channel 2013/2012

Class	Agents	Brokers	Bank branches ([1])	Financial salesmen	Direct sales	Total
I - Life	8.4	-24.5	59.0	-32.5	6.8	26.9
III - Investment funds	21.9	-33.2	12.1	11.3	43.9	12.4
IV - Sickness	14.4	9.1	76.0	246.3	-9.3	22.4
V - Capitalization	-8.3	58.7	25.5	137.6	21.0	16.6
VI - Pension funds	1.6	8.2	-16.7	20.4	-43.7	-30.5
Individual retirement policies ([2])	24.4	-19.1	36.3	-0.2	23.1	20.1
TOTAL LIFE	7.8	0.8	49.3	-13.9	1.3	22.1

([1]) Data for this channel includes premiums distributed by post office branches
([2]) Individual retirement plan premiums (written as per Article 13, paragraph 1(b) of Legislative Decree 252/05) are a subgroup of individual policies in Class I Life and Class III Investment funds

As to capital redemption policies (Class V), the largest market share was recorded by direct sales at 46.9%, with an increase in premiums of 21%; premium sales grew for all other channels as well, except for insurance agents (the second-leading channel in terms of premiums written) who experienced a decline in their market share, down to 23.2% in 2013 from 29.5% a year earlier, as a result of a contraction in the income generated by these products. The growth in written premiums distributed through bank branches was higher than average (+25.5%), their market share thus growing from 16.9% in 2012 to 18.2% in 2013.

Individual retirement plan premiums grew by 24.4% in 2013, thus confirming insurance agents as the main channel for these plans, accounting for 39.9% of the total market (38.5% in 2012). Premiums generated by financial salesmen went down, accounting for only 22.8% of the market in 2013, compared to 27.4% in 2012, while the market share of bank branches rose from 22.0% to 25.0%, thanks to a significant increase in premiums (+36.3%).

As for Class VI (pension funds) premiums/contributions generated through direct sales declined, with their market share being redistributed among all the other channels.

NON-LIFE BUSINESS

The agency network, which is the main channel for the collection of premiums in the non-life sector, recorded a 5.4% decrease in premiums in 2013 and the average annual growth for the last five years was negative at -2.3%, the worst performance among all the distribution channels (Table 4). The market share for this channel progressively decreased from 83.0% in 2009 to 80.5% in 2013.

With a decrease of 1.6% in the volume of premiums in 2013, brokers accounted for 7.9% of the total market.

Table 4 – Non-life insurance business by distribution channel, 2009-2013

CHANNEL	Gross written premiums (Euro million)					Market share (%)					Average	Average Annual growth (%)					Average %
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	(2009-2013)	2009	2010	2011	2012	2013 ([4])	(2009-2013)
Agents	30,516	29,329	29,748	28,692	27,132	83.0	82.4	81.8	81.0	80.5	***81.7***	-2.8	1.3	1.4	-3.0	-5.4	***-2.3***
Brokers ([1])	2,921	2,730	2,768	2,692	2,650	7.9	7.7	7.6	7.6	7.9	***7.7***	2.3	-1.4	1.4	-1.8	-1.6	***-1.9***
Direct sales	2,187	2,357	2,549	2,858	2,665	6.0	6.6	7.0	8.1	7.9 ([3])	***7.1***	-7.3	7.9	8.1	12.3	-3.3	***4.0***
of which: Internet																	
and telephone sales	*1,081*	*1,273*	*1,491*	*1,670*	*1,604*	*2.9*	*3.6*	*4.1*	*4.7*	*4.8 ([3])*	***4.0***	*3.7*	*18.9*	*16.9*	*12.1*	*2.3*	***8.2***
Bank branches ([2])	1,070	1,142	1,247	1,123	1,203	2.9	3.2	3.4	3.2	3.6	***3.3***	33.2	17.3	9.2	-5.5	7.1	***2.4***
Financial salesmen	51	48	47	49	53	0.1	0.1	0.1	0.1	0.2	***0.1***	-5.9	-5.7	-0.4	2.7	8.5	***0.7***
TOTAL	36,746	35,606	36,358	35,413	33,702	100.0	100.0	100.0	100.0	100.0	***100.0***	-1.9	2.2	2.1	-1.9	-4.6	***-1.7***

([1]) Brokers' contribution over the years does not include the share of premiums generated through this channel with presentations at the agency and not directly at the company (estimated at 23.5 percent in 2013).
([2]) Data for this channel includes premiums distributed by post office branches.
([3]) The data is not comparable with the time series because of the exclusion from direct Italian insurance business in 2013 of the portfolio of a national company which was transferred to the Italian operating branch of a European company. Including data from this company, the market share for direct sales would be 8.2%, of which 5.1% through the Internet and telephone sales.
([4]) Changes (%) are calculated in homogeneous terms, taking into account, for the year 2012 as well, of the exclusion in 2013 from direct Italian insurance business of the portfolio of a national company which was transferred to the Italian operating branch of a European company.

However, this share is underestimated, insofar as a significant portion of the premium income they generate (around 23.5% of the entire market) is presented to the insurance companies not directly by the brokers but via agencies. Taking this into account, the non-life premiums intermediated by brokers amounted to **Euro 10.6 billion** (Euro 2.7 billion in the official statistics) or to **31.4%** of all non-life premiums (7.9% in the official statistics). As a consequence, the share effectively accounted for by agents should be adjusted downward to **Euro 19.2 billion** (and not Euro 27.1 billion, as in the official statistics) and their market share from 80.5% to **57.0%**.

To estimate the market shares accounted for by brokers, ANIA uses data from the Italian Association of Insurance and Reinsurance brokers (AIBA) and additional information gathered from the leading Italian insurance brokers. AIBA lacks official data on the volume of premiums handled by brokers but derives an estimate from their payments to the compulsory Guarantee Fund plus a portion of premiums deriving from brokerage fees (not subject to the compulsory contribution). On this basis AIBA estimates brokers' premiums for the entire non-life sector at Euro 14 billion, which is far higher than ANIA's own estimate, owing essentially to the different estimate of premiums deriving from brokerage fees.

In 2013 direct sales (which in addition to telephone and Internet sales include premiums generated at the insurance company head offices) were influenced by the exclusion from direct Italian insurance business in 2013 of the portfolio of a national company which was transferred to the Italian operating branch of a European company which only sells through the Internet and telephone channels.

Table 5 Breakdown of non-life market by class and distribution channel (%)

YEAR 2013 (1)								
Class	Agents	Brokers (2)	Bank branches (3)	Financial salesmen/ Mobile	Agencies in economy	OTHER DIRECT SALES Internet telephone	Sales	Total
Motor liability	86.8	2.8	1.9	0.0	0.5	2.7	5.2	100.0
Land vehicle insurance	83.0	7.6	1.8	0.0	1.2	2.3	4.1	100.0
Total motor	86.3	3.5	1.9	0.0	0.6	2.6 (6)	5.1 (6)	100.0
Health and accident	66.2	13.6	6.6	0.8	11.3	0.6	0.9	100.0
Transport (4)	32.2	64.0	0.0	0.0	3.6	0.1	0.1	100.0
Property (5)	77.6	11.0	6.5	0.2	3.4	0.5	0.9	100.0
General Liability	84.0	8.5	2.7	0.1	4.5	0.1	0.1	100.0
Credit and suretyship	72.9	14.4	7.5	0.0	5.2	0.0	0.0	100.0
Total non-motor	*73.3*	*13.3*	*5.6*	*0.4*	*6.3*	*0.4*	*0.7*	*100.0*
TOTAL NON-LIFE	80.5	7.9	3.6	0.2	3.1	1.6	3.1	100.0
YEAR 2012								
Motor liability	87.3	2.9	1.6	0.0	0.6	2.9	4.8	100.0
Land vehicle insurance	83.7	6.3	1.6	0.0	2.0	2.5	3.9	100.0
Total motor	86.8	3.3	1.6	0.0	0.8	2.8	4.7	100.0
Health and accident	66.9	12.2	6.3	0.7	12.6	0.6	0.8	100.0
Transport (4)	28.4	64.5	0.0	0.0	7.1	0.0	0.0	100.0
Property (5)	77.5	11.5	6.2	0.1	3.3	0.6	0.8	100.0
General Liability	84.2	9.2	2.2	0.1	4.1	0.1	0.1	100.0
Credit and suretyship	73.1	15.9	6.9	0.0	4.1	0.0	0.0	100.0
Total non-motor	*73.4*	*13.3*	*5.2*	*0.3*	*6.8*	*0.5*	*0.6*	*100.0*
TOTAL NON-LIFE	81.0	7.6	3.2	0.1	3.4	1.8	2.9	100.0

(1) The data for 2013 are influenced by the exclusion in from direct Italian insurance business of the portfolio of a national company which was transferred to the Italian operating branch of a European company.
(2) Brokers' share over the years does not include the portion of income they generate that is presented to the insurance companies not directly by the brokers but via agencies (around 23.5% in 2013).
(3) Data for this channel includes premiums distributed by post office branches.
(4) The class of motor insurance includes: railway rolling stock, aircraft, ships, goods in transport, and aircraft and marine third party liability.
(5) The Property class includes: fire and natural forces, other damage to property, miscellaneous financial loss, legal expenses and assistance.
(6) The data cannot be compared with 2012 because of the exclusion from direct Italian insurance business in 2013 of the portfolio of a national company which was transferred to the Italian operating branch of a European company. Including data from this company, the market share of motor insurance would be 3.0% for telephone sales, and 5.3% for Internet sales.

Premium changes calculated for a uniform set of companies (excluding data for this company for the year 2012 as well) show that direct sales are down by 3.3%, while those distributed only through the Internet or telephone are up by 2.3%; the market share (calculated for 2013 also including data for the company now excluded from the direct Italian insurance business) for direct sales is 8.2% (vs. 7.8%) and 5.1% for Internet and telephone sales (vs. 4.8%) with a rise from 4.7% in 2012.

Over the last year, non-life premiums intermediated through bank and post office branches grew by 7.1% compared to 2012, thus contributing to an expansion

Table 6
Change % in non-life premium volume by class and distribution channel

YEAR 2013/2012 (1)								
Class	Agents	Brokers (2)	Bank branches (3)	Financial salesmen/ SIM	Agencies in economy	OTHER DIRECT SALES Telephone	Sales	Total
Motor liability	-7.9	-8.9	8.6	-33.8	-23.5	-3.7	6.4	-7.0
Land vehicle insurance	-9.6	8.9	6.1	-99.2	-46.1	-9.5	-0.5	-8.6
Total motor	-8.1	-4.5	8.3	-80.0	-31.1	-4.4	5.6	-7.2
Health and accident	-2.7	10.0	4.3	10.2	-11.8	1.5	17.6	-1.6
Transport (4)	-9.1	-5.2	2.0	20.0	-53.9	56.2	-4.3	-9.8
Property (5)	1.4	-2.6	6.3	7.7	3.0	-13.8	12.4	1.3
General Liability	-3.3	-11.0	19.2	3.9	7.0	-0.7	1.3	-3.1
Credit and suretyship	-1.8	-11.0	8.2	0.0	25.2	-100.0	0.0	-1.5
Total non-motor	*-1.2*	*-0.6*	*6.6*	*9.5*	*-7.6*	*-6.7*	*14.1*	*-1.1*
TOTAL NON-LIFE	-5.4	-1.6	7.1	8.5	-10.7	-4.7	6.4	-4.6

(1) Changes (%) are calculated in homogeneous terms, taking into account, for the year 2012 as well, of the exclusion in 2013 from direct Italian insurance business of the portfolio of a national company which was transferred to the Italian operating branch of a European company.
(2) Brokers' share over the years does not include the portion of income they generate that is presented to the insurance companies not directly by the brokers but via agencies (around 23.5% in 2013).
(3) Data for this channel includes premiums distributed by post office branches.
(4) The class of motor insurance includes: railway rolling stock, aircraft, ships, goods in transport, and aircraft and marine third party liability.
(5) The Property class includes: fire and natural forces, other damage to property, miscellaneous financial loss, legal expenses and assistance.

of this channel's market share which rose to 3.6% in 2013 from 3.2% a year earlier.

Financial salesmen still have a minimal share of the market (0.2%).

As for motor insurance (motor third party liability and land vehicles) insurance agents are still the main sales channel, accounting for 86.3% of the entire market. However, the volume of premiums decreased by 8.1% compared to 2012 (Tables 5 and 6).

The second-leading channel for motor insurance business is Internet and telephone sales (7.7%), with Internet premiums falling by 4.4% in 2013 and telephone sales growing by 5.6% on 2012. The data, as specified earlier, are net of the portfolio of a national company excluded from direct Italian insurance business and whose premiums were transferred to the Italian operating branch of a European company. When including those data in the calculations, the market shares for Internet and telephone sales would have been 5.3% and 3.0% respectively, for a total of 8.3% (up from 7.5% in 2012).

Brokers follow with a market share for this class of 3.5% and total premiums in decline by 4.5%. Bank and post office branches, accounting for 1.9% of the market, recorded an expansion in total premiums (+8.3% on 2012).

While agents and brokers remained the leading non-motor insurance intermediaries in 2013, with market shares of 73.3% and 13.3% respectively, agents' premium volume declined by 5.4% and brokers' by 1.6%.

The non-life sector, other than motor vehicle insurance, recorded an expansion in premiums distributed through bank and post office branches, with total premiums up in all classes and, more in detail: general third party liability (+19.2%), credit and suretyship (+8.2%), property (+6.3%), sickness and accident (+4.3%) and transport (+2.0%). Although still with a minimal market share, Internet sales showed an uptrend in terms of volume of premiums in this sector; in particular, the growth involved all classes apart from credit and suretyship, which remained unchanged compared to a year earlier, and transport, which went down by 4.3%.

IVASS PROVISION 7/2013 – MEASURES ON THE MANAGEMENT OF INSURANCE PREMIUMS VIA THE INTERNET

The provision implements Article 22, paragraph 8, of Decree Law 179/2012, adopting "Further urgent measures for national growth", converted into Law 221 of 17 December 2012.

The provision establishes that IVASS shall regulate, internally, the ways for insurance companies to set up individual customer sections on their websites for policyholders to check their insurance policies, contractual terms, payments made and due and, for life policies only, paid-up values and updated valuations.

The provision aims at encouraging easier relations with insurance companies through remote communication channels, as a means of enhancing transparency and simplifying the insurer/insured relationship.

The provision sets general rules for the formation of sections dedicated to policyholders, while each insurance company will decide exactly how to translate those principles into practice.

The new rules were introduced within the framework of ISVAP provision 35/2010, which regulates information and advertising requirements for insurance products, with the addition of Title IV, specifically dedicated to "Information for policyholders via web". Thus, all measures concerning information to policyholders are addressed in a single set of rules.

The new rules apply to insurance companies registered in Italy and, for motor and marine vehicles liability, to EU companies operating in Italy.

The rules regulate the minimum information content to be made available in the areas dedicated to policyholders:

- current insurance policies;
- contractual terms signed;
- payments made and due;
- corresponding paid-up value for life products, including unit and index-linked policies and capital redemption policies;
- position value based on current valuation of shares or reference value linked to the performance, for unit and index-linked life policies;
- for motor third party liability, the certificate of claims experience (merit class).

With reference to contractual terms signed, a scanned image of the contract signed by the customer must be made available or, alternatively, the text of the corresponding policy terms and conditions regulating the contract signed. For contracts signed before the new provisions enter into force, if it wishes the insurer may only provide a summarized version of the terms signed in the contract, as well as information on guarantees, exclusions and limitations.

The information shall be properly customized, so that the policyholder can be made aware of his/her actual insurance status.

With regard to the time needed to update the information, the principle was introduced that every insurance company shall make available duly updated information; the timing of such an update will be used to measure customer satisfaction in terms of quality of the service offered.

Insurance companies can decide not to activate a customer's area for policies involving specific non-standardized risks and which were the object of *ad hoc* negotiation (fleets of vehicles and watercraft; large risks and agricultural risks), or for policies involving small amounts (accessories to products or services, with premiums under Euro 100). The risks linked to specific events in a limited timeframe (such as premiums relating to ski passes, sports competitions and events, or short-term trips) were also excluded.

As for group policies, the Provisions establish that access to the dedicated section is allowed not only to the policyholder but also to the individual insured parties, if the latter pays for the premium or has an interest in the transaction. All "on behalf of those entitled" policies, where the insured subjects are not listed individually on the collective agreement when signing the contract and are covered by insurance insofar as they are part of a specific group (such as members of sports associations), are excluded. These exceptions do not apply to policies linked to mortgages or other forms of loans for which access to the dedicated section must be provided.

Access and functioning of the dedicated areas must be made secure through guaranteed systems for the protection and security of data entered via the Internet according to the type of service offered. In the case of risk attestations, for instance, proper measures should be adopted to avoid counterfeiting.

Access to the reserved area must be allowed from the home page of the company website, and insurance companies must guarantee service continuity and availability to customers.

A help desk must be in place for policyholders to deal with access and consultation problems. Login, user ID and password will be provided directly by the insurance company to policyholders upon request.

The reserved access areas may contain advertising or promotional messages, upon the user's specific consent, but advertising cannot compromise the readability of the contents.

The information sheet used by companies to communicate the possibility to access the new Internet service to their customers must be made available:

– on the company website;
– when signing the contract;
– with written communication to the customer, for ongoing contracts.

IVASS DRAFT REGULATION 2/2014 ON PROFESSIONAL REQUIREMENTS FOR INTERMEDIARIES

IVASS published its draft regulation on the professional requirements for insurance and reinsurance intermediaries implementing Article 22, paragraph 9, of Decree Law 179/2012 establishing "New urgent measures for national growth", which was converted into Law 221/2012 with amendments to ISVAP regulation 5 of 16 October 2006.

This provision charged IVASS with defining by a specific regulation "the organizational, technological and professional standards for the education and retraining of intermediaries, with reference to training products, to the requirements for trainers and the technical and functional characteristics of e-learning platforms".

Consequently, the draft regulation intends to:

– encourage stiffening of professional requirements of insurance intermediaries as per Article 111 of the Private Insurance Code (employees registered in section E of the single register of intermediaries and direct producers of companies registered in section C) by elevating the professional standards for agents;

- take into account the growing use of insurance policies handled electronically;
- bring together and harmonize the rules on the matter, in the attempt to make the training requirements of the several persons operating in the insurance, credit and financial intermediation business as homogeneous and rational as possible through the regulatory alignment of some important aspects (organizational standards, method of delivery of the training courses, requirements for trainers, methods of assessment of the skills acquired).

Accordingly, the main new elements concern:

- methods of delivery of the training courses: full equality and interchangeability of distance and classroom learning, to encourage increased flexibility of organizational choice for the supervised intermediaries. Establishment of more specific and rigorous criteria for distance learning (video conference and e-learning), based mainly on traceability and interactivity;
- organizational standards: more flexibility for retraining requirements, to be fulfilled in a 2-year time frame rather than on an annual basis, the total number of hours required being left untouched but with the possibility to freely distribute training hours unevenly, if desired, over the entire 2-year period (at least 15 hours out of 60 in each year), based on the calendar year (starting January 1st of the year following the registration or beginning of activities) so that the deadlines can follow the course planning activities;
- the contents of the training products: training organized by thematic areas and minimum content requirements, indicated in the table annexed to the regulation. Modular training, basic course and supplementary courses, also customizable based on the subjective characteristics of the target audience and on the objective characteristics of the activity (distance marketing, reinsurance, claims management);
- trainer requirements: when training is outsourced, training bodies must have a quality certification for initial training; this requirement does not apply if the courses are held and organized directly by the companies and intermediaries or by Universities recognized by the Ministry of Education (MIUR).
- Trainers (also when training is provided directly by companies and intermediaries) must fulfill specific suitability criteria;
- methods of assessment of the competencies acquired: detailed rules on end-of-course test procedures;
- companies' internal controls on the distribution network: requiring a more active and incisive role of the companies' administrative bodies in drawing strategic guidelines on the training of intermediaries.

The draft provision set 30 June 2014 as the date of entry into force. With regard to retraining only, the entry into force will be 1 January 2015.

Besides this, taking into consideration all the new requirements, especially with regard to

- the certification of training bodies,
- the technical features of e-learning platforms,

– and the rules for the end-of-course tests – which should plausibly require some time to be implemented, it was deemed advisable to adopt a transitory provision to validate any initial training attained or begun with the old rules prior to 31 December 2014, the new set of rules entering into force from 1 January 2015.

During the public consultation process, ANIA underlined the risk that the effort of encouraging maximum flexibility in training delivery methods through full equivalence and interchangeability between classroom and distance retraining might be jeopardized by the need for end-of-module and end-of-course tests to be taken in the classroom. For the same reasons, the introduction of a maximum number of students for in-classroom learning (50) is in contradiction with the possibility for distance learning courses to be followed by a larger number of students.

For financial and credit intermediation, by contrast, the possibility still exists for the initial training attainment of the employees and collaborators of the main intermediaries and refresher training (for all first- and second-level intermediaries) to be verified by distance testing, and there would not appear to be any maximum number of students for classroom courses.

In general, we have accordingly requested a review of the provision so that a new set of rules could be defined that is more consistent with a current situation where classroom training is ever more often combined with distance training and testing is carried out on-line rather than in the classroom.

DRAFT PROVISION OF THE MINISTRY FOR ECONOMIC DEVELOPMENT CONTAINING THE RULES FOR THE ESTABLISHMENT OF THE NEW BODY RESPONSIBLE FOR MAINTAINING THE REGISTER OF INSURANCE AND REINSURANCE INTERMEDIARIES

The Ministry for Economic Development prepared a draft provision for delegification to be adopted with a Presidential Decree for the establishment of a new body responsible for the maintaining of the register of insurance and reinsurance intermediaries.

The legislative initiative implements Article 13, paragraph 38, of Decree Law 95/2012, converted into Law 135/2012 which established a new insurance supervisory body IVARP (now IVASS) and announced at the same time the establishment (within two years from the entry into force of the decree) of a new body where all the functions presently being carried out by the register, including supervision, could be transferred.

The same provision establishes the possibility of reviewing the categories of persons required to be registered, the appointment of the members of the Body and the delegation to the Body of the necessary sanctioning powers vis-à-vis the intermediaries supervised.

This new body plays the same role in the insurance industry as that of financial agents and credit mediators and the Register of financial salesmen play in the financial sector.

The Draft Provision draws a pyramid-like supervisory scheme where:

- IVASS oversees the functioning of the Body, mainly through the powers of approving the by-laws and internal regulation, appointing and revoking members of the management committee, and assessing the Body's activities in relation to its functions;
- supervision of registered intermediaries is now assigned to the Body, with special reference to rules of conduct, through inspection and sanctioning powers;
- insurance companies are required to adopt specific internal control systems for their distribution networks;
- intermediaries are required to monitor and supervise their employees and consultants.

The draft Provision also adopts the proportionality and simplification principles, with a consequent rationalization of the categories of intermediaries required to register.

The obligation to register no longer applies to direct producers, who will have a separate list; the officers responsible for intermediation in public limited companies will be listed within the entry for the company itself; the same applies to the employees and consultants working for the intermediary outside of the office, who will figure as occupying a position with the intermediary of reference.

In a further attempt to simplify the keeping of the register, the exclusive use of electronic instruments, such as certified email (pec) and digital signatures, was required.

Finally, the transfer of sanctioning powers to the new Body requires a legislative intervention on the sanctioning rules of the Insurance Code, with the establishment of a single sanctioning system applicable both to natural and to legal persons, in line with the rules on financial agents, credit mediators and financial salesmen.

The Association provided the Ministry for Economic Development with some comments on the draft provision. While we endorse the effort to simplify the revision of the categories of persons required to register and to reduce the formalities of registration, by allowing exclusively elecronic systems, we expressed our doubts about the transfer of disciplinary and sanctioning powers to the new Body.

This is based on the fact that the scope of Article 13 of Decree Law 95/2012 is not broad enough to include the granting of sanctioning powers over intermediaries, but rather is limited to the verification of the requirements for registration and to the preparation, organization and delivery of the qualification examination, as well as to any other activity necessary for keeping the register, including the collection of the annual fees.

Equally delicate is the call for further analysis of the economic impact of the new rules; the decision to give the new Body broad supervisory powers over the intermediaries will have consequences in terms of costs and organization; should it be decided to continue along this path, the creation of some structure would be necessary to guarantee full separation of investigation and decision-making functions, so that supervision could be effective over the entire national territory. This would entail substantial economic resources. The presentation report does not provide a proper impact assessment, or a verification of its economic consistency with the resources currently available, to guarantee full functioning of such a complex organism.

As for the issue of memership in the new body and, more in general, its governance, the draft provision entails the possibility for associations or national federations representing categories of intermediaries and insurance companies operating in Italy to join. This does not make any reference to the representativeness criteria as, at present, any association or federation of intermediaries, even newly-established, could join.

Therefore, there is a need for governance that guarantees balanced participation of all the eligible categories: to this end, differentiated forms of participation could be envisaged, through the definition of categories of members with different rights based on a set of criteria adopted to define representativeness.

The new simplification of the rules for registration is appreciable, as it reduces administrative costs for companies and intermediaries, especially for changes in the organization of distribution networks and sub-networks. However, there is a need for the new “register-body” to set up exhaustive, transparent and accessible query systems to facilitate the identification of authorized intermediaries. This should apply if intermediaries no longer registered independently but rather figured in the register as collaborators of the main intermediary or company for which they work.

In these cases, the information system should allow on-line queries by name to find out what position the person holds with a given company or intermediary.

Finally, given that the draft presidential decree amends and abrogates a series of rules of the Insurance Code, the Association proposed a revision of the limitations on the operations of direct producers. Such limitations (for the sole life, accident and health insurance classes) are not justified by any technical argument (they are not envisaged in European legislation) and do not comply with the evolution of the current national legislation on intermediation activities, which has now provided for multi-channel distribution with all intermediation channels having the same dignity in a level playing field.

ANTITRUST INVESTIGATION ON INSURANCE POLICIES AND COMPETITION TERMS

Last June, the Antitrust Authority (AGCM) launched an investigation involving eight companies to determine whether some of the terms of the mandates to agents could be interpreted as limiting competition, therefore violating Article 101 of the TFUE (Treaty on the Functioning of the European Union).

The investigation by AGCM was based on a report by the Agents National Trade Union which highlighted some specific profiles linked to the mandates of the eight insurance companies said to be in violation of antitrust rules by discouraging and/or preventing agents from signing contracts with more than one agency (multi-firm agents).

On the advice of the Authority, the profiles potentially in restraint of competition concern:

1. the ban on exclusive trademark use without exclusive agency rights for the territory (Regime 3), conditioned by the continuation of the rules laid down in the "Bersani" decrees;
2. the clauses which, in addition to those measures, expressly refer to "possible rulings of illegitimacy by national or Community courts";
3. the clauses containing prior information requirements in the case of conferral on the agent of mandates by other insurance companies;
4. the clauses requiring prior communication of any collaboration by the agent with other insurers;
5. the clauses bearing on the facilities or offices used by the agent, in particular so-called trilateral contracts whereby when the agency mandate lapses the facilities are made available to the insurance company;
6. the clauses banning the use of information systems and databases on the customer portfolio for any purpose other than execution of the agency mandate, which authorize the insurer to rescind the agency mandate if the contents of the database are revealed to other companies;
7. the clauses requiring a dedicated account exclusively for collection of the premiums by the agent on behalf of the insurer;
8. the clauses concerning commissions designed for maintaining the existing portfolio of customers, a measure discouraging the development of multimandate agency work.

After hearing the parties, the AGCM extended the time limit on the eight companies for adopting commitments to 15 December 2013. Further, its assessment of the companies' commitments was subjected to public assessment via market tests. The tests were completed on 24 February 2014.

At its meeting of 20 May the Antitrust Authority concluded its inquiry, determining that the commitments adopted by the insurers were sufficient to eliminate the anti-competition features under inquiry. The Authority accordingly resolved:

- that the commitments undertaken by the firms are obligatory;
- that the proceeding was concluded without determination of a violation, pursuant to Law 287/1990, Article 14-ter(1);
- that the companies must inform the Authority of their actions in carrying out the commitments undertaken in special reports drafted with time limits to be determined by the Authority.

The companies' commitments are heterogeneous, in view of the variety of the complaints raised by the Authority.

However, these commitments do indicate a uniform position on the main economic clauses in the National Agents Agreement. In particular, the insurance companies pledge, albeit by differing calendars and in different ways, to incorporate the definitions of the national convention on indemnity and recourse upon conclusion of a mandate in their negotiations at company level.

THE ANIA OBSERVATORY ON CUSTOMER SATISFACTION

ANIA has cooperated with the GFK Eurisko research institute since 1994 to monitor customer satisfaction, with the aim of being at the forefront of the customer/company relationship issue by following its evolution and allowing individual insurance companies to carry out analysis on positioning and benchmarking.

The observatory brings together a detailed and constant measuring of customer satisfaction with the analysis of social scenarios and general market trends, while following the evolution of the values and sensitivity of Italians towards issues such as risk management, social security, health prevention and protection for policyholders and their families as well as towards the meaning, value and role they ascribe to the insurance profession and players and to insurance policies per se.

In 2013, the Observatory widened its field of analysis including opinion polls to deepen the study of structural elements influencing the customer/company relationship. To this end, it sought the involvement of the Carefin (Centre for Applied Research in Finance) of Bocconi University.

Opinion polling

The new edition of the study is in continuity with the previous ones but was enriched with an analysis of how Internet users deal with the issues of risk and need for safety. The analysis used:

1. an online qualitative module to listen to conversations on the web dealing with the issues of risk, the need for safety and guarantees for the future;
2. an offline qualitative-motivational module for updates on the insurance climate and culture;
3. a quantitative-extensive module for the analysis of the market and update of customer satisfaction indexes.

How Italians talk about risk and guarantees on the web

The aim of the research is to collect web dialogues and contributions on risk, need for safety and guarantees for the future, to verify how the need for protection is expressed in terms of fears, concerns and requests for safety.

The analysis was carried out through web listening, a snapshot of the Internet in mid-February 2013. Post collection was done in spontaneous contexts and focused on social queries (blogs and microblogs, forums and social networks), excluding news, institutional and insurance company websites.

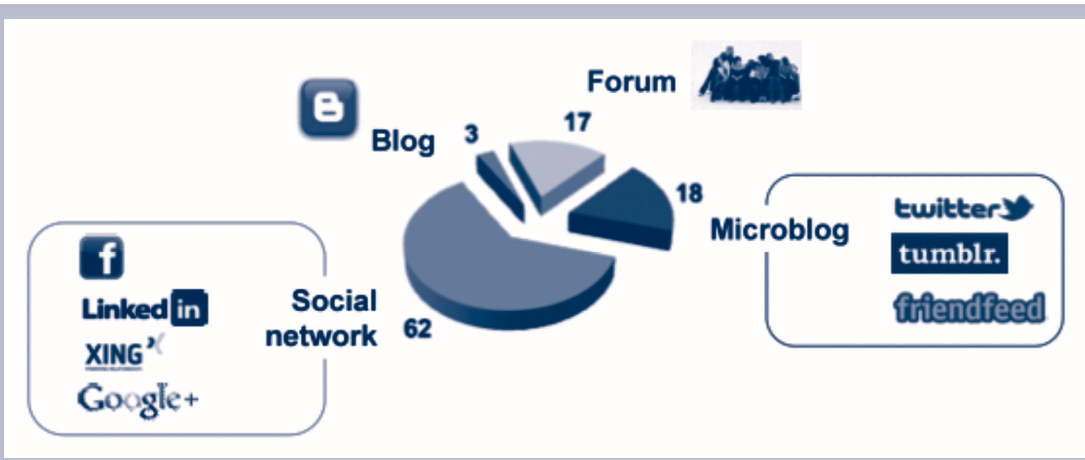
To guide the websearch, four macrocategories of perceived risks, worries and fears were identified which can be associated with the traditional areas covered by insurance, namely:

– personal area: all conversations where Internet users talk about issues related to health, disability, accidents and work;
– life-cycle area: conversations on children, old age, retirement and death;
– property area: conversations on house damages, loss and theft of property;
– third party liability area: conversations on accidents in the home or elsewhere caused by a third party.

Where they talk

The first result of the websearch (Figure 1) is that social networks are the first place where users talk about the issues examined: two thirds of the exchanges are on websites like Facebook, Linkedin or Google+, while microblogs (such as Twitter) and forums host the remaining third. Blogs, on the contrary, are the least used for this kind of topic.

Figure 1
Social places of discussion (%)



What they talk about

As for the issues addressed on the web, they mainly focus on areas involving the individuals and their loved ones (e.g. health), while exchanges on concerns and perceived risks for property (such as the house) are in a minority.

The analysis shows that 69% of conversations concern the personal area and 24% the life-cycle; the remaining 7% are divided between property (approximately 6%) and third party liability (around 1%).

Overall, the presence of conversations related to the insurance business is very limited for all four thematic areas.

However, the areas of property and third party liability show a closer relation to the insurance world. More specifically, mention of dedicated insurance products is very frequent, highlighting interest and discussions on practical elements concerning costs, guarantees, characteristics of use of these products.

The poll of the main customer satisfaction indicators

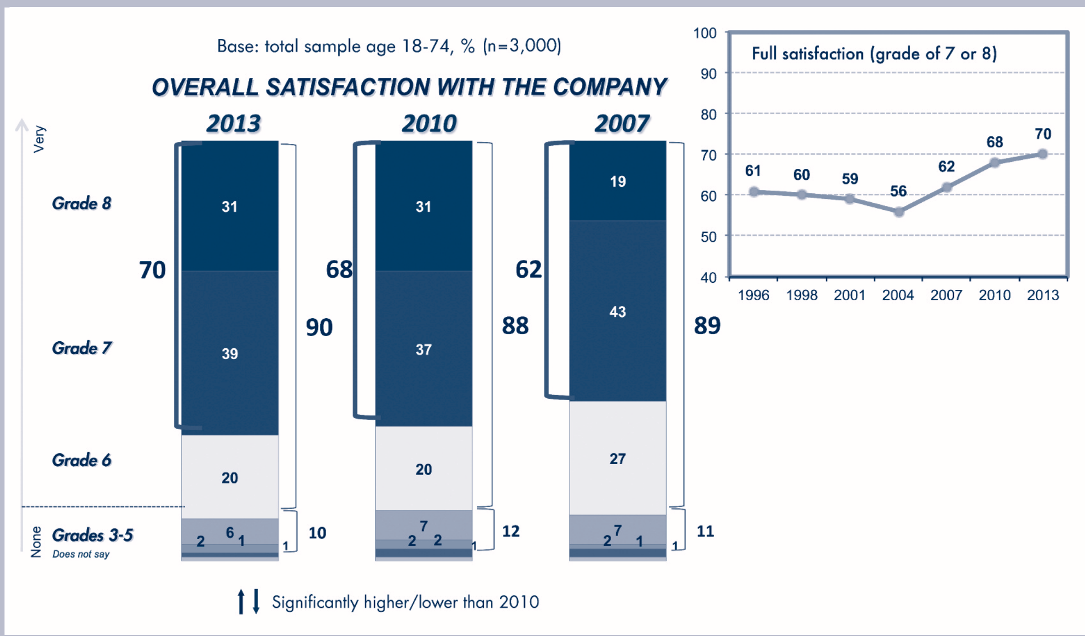
The data for the eighth edition of the survey were collected in June and July 2013 on a sample of 3,000 Italian insured heads of household (decision-makers with at least one insurance product) between 18 and 74 years of age.

The data of the new edition of the Observatory confirm, first of all, a positive customer/company relationship.

Overall satisfaction with the system (customers evaluate their main company) is stable compared to the last edition and shows an upward trend since 2007.

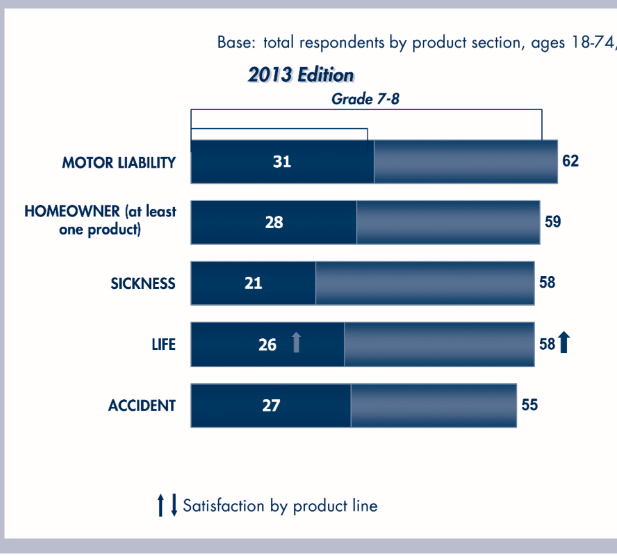
The share of customers assigning a positive judgment (6-8 out of 10) is 90%, while fully satisfied customers (7-8 out of 10) account for 70% (they were 68% in 2010) (Figure 2).

Figure 2
Level of overall satisfaction with the company



The satisfaction trend for individual insurance product lines is again positive and shows a similar trend to overall customer satisfaction: virtually stable compared to 2010, but with an upward trend in the longer run (Figure 3).

Figure 3
Level of satisfaction by line of product

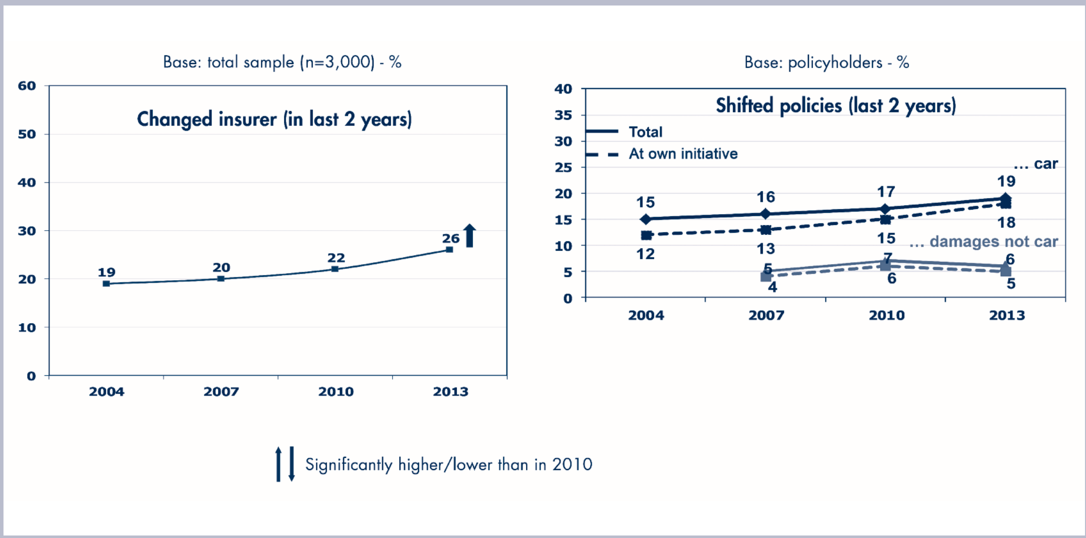


Grade 7-8	2010	2007 (age 18-64)	2004 (age 18-64)
MOTOR LIABILITY	60	52	43
HOMEOWNER (at least one product)	57	49	46
SICKNESS	58	48	48
LIFE	51	44	40
ACCIDENT	49	42	38

Life products are the exception, with 58% fully satisfied customers, up from 51% in 2010.

The 2013 edition of the survey is characterized also by a significant increase in the pool of policyholders who said they had switched to a different insurance company over the past two years (26% compared to 22% in 2010 and 20% in 2007) (Figure 4).

Figure 4
Percentage of policyholders having changed insurance company



This trend is especially linked to the evolution of the motor insurance market, which recorded a growth in the exploration dynamics and purchase through direct sales channels. The share of policyholders having made enquiries with companies other than their usual provider over the past two years has increased significantly. Over 44% of the customers who asked for quotes then actually changed company, compared with 38% in 2010 and 33% in 2007 (Figure 5).

More specifically, the percentage of motor policyholders who use the Internet to enquire about competitors' offers (on insurance companies directly or on comparison shopping websites) has gone up steeply to 25% from 15% in 2010, while the percentage of policyholders addressing insurance companies/agents directly for the same purpose is unchanged at 22% as in 2010.

The desire to compare and consider different alternatives before choosing does not only involve motor insurance but rather all classes (Figure 6).

Figure 5
Exploration and purchasing trends of the motor insurance market

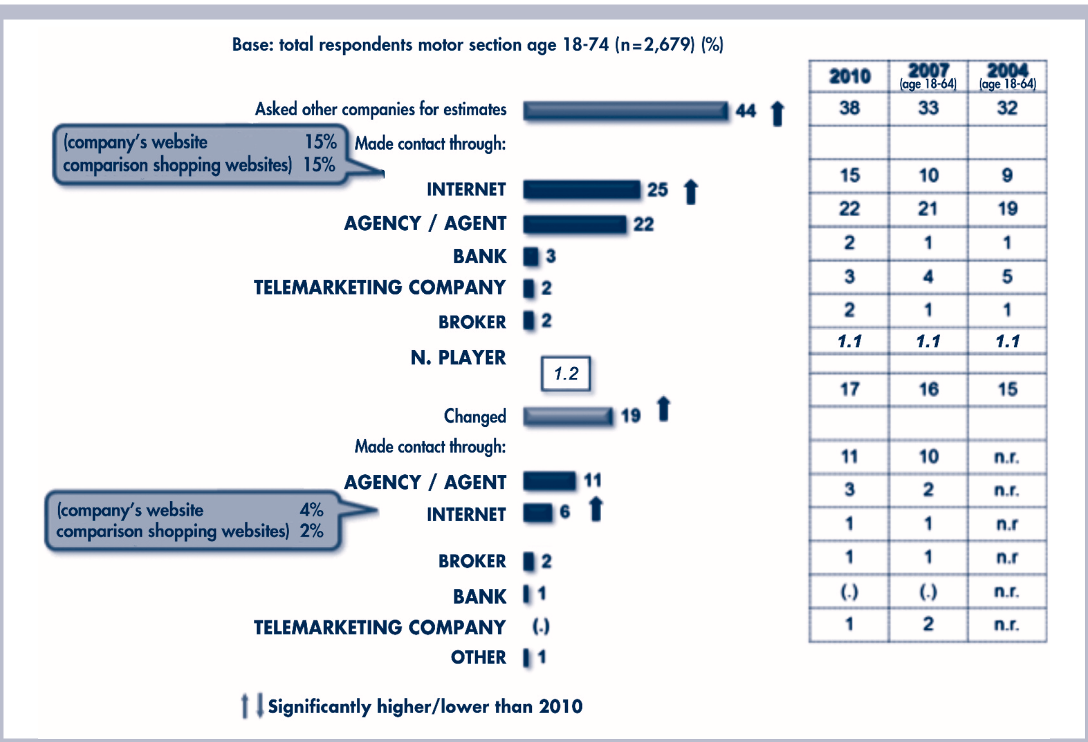
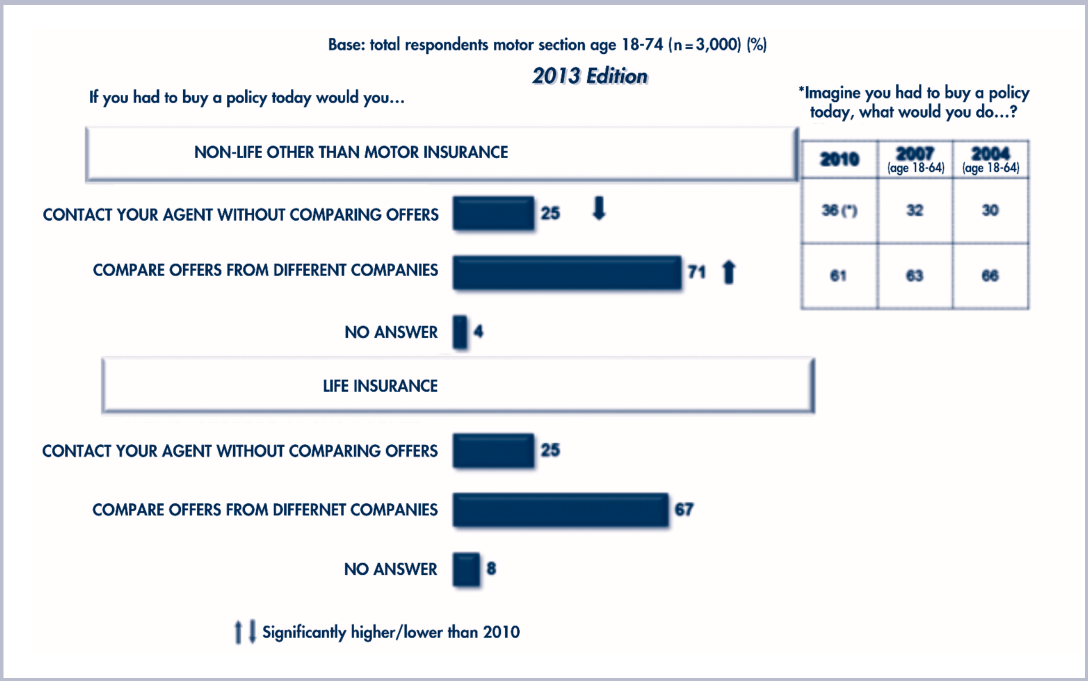


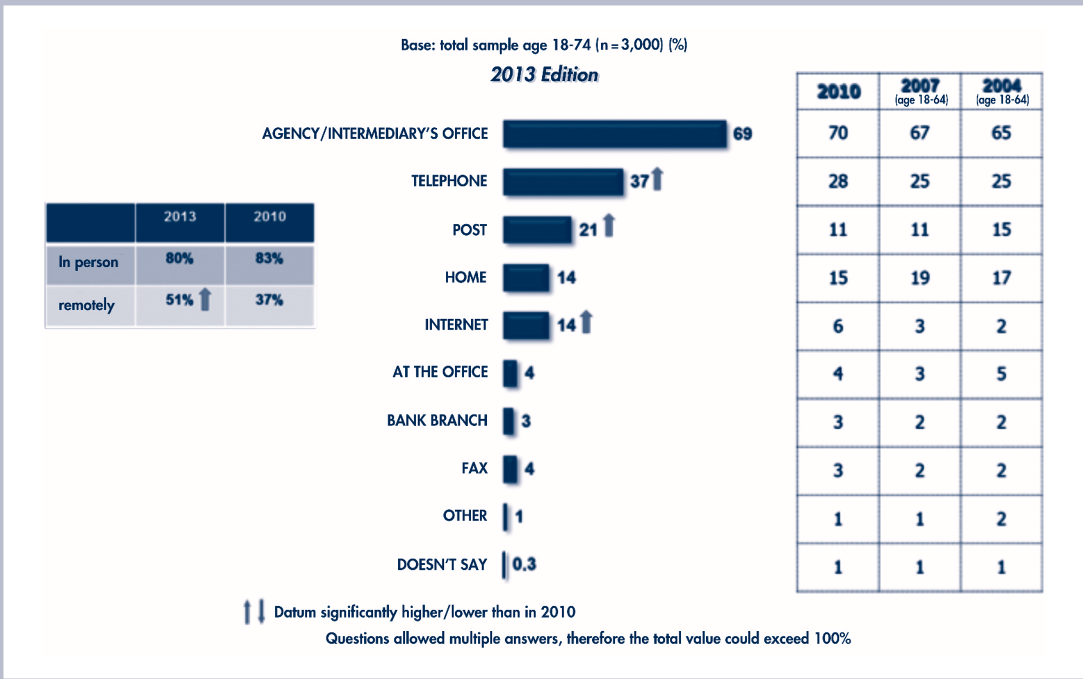
Figure 6
Propensity to comparison in the non-life other than motor and life classes



The percentage of customers who would compare policies of different insurance companies if they had to purchase non-life insurance other than motor has gone up (currently 71% vs 61% in 2010), with a large share of customers who would rely on comparison also for life products (67%).

Overall (Figure 7), 51% of customers now interact with their insurance company also through remote channels, compared to only 37% in 2010.

Figure 7
Communication channels with the main insurance company

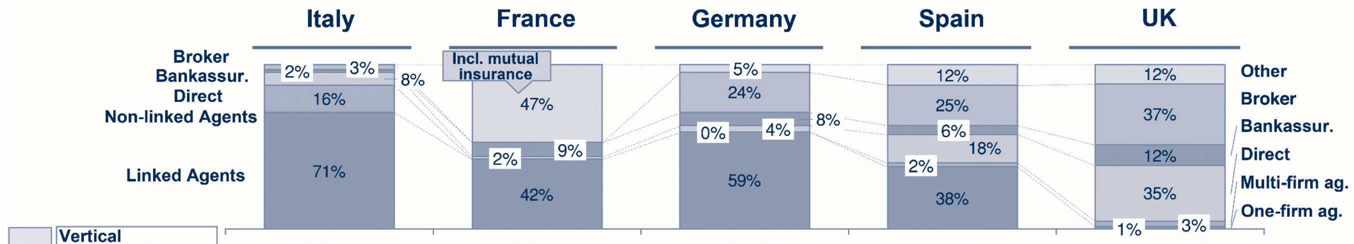


DISTRIBUTION MODELS USED FOR POLICY OFFERS IN MOTOR THIRD PARTY LIABILITY: A COMPARATIVE ANALYSIS OF FIVE EU COUNTRIES

The distribution models adopted in the different European countries for the supply of motor third party liability policies differ in terms of the degree of integration of the sales channels with the insurance company undertaking the risk (Figure 1). Italy, France and Germany are the countries with the highest integration, through the use of tied agents or employees of the insurance company. Spain, over the past few years, has seen the business share sold by agents eroded, mainly in favor of bank branches. Britain has always been characterized by a larger use of independent mediators, mostly brokers.

In recent years, in all the countries, the supply of motor third party liability policies has been influenced by the introduction of Internet and telephone sales as distribution channels (which are still forms of vertical integration of the insurer's sales network)

Figure 1 – Analysis of the distribution channels in motor third party liability in a European comparison



Main indicators	Italy	France	Germany	Spain	UK
Vertical integration[3]	70-80%	>90%	50-60%	50%	<10%
Aggregators Presentation[2]	<5%	30%	n-d	50%	70%
Direct Mkt. Share Δ QdM '08-'12	+2.3 p.p.	+0.0 p.p.	+1 p.p.	+1.5 p.p.	+2.1 p.p.
Bankassur. Mkt. Share Δ QdM '08-'12	+0.4 p.p.	+1.6 p.p.	+1.5 p.p.	+1.6 p.p.	-5.1 p.p.

Source: BCG Study

(1) As for Germany, bancassurance includes bank branches and independent financial advisors. Linked agents include linked agents and organizations.

(2) Aggregators' penetration rate is the % of customers having used aggregators to verify prices.

(3) Estimate based on volumes sold through linked agents or direct channels without third-party mediation (e.g. aggregators) and volumes sold via Bankass, in the case of internal companies.

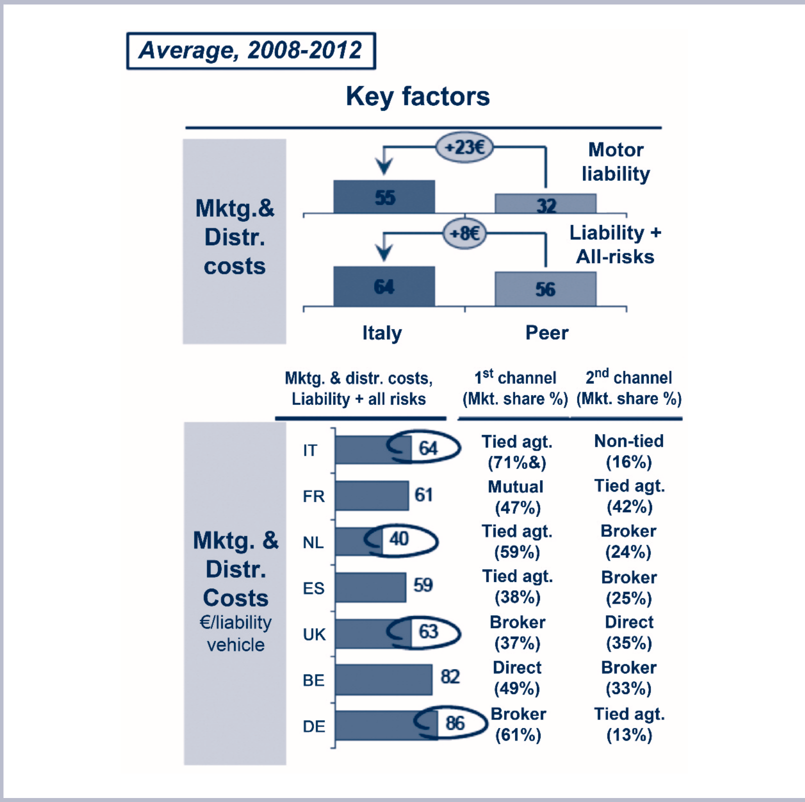
and of new subjects called "buyers" (or aggregators) who provide customers with information on products and prices of a significant number of companies, often with real independent intermediation activities (broker).

Within the framework of a comparative study on motor liability insurance in Europe commissioned by ANIA from the Boston Consulting Group (BCG), an analysis was carried out on the models adopted in the different countries over the 2008-2012 period both to acquire data on the volumes and shares of premiums of the different channels and to study any pro-competition effects caused by the different organization of the distribution market. The last aspect was examined by comparing distribution and marketing costs on the different markets, based on the assumption that lower costs will translate into lower prices for consumers.

The study shows that the different distribution models adopted do not have a decisive impact on price formation. The data were "standardized" to take into consideration the higher incidence of all-risks insurance policies in countries other than Italy, in order to be able to compare intermediaries' retribution levels with the inclusion of cross-selling activities. It should be noted that the high value, in absolute terms, of the percentage retribution of Italian intermediaries depends on higher risk premiums, which in a mainly commission-based compensation system has a decisive influence. The comparison was carried out including Belgium and the Netherlands in the panel. These countries differ from the other countries in size (number of vehicles and population), but their distribution data were interesting for the purposes of gauging the degree of competition. In particular, in Belgium premiums are collected mostly by independent agents and brokers. In the Netherlands distribution through the three major channels – brokers, direct sales by insurance companies, and distribution agreements with bank branches – is more balanced.

As is shown in Figure 2, average distribution costs per policy in the different countries are similar (Euro 64 in Italy vs Euro 56 on average in the other European countries), despite the differences in the distribution channels. The study also confirms empirical data presented in the international economic literature on the competitive advantage of integrated distribution (tied agents, employees, direct sales) against independent distribution. In the countries where policies are sold mainly through independent mediators, costs are slightly higher (Euro 63 on average in Britain) or much higher (as in Belgium and the Netherlands, at Euro 82 and 86 respectively).

Figure 2
Distribution costs per policy



Source: BCG Study

9

THE ANIA FOUNDATION FOR ROAD SAFETY AND THE ANIA-CONSUMERS FORUM

THE ANIA FOUNDATION FOR ROAD SAFETY

ROAD ACCIDENTS IN ITALY: THE FIGURES FOR 2012

ISTAT data on road accidents in Italy show that they numbered 186,726 in 2012, resulting in 3,653 fatalities and 264,716 injuries (Table 1), decreasing by 5.4% and 9.3% respectively by comparison with 2011 (when there had been reductions of 5.6% and 3.5%).

Table 1
Fatalities and injuries caused by road accidents in Italy from 2001 to 2012

Year	Fatalities		Injuries	
	Number	Trend change (%)	Number	Trend change (%)
2001	7,096	0.5	373,286	3.7
2002	6,980	-1.6	378,492	1.4
2003	6,563	-6.0	356,475	-5.8
2004	6,122	-6.7	343,179	-3.7
2005	5,818	-5.0	334,858	-2.4
2006	5,669	-2.6	332,955	-0.6
2007	5,131	-9.5	325,850	-2.1
2008	4,725	-7.9	310,745	-4.6
2009	4,237	-10.3	307,258	-1.1
2010	4,090	-3.5	302,735	-1.5
2011	3,860	-5.6	292,019	-3.5
2012	3,653	-5.4	264,716	-9.3

Source: ACI, ISTAT

Overall, the annual number of traffic fatalities in Italy fell by 48.5% between 2001 and 2012. Impressive as this progress has been – it represents the saving of 3,400 lives a year – it has not fully achieved the objective of cutting traffic deaths in half by 2010 set by the European Commission at Lisbon in 2001. Hopefully, the downward trend registered in Italy since 2001 will lead to achieving the goal set for 2010, although with some delay, and the new objective set by the European Union of further halving road fatalities between 2010 and 2020.

Considering the data on road accidents in Europe, we find a total of 27,724 traffic deaths in the EU-27 countries in 2012, a decrease of 49% since 2001. The data for Italy (-48.5%) was practically the same as the European average but with a less pronounced improvement than in Spain (-66.8%), France (-55.2%) and the United Kingdom (-50.9%)

Finally, considering the traffic fatality rate – the number of deaths in proportion to population – Italy ranked 15th of the 27 EU members in 2012 with 6.0 deaths per

Table 2
Traffic deaths in EU27 countries

COUNTRY	Number		Change (%)	Fatalities per 100,000 inhabitants
	2001	2012	2012/2001	
Austria	958	522	-45.5	6.2
Belgium	1,486	750	-49.5	6.8
Bulgaria	1,011	605	-40.2	8.3
Cyprus	98	51	-48.0	5.9
Denmark	431	175	-59.4	3.1
Estonia	199	87	-56.3	6.5
Finland	433	255	-41.1	4.7
France	8,162	3,653	-55.2	5.8
Germany	6,977	3,601	-48.4	4.4
Greece	1,880	1,027	-45.4	9.1
Ireland	411	162	-60.6	3.5
Italy	**7,096**	**3,653**	**-48.5**	**6.0**
Latvia	558	177	-68.3	8.7
Lithuania	706	301	-57.4	10.0
Luxembourg	70	34	-51.4	6.5
Malta	16	9	-43.8	2.2
Netherlands	1,083	650	-40.0	3.9
Poland	5,534	3,571	-35.5	9.3
Portugal	1,670	743	-55.5	7.1
United Kingdom	3,598	1,768	-50.9	2.8
Czech Republic	1,334	738	-44.7	7.0
Romania	2,454	2,042	-16.8	9.6
Slovakia	625	295	-52.8	5.5
Slovenia	278	130	-53.2	6.3
Spain	5,517	1,834	-66.8	4.0
Sweden	531	286	-46.1	3.0
Hungary	1,239	605	-51.2	6.1
EU27	54,355	27,724	-49.0	5.5

Source: Community Road Accident Data Base (CARE)

100,000 inhabitants; this was above the EU average of 5.5 but nevertheless represented an improvement from the 6.4 value recorded in 2011.

Road accidents and "vulnerable users"

Freedom of movement is a universal right and every State should guarantee this right, at the same time safeguarding the safety of the individuals while moving. However, there are on average 76 deaths by road accident every day in Europe, nearly half of them "vulnerable road users".

The term "vulnerable road users" usually identifies three categories: pedestrians, cyclists and riders of two-wheel motor vehicles. This group of users is particularly exposed to the risk of severe or fatal injuries both because of the high percentage of aged people and children composing the group, and because of the lack of adequate protective infrastructure.

Studies have shown ([1]) that the accident rate for vulnerable users is much higher than for users of other means of transport; for instance, normalizing the injury rate for car drivers/passengers to 1.0 ([2]), then it is:

- 6.7 for pedestrians;
- 9.4 for cyclists;
- around 12.0 for riders of two-wheel motor vehicles.

Protecting vulnerable road users would save over 12,000 road traffic deaths every year in Europe.

Safeguarding vulnerable users is an urgent, absolute priority. For this reason, the United Nations has launched the "Global Plan for the Decade of Action for Road Safety 2011-2020", urging national governments to adopt practical and effective measures to eliminate road hazards, with special focus on vulnerable users. More in detail, the Plan consists of:

- adopting advanced technologies for active and passive safety of vehicles;
- public awareness campaigns;
- educational activities to improve the behavior of road users (seat-belts and helmets, drinking-driving, speeding);
- planning and promoting safe public transport;
- improving post-crash emergency management to ensure quick and efficient care for victims of road accidents.

Within this framework, the European Commission underlined the need to:

- create forms of cooperation based on the exchange of best practices in the entire EU area;
- adopt a strategy to cope with injured victims and first-aid to respond to the need of reducing the number of road injuries;
- enhance safety for vulnerable road users.

The fundamental principles set by the Commission aim to: *i*) enhance safety for vulnerable road users by adopting the proposals of the strictest road safety standards everywhere in Europe; *ii*) encourage cooperation with other European policies on energy, environment, education, innovation and technology, justice through an integrated approach to road safety; *iii*) make sure that all local governments comply with their duty to make safety goals their system goals.

In 2012, 28,000 people in Europe lost their lives in road accidents; almost 50% of them where pedestrians, cyclists and riders of two-wheel motor vehicles. In a comparison with 2011, the reduction in the number of victims among vulnerable

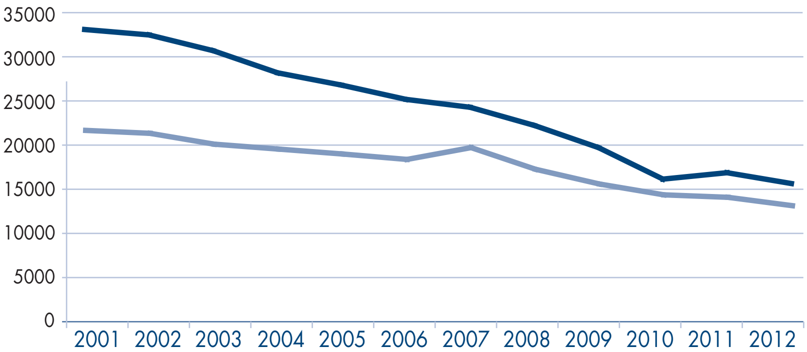
([1]) PNSS Orizzonte 2020, Ministry of Infrastructure and Transports. General Directorate for road safety, 2014.
([2]) The accident rate (calculated as the number of injured victims per million kilometers travelled) is the likelihood of a road injury occurring given a certain mileage.

users was similar to that of other users, or 6.6% and 7.2% respectively. This indicates that the measures adopted to tackle such a serious problem are starting to deliver the first benefits.

However, despite the downward trend in fatalities over the past few years, vulnerable users are still a high-risk group. The analysis of a wider historical period (Figure 1), shows that mortality of vulnerable users in the EU-27 has shown ups and downs, while other road users have recorded a steady decrease in mortality. For instance, in 2010 road victims among vulnerable users only diminished by 7.7%, compared to 18.3% for other users. In 2007, again, mortality for other users went down by 3.5%, while it increased by 7.4% for vulnerable users. More in general in the 2001-2012 period, mortality decreased overall by 53% for other road users and by 39.6% for vulnerable users.

Figure 1 Mortality for vulnerable and other road users in the EU-27 – Years 2001/2012

Vulnerable users
Other users

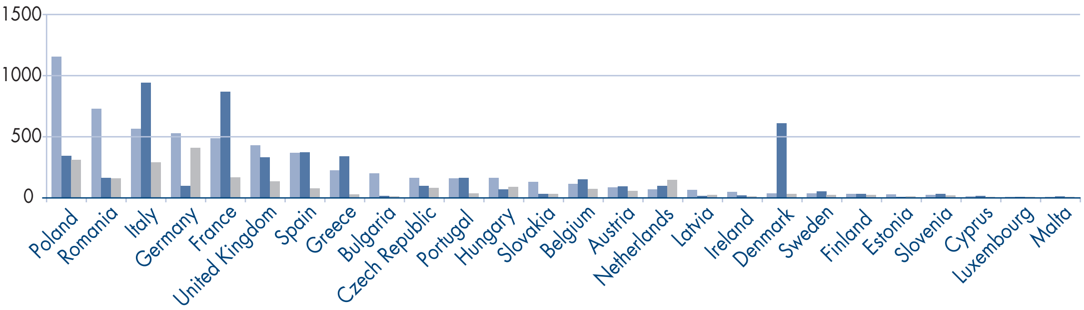


Source: Based on CARE data

A detailed analysis of victims among pedestrians, two-wheel riders and cyclists shows that the situation in Italy is quite critical. In fact, in 2012 Italy still ranked first in the EU-27 in terms of number of fatalities on two-wheel vehicles and third for cyclists and pedestrians.

Figure 2 Pedestrians, two-wheel vehicle and bicycles fatalities in the EU-27 – Year 2012

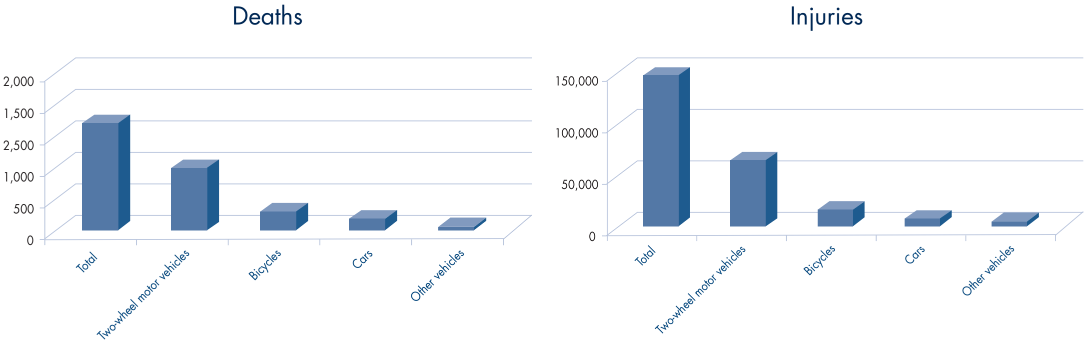
Pedestrians
Two-wheel riders
Cyclists



Source: Based on CARE data

More specifically, in Italy in 2012 deaths among pedestrians, cyclists and riders of two-wheel motor vehicles accounted for almost half of all road fatalities (48%), and over 39% of injured victims. That year, 289 cyclists, 904 two-wheel riders and 564 pedestrians died in road accidents. In particular for cyclists, injuries and fatalities increased by 2.7% and 2.5% respectively, compared to 2011. Bicycles represent, indeed, the transport category with the highest number of injuries or deaths after car drivers and two-wheel riders.

Figure 3
Deaths by type of vehicle
Year 2012



Source: ACI, ISTAT

Despite a decrease in 2012 of 4.4% in fatal accidents involving pedestrians, they are still one of the categories most exposed to the risk of accidents, especially in the older age groups; the highest number of deaths (92) was recorded among pedestrians between 80-84 years old and, compared with 2011, a 6.7% increase was registered in fatalities among male pedestrians (from 333 to 357).

Table 3
Deaths involving pedestrians by gender and age
Year 2012

Age	Male	Female	Total
0-4	–	2	2
5-10	3	1	4
11-14	2	3	5
15-19	5	5	10
20-24	8	3	11
25-29	8	10	18
30-34	8	6	14
35-39	22	4	26
40-44	14	8	22
45-49	13	5	18
50-54	12	9	21
55-59	16	8	24
60-64	21	11	32
65-69	20	11	31
70-74	37	24	61
75-79	59	31	90
80-84	56	36	92
85-89	37	27	64
90-94	9	2	11
95-99	3	–	3
Unspecified	4	1	5
TOTAL	357	207	564

Source: ACI, ISTAT

The main cause of death for pedestrians is the speed at which the driver's vehicle was traveling. Studies show that 5% of pedestrians hit at 30 Km/h die; the percentage goes up to 45% at 50 Km/h and 85% at 65 Km/h (Ashton and Mackay, 1979).

This is why the necessary measures for vulnerable road users must include lowering speed limits in urban areas and creating proper infrastructure to protect their safety.

THE NUMBER OF ROAD ACCIDENTS WITH PERSONAL INJURY: SOURCES AND METHODOLOGICAL ISSUES

ISTAT's annual statistics on road accidents, deaths and injuries are obtained by collecting data on accidents throughout Italy. They only cover accidents in which the police intervene and which cause death or personal injury. The data come from forms filled out by the police – Highway Police, Carabinieri, Provincial Police, Municipal Police – that intervened at the scene of the accident. In particular, ISTAT collects data on all accidents that occur on roads or in squares open to traffic in which stationary or moving vehicles (or animals) are involved and which give rise to death or personal injury. The data therefore exclude claims with only property damage, accidents in which police intervention is not required, and those that take place outside public traffic areas, i.e. courtyards, service stations, garages and carparks, tramways and railways, and those in which no vehicle (or animal) is involved.

Another dataset for measuring the accident rate on Italian roads, used especially to assess developments during the year, comes from the Highway Police. As Table 4 shows, however, the number of deaths and injuries in this dataset is lower than that reported by ISTAT, because the Highway Police force is only one of those contributing to the national data collected by ISTAT. In addition, the Highway Police data only refer to accidents on motorways and state, provincial and municipal roads; accidents that take place in urban centers are excluded.

The Highway Police data show that the number of fatalities continued to fall in 2012, at about the same pace as in the previous year (-8.2% and -8.6% respectively). Nevertheless, the ISTAT statistics on road accidents (and, naturally, the partial data collected by the Highway Police) cannot be taken as representing the totality of accidents on Italian roads. In particular, the number of accidents recorded by ISTAT (186,726 in 2012) represented barely 7% of the 2,675,840 accidents for which insured parties filed claims with insurers.

Table 4
Fatalities and injuries caused by road accidents in Italy from 2001 to 2012

	PANEL A: HIGHWAY POLICE				PANEL B	
	Deaths		Injuries		ISTAT Data	
Year	Number	Trend change (%)	Number	Trend change (%)	Deaths	Injuries
2001	2,309	n.a.	74,169	n.a.	7,096	373,286
2002	2,520	9.1	84,217	13.5	6,980	378,492
2003	2,187	-13.1	72,342	-14.1	6,563	356,475
2004	1,891	-13.5	66,777	-7.7	6,122	343,179
2005	1,860	-1.6	64,997	-2.7	5,818	334,858
2006	1,889	1.6	66,057	1.6	5,669	332,955
2007	1,682	-10.9	63,763	-3.5	5,131	325,850
2008	1,507	-10.4	57,656	-9.6	4,725	310,745
2009	1,295	-14.1	53,756	-6.8	4,237	307,258
2010	1,213	-6.3	51,163	-4.8	4,090	302,735
2011	1,109	-8.6	47,618	-6.9	3,860	292,019
2012	1,018	-8.2	41,645	-12.5	3,653	264,716

Source: Highway Police, ISTAT

Examining the insurance data in detail, most of the 2.7 million motor liability claims filed in 2012 were for accidents involving damage to vehicles or property, but a significant portion (some 540,000, or 20.1%) also involved personal injury, from minor to severe. Italy is among the European countries with the highest percentage of claims for personal injury, at about twice the EU average.

It is worth noting that more than 700,000 persons received compensation for the 540,000 personal injury claims filed with insurance companies in 2012, since some injury claims involved more than one person. With the inception of the direct indemnity system in 2007, insurance companies' databases were reorganized, so we now also have data on non-liable drivers and passengers who sustain personal injury. This allows us to make a more precise estimate of the average number of persons involved in a claim: 1.34 in 2011 and 1.31 in 2012.

It should also be borne in mind that the number of injuries and deaths in the insurance companies' statistics do not include persons who were involved in accidents but not entitled to indemnification, such as liable drivers and those hurt in one-vehicle accidents, nor does it reflect compensation payments by the Road Accident Victims Guarantee Fund for accidents caused by uninsured or unidentified vehicles. The difference between the insurance statistics and the ISTAT data thus stems mainly from the fact that the latter do not include accidents with no police intervention, which give rise to the majority of claims. Most of the personal injuries for which the insurance sector pays compensation are minor and are caused for the most part by accidents in urban centers, for which the police are rarely called in. To quantify the phenomenon, consider that of the 540,000 motor vehicle personal injury claims recorded by insurance companies in 2012, some 440,000 (82%) involved temporary or permanent disability of less than 9%. And of the latter, some 315,000 (71%) were for a permanent disability of between 1% and 2%, corresponding to those generally recognized for so-called whiplash. Considering the average number of persons injured in a road accident, these claims correspond to between 410,000 and 450,000 persons injured, which may help explain the wide gap between the two sources.

Table 5 – Deaths and injuries in road accidents in Italy, 2000-2012 – Insurance data (*)

Generation of event	Number of claims paid and reserved (**)	% of claims with personal injury	Number of claims with personal injury	% change on previous year	Average number of persons injured per accident	Total number and persons sustaining personal injury - ANIA
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2000	4,521,607	17.7%	801,250	n.a.	n.a.	n.a.
2001	4,066,529	18.4%	746,313	-6.9	n.a.	n.a.
2002	3,836,135	17.9%	687,052	-7.9	n.a.	n.a.
2003	3,708,020	18.2%	675,955	-1.6	n.a.	n.a.
2004	3,673,744	19.8%	728,413	7.8	n.a.	n.a.
2005	3,654,072	21.0%	765,953	5.2	n.a.	n.a.
2006	3,661,945	21.0%	768,336	0.3	n.a.	n.a.
2007	3,685,452	21.0%	772,305	0.5	1.25	965,381
2008	3,716,084	21.3%	791,047	2.4	1.30	1,028,362
2009	3,741,283	21.8%	817,467	3.3	1.34	1,092,086
2010	3,535,512	22.7%	801,091	-2.0	1.33	1,065,451
2011	3,109,657	22.4%	696,354	-13.1	1.34	934,027
2012	2,675,840	20.1%	537,743	-22.8	1.31	705,643

(*) Estimate for all insurance companies (domestic companies and representatives of foreign companies) doing business in Italy
(**) Includes the estimate of claims I.B.N.R.
Source: ANIA

The ANIA Road Safety Foundation's proposals for the reform of the Highway Code

The ANIA Road Safety Foundation has always called the relevant institutions' attention to the urgent need to reform the highway code, radically simplifying the rules and adjust them to the evolution of road traffic.

Over the years, the Highway Code has been amended several times, but without any comprehensive review and revision but instead a series of single adjustments that, on the contrary, have led to the further proliferation of articles and paragraphs that have only made the existing Code even more complex.

A new review is under way during the current Legislature and, at the moment, the Transport Committee of the Chamber of Deputies is discussing a bill for the reform of the Highway Code within the Select Committee.

It is therefore worth underlining, once again, the crucial issues that according to ANIA Road Safety Foundation should be at the core of this revision.

The ANIA Foundation believes it is important to separate driving behavior rules from technical rules. This would produce on the one hand, a simplified corpus of a few clear, simple and easy-to-teach rules and, on the other hand, a specific set of technical rules which can be updated more easily and promptly as technology and European legislation evolve.

The reform of the Highway Code must tackle the effectiveness of rules affecting the main road killers, i.e. speed and driving under the influence.

With regard to speed, the new Code must create many more 30 km/h zones in highly populated urban areas – where over 50% of accidents take place and where there is a high concentration of cyclists and pedestrians. In addition to the 30 km/h speed limit, these areas will have speed bumps to help drivers comply with the limits and proper urban design for the protection of vulnerable road users (e.g. rationally placed traffic rotaries, pavement protection).

As for motorways, it would be advisable to abrogate the rule allowing road authorities to bring the speed limit up to 150 km/h in certain sections of the motorway with specific characteristics, as the current Highway Code provides. Although de facto this rule remains a dead letter, its mere existence still sends the wrong message in terms of raising drivers' awareness to travel at moderate speed.

With regard to driving under the influence, the ANIA Foundation points out how this is a particularly thorny problem for road safety and highlights the importance of strong action against repeat offenders.

To this end, and based on the positive results in some European countries (see Box), the Foundation suggests the compulsory installation of alcohol interlock devices for professional drivers who are stopped and fined for DUI and for repeat offenders.

Finally, the rules must be enforced; it is essential that drivers perceive that violations to the Highway Code are not left unpunished. Therefore, checks must be regular and numerous.

This is a true challenge, given the limited resources available. For this reason, Article 208 must not only be retained in the revised Highway Code but, more importantly, it must become cogent and effective. Specifically, the clause whereby the proceeds of traffic fines must be allocated to step up controls must be actually implemented. In this sense, the use of safety tutor and other speed control systems should be encouraged also on roads managed by local governments. Urgent action is necessary on this article, as there currently is no simple, readily monitored process for allocating the proceeds of fines, nor any sanctions for local governments that fail to effect road maintenance. The ANIA Foundation advocates that these governments be denied access to the funds of the National Plan for Road Safety.

An alternative proposal could be the appointment of an Acting Commissioner with verification and control powers, who would act in the place of the deficient local government: this commissioner could be selected within the specific and newly-established Transport Authority.

ALCOHOL INTERLOCK DEVICES (ALCOLOCK)

The alcolock devices measure the alcohol level in the air of a driver breathing inside the vehicle's cockpit, and when it exceeds the legal limit prevents ignition.

The system, which monitors alcohol levels also while traveling to prevent drivers from drinking after starting the engine, undergoes regular inspections to verify integrity and monitor data (engine started, failed to start due to alcohol levels exceeding legal limit, on-road tests, accidents). In case of violations, the results are reported to the competent authorities (Police, Public Prosecutor).

The alcolock device can be used:

- as an alternative or additional sanction to suspension/revocation of the driver's license and within a rehab program;
- as general prevention for a broader high-risk group of users: professional drivers (school transport, transport of hazardous substances, taxi and ambulance drivers) or private and public drivers.

In Sweden, the alcolock has already been installed on over 80,000 vehicles. By installing this device, companies and institutions can be sure that their employees will no longer drink and drive. Companies advertise the higher quality of their services and, in some countries, the use of alcolocks is a positive element in the evaluation of the services. It should be born in mind that, within the framework of the policy guidelines on Road Safety 2011-2020, the European Commission committed to studying the possibility of making the alcohol interlock device compulsory for some groups of drivers (school transport, hazardous substances) and/or types of vehicles. The European Transport Safety Council (ETSC) has also encouraged these programs (3) and in its description of the latest achievements in the fight against drinking-and-driving (4) it has pointed out that an ever growing number of European countries have passed legislation in favor of the devices. The table below presents an overview of the legislation and practices in 16 countries, including the voluntary use of alcolock.

State of implementation of the alcolock legislation

Country	STATE OF IMPELEMENTATION OF THE ALCOLOCK LEGISLATION						
	Pilot project	Legislation under preparation	Legislation adopted	Legislation in force and actually implemented	Rehab programs	Commercial transport	Voluntary use-possibility to equip the fleet with EAD
Germany	X	X			X		X
Austria	TS (*)					X	X
Belgium			X	X	X		X
Denmark			X		X	X	X
Estonia							X
Spain							X
Finland			X	TS – AMB (**)	X	X	X
France			X		X	TS	
Ireland		X			X		
Italy							X
Latvia							X
Lithuania							X
Norway		X			X		X
Netherlands			X	X	X		
Slovenia	X						
Sweden	X		X	X	X	X	X
Switzerland		X			X		
United Kingdom							X

(*) ST: School Transport
(**) AMB: Healthcare Transport
Source: ETSC, alcohol interlock barometer

(3) ETSC (2014), Drink-Driving Monitor 20.
(4) "Drink Driving Monitors", http://etsc.eu/documents.php?did=2.

Ania

Vehicular homicide

The severity of road accidents recorded on Italian roads draws a tragic picture in terms of lost lives. In many cases, the events were beyond reasonable human control, but very often the opposite is true: dangerous and irresponsible driving puts the safety of others at risk, sometimes with fatal outcomes.

Under the present legislation, dangerous driving falls within the category of negligence and the offense is prosecuted as "involuntary", with limited punishment in view of the severity of the damage caused.

The current situation is perceived as a real injustice by public opinion, as it does not guarantee the principle of proportionality of the penalty to the offense of causing death by reckless driving.

For this reason, the ANIA Foundation advocates the introduction of types of criminal offense that allow the application of more severe sanctions, as well as proper precautionary measures – such as, for instance, arrest *flagrante delicto* – for those who cause deaths or severe injuries by reckless driving.

To this end, it would be advisable to amend Articles 186 and 187, which set pecuniary sanctions, for drunken driving where the driver's alcohol level exceeds 1.5g/l and for driving under the influence of narcotic substances to define this as a crime of reckless behavior punished as generic intentional offense.

These changes, according to the Criminal Code, would allow criminalization of drunken driving and, consequently, prosecution and punishment by fine where the offense is driving under the influence, and with imprisonment with longer maximum terms than those currently in force when the driver causes the death and/or injury of others.

Within this framework, the distinction in the Highway Code between "drunken driving" and "driving in an altered state of mind under the influence of narcotic or psychotropic substances" remains, and the new crime of road violence prosecutable as an aggravated offense is created, thus voiding the juridical debate between "intent to harm / recklessness" – which is always present in any case for injuries caused by drivers in an altered state of mind and which today makes punishment very uncertain – of its meaning.

Defining the illegal act as an offense aggravated by the criminal event means not having to prove the psychological element of the crime, placing on the offending party the burden of the further event (fatal accident or causing personal injury) caused by driving in a severely altered state of mind.

The crime of drunken driving is committed as soon as the driver starts driving under the influence of alcohol (with an alcohol level exceeding 1.5g/l) or narcotic substances, as the driver's behavior poses a threat to public safety.

The proposed change in legislation would intervene on the Code of Criminal Procedure (Presidential Decree 477 of 22 September 1988) by introducing Article 380, paragraph 2(n)(o), establishing the mandatory arrest *flagrante delicto* and the briefest course of judgment as per Article 449 and following of the Code of Criminal Procedure, thus making sentencing for the offense quicker and more certain and avoiding the risk of immediate repetition of the offense as well.

The ANIA Foundation does not pretend that dangerous driving can be eliminated by this proposal, but it does believe it would be a major deterrent because of the extreme clarity with which the seriousness of the crime of driving under the influence is defined.

THE FOUNDATION'S PROJECTS

New drivers

New drivers are at greater risk of accidents. They lack driving experience, tend to be reckless and fail to consider vehicle response on the road. In Italy, unlike other countries, the driver's license is granted more on the basis of knowledge of the regulations than practical driving capability. Greater attention needs to be paid to the latter aspect.

To improve the driving ability of 18-26-year-olds, the ANIA Foundation has created a safe driving course for new drivers with the use of an on-line driving simulator to teach newly licensed drivers what they need to cope with the dangers of the road.

Thanks to the "New drivers" project, between 2007 and 2013 more than 32,000 young people used the simulator, and of these 3,595 (only in 2013) then attended a safe driving course, learning in practice from qualified instructors how to handle road dangers.

Table 6
Total students and courses, 2007-2013

	2007	2008	2009	2010	2011	2012	2013	Total
New drivers attending	3,207	4,114	5,417	4,753	7,573	3,479	3,595	32,138
Number of courses	300	300	400	650	1,000	1,000	1,000	4,650

Source: ANIA Foundation

One of the objectives was to see whether safe driving courses, with a teaching program that helps students to react to unforeseen situations of risk (loss of traction, skids, sudden braking) can effectively help reduce accidents.

This information was obtained during the year with a special questionnaire for course participants. The answers of the young respondents show that 45% of the participants felt more responsible and over 60% learned to be more aware of the limitations of the vehicle, thus giving encouraging feedback in terms of "declared" driving behavior and suggesting how better practical training can significantly help reduce accidents for this age group.

A model of risk management for road haulage and public transport companies

In 2011 ANIA and the ANIA Road Safety Foundation became involved, together with the trade associations of transport companies, in technical committees organized by the Ministry for Economic Development, the Ministry for Transport and the insurance supervisor IVASS to analyze the critical problems related to the cost of insurance for motor third party liability policies for the fleets of large goods vehicles for hire and of the fleets of public transport buses in urban areas.

The problem for many fleets is the high accident rate recorded by large goods vehicles and buses. ANIA and the Foundation developed concrete proposals on how to intervene to reduce the accident rate, focusing on training of employees, available technology for vehicle safety and driving monitoring (i.e. the use of "Roadscan" black boxes).

Accident rate of large goods vehicles for hire

The latest data from ACI and ISTAT show that in 2012 there were 21,547 accidents involving large goods vehicles ([5]) which caused 222 deaths and 8,607 personal injuries, accounting for 6.2% of all vehicles involved in accidents, 6.1% of fatalities and 3.3% of injuries (Table 7).

Table 7
Accident rate of large goods vehicles, 2012

	2012
Vehicles	21,547
Deaths	222
Injuries	8,607

Source: ACI, ISTAT

([5]) The heavy goods road transport sector includes: lorries (below and above 3.5 tons); lorries with unspecified weight load; lorries with trailer; articulated buses or trucks; special vehicles.

The ACI-ISTAT data, however, do not distinguish between lorries for use and for hire and provide only a partial perspective of the accident rate in this sector limited to the most serious accidents, those causing deaths and injuries and in which Police forces were involved, with a police report forwarded to the ISTAT.

For a more realistic picture of the situation of lorries for hire, one should on the one hand only observe this kind of vehicle and, on the other hand, extend the collection of data to all claims (involving both damage to property and to persons) registered by insurance companies.

An estimate by ANIA, based on a sample of nearly 90% of the insurance market, puts the claims frequency of accidents caused in 2012 at 29.2%. The frequency of claims settled, instead, indicates the claims frequency of accidents where lorry drivers were involved but which were caused by other drivers: in this case in 2012 17.3% of lorries were involved in some kind of road accident. The average cost of compensation in 2012 was just under Euro 5,800 (Table 8).

Table 8 – Analysis of claims handled involving lorries – For hire (*)

Weight (quintals)	Vehicle years	Distribution %	Freq. Claims caused	Freq. Claims handled (%)	Average Cost Handled Claims
Up to 35	67,771	40.4%	28.4%	15.2%	5,429
36-60	4,368	2.6%	27.7%	14.0%	3,561
61-100	14,258	8.5%	29.0%	16.3%	6,249
101-120	12,286	7.3%	30.2%	16.8%	4,184
121-250	19,534	11.6%	26.5%	17.0%	6,375
251-300	18,106	10.8%	34.2%	23.1%	6,010
301-400	6,476	3.9%	23.6%	16.7%	5,836
Over 400	24,892	14.8%	31.0%	20.9%	6,299
TOTAL	167,691	100.0%	29.2%	17.3%	5,729

ANIA (*) Includes claims I.B.N.R.
Source: ANIA

The main problem as regards insurance prices concerns the fleets of large goods vehicles for hire, i.e. lorries above 6 tons, used in national and international shipping. Table 9 shows the changes in the cost and frequency of claims handled from 2007 to 2012 both for individual and fleet policies. The insurance industry is committed to reducing the accident rate in this sector, as the claims frequency clearly shows with a reduction of 8% in 2012. The average cost, on the contrary, went up by 18% in 2012, after decreasing by 5% a year earlier.

Table 9
***Claims frequency and average cost for lorries above 6 tons for hire* (*)

Source: ANIA (*) Includes claims I.B.N.R.

Year	Claims frequency	*% change on previous year*	Total average claim cost	*% change on previous year*
2007	29.7%		4,129	
2008	26.3%	-12%	4,505	9%
2009	23.3%	-11%	4,982	11%
2010	22.9%	-2%	5,396	8%
2011	20.7%	-10%	5,107	-5%
2012	19.1%	-8%	6,018	18%

The ANIA Foundation and heavy road transport: education and health

The "Safety in heavy road transport" initiative launched by the ANIA Foundation in 2005 is a model of best practice in fleets at risk.

The project consists of a series of specific actions involving transport companies for risk prevention and risk management in traffic circulation with training for drivers, enhancement of the work organization to reduce risk factors, attention to the rules, driving time and rest time of drivers, vehicle maintenance, goods loading and transport modalities. The model prepared has had an effective impact on road safety, over the years, as shown by the data on a sample of large goods lorries (above 40 tons) owned by 55 road haulage companies everywhere in Italy.

Table 10
Results of the experimentation with large goods vehicles (above 40 tons)

YEAR	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Insured vehicles	3,017	3,209	3,198	3,640	4,060	3,665	3,924	4,955	4,910	4,884
Claims	2,356	2,250	2,063	1,993	1,866	1,634	1,577	1,776	1,660	1,634
Frequency (*)	64.3%	59.9%	57.2%	55.8%	48.5%	42.3%	40.2%	35.8%	33.8%	33.5%

(*) Since 2010 claims frequency has been calculated excluding claims not resulting in compensation
Source: ANIA Foundation

The initiative organized with the Gruppo Federtrasporti focused, also in 2013, on drivers' psycho-physical conditions which, when excellent, improve driving performance and reduce distraction and fatigue, especially in an aging professional category in which drivers are at risk of developing age-related diseases: for instance 50% of drivers in the project are overweight and nearly 29% are obese.

The "Embrace a safety perspective" initiative continued throughout 2013 and eyesight screening was added to the intervention model to measure the quality and quantity of drivers' eyesight capacity, binocular vision and depth perception (distance between the subject and the object observed) with specific modern equipment.

At the end of 2013, 2,250 drivers had been screened with this specially equipped medical van. The data are not encouraging; 35% suffer from eyesight problems and nearly half admit to not seeing clearly even when wearing corrective lenses.

The data confirm that medical examinations for the renewal of the license for professional drivers are insufficient. The mere eye chart exam only provides partial information, which should be supplemented with more complex exams to evaluate depth of field, visual acuity (the ability of the eye for fine resolution and distinction of details in an object) and side vision as well. This is ever more necessary, considering that the driver population is aging. In fact, the data collected and organized by age group suggest that the percentage of drivers with eyesight problems increases with age.

In the 21-40 age group nearly 80% of drivers who underwent examination were found to have good vision, but the percentage falls to 35% in the 50-60 age group.

In addition to eyesight examination, hearing tests (audiometry screening) were also carried out, in collaboration with ANAP (National Association of Hearing Care Professionals). The overall situation for hearing is more encouraging. The screening was done on 94 traveling workers with an average age of 46, and no serious conditions were diagnosed; 9.5% complained of mild background noise, 3.1% medium background noise, and 4.3% suffered from tinnitus.

The Federtrasporti insurance agency carried out further analysis on the events leading to an accident, using a specific form to be filled in by the insured involved in accidents in order to collect data on:

- years of experience of the driver involved in the accident
- type of driver (employee or owner)
- responsibility (active or passive)
- place
- type of goods transported and damaged goods, if any
- environmental damage, if any
- weather conditions
- number of vehicles involved
- weather conditions at the time of the accident
- number of people involved
- number of injured/deaths, if any
- circumstances and objective causes of the accident.

The study covered 1,634 accidents, finding that in 55.3% of cases the responsibility for the accident lay with the driver of the large goods vehicle, and with other drivers in 44.7% of cases. The majority of vehicles involved were articulated lorries (92.1%).

A quarter of the accidents were collisions (with moving or stationary vehicles), with distraction and tiredness being among the main causes for this type of accident (Table 11).

Table 11
Verified causes of accident involving large goods vehicles

CIRCUMSTANCES OF THE ACCIDENT			
Side impact	24.70%	Collision with stationed vehicle	8.30%
Collision with moving vehicle	16.70%	Impact during overtaking	8.30%
Changing lane	12.20%	Head-on collision	4.80%
Changing direction	12.40%	Rollover in turn	4.20%
Exit from road	8.40%	Other	–

Source: Federtrasporti

In order to better understand the events leading up to an accident, a new initiative was launched in 2013 to install 2,000 black boxes with camera on part of the vehicles of the Federtrasporti fleet. The goal, common to the EU, was to see whether the circumstances of the accidents involving heavy goods vehicles indicated in the answers to the forms submitted to the drivers were verified by the real data collected with the black boxes.

This project will enable the collection of data through film on trucks carrying goods and traveling mainly on motorways and other highway arteries.

The data collected will be used to enhance education and training interventions based on the information provided by monitoring the most frequent incorrect conducts.

The ANIA Foundation and local public transport

The vehicles of local public transport companies have a high accident rate (over 80%), especially in urban areas, as shown by the average national claims frequency values calculated by ANIA (Table 12).

Table 12 – Total claims handled for city buses (*) – Year 2012
Euro

Limitation	Vehicle years	Distribution %	Claims frequency	Total average claim cost	Accidents with personal injuries
Urban itineraries towns up to 80,000 inhabitants	1,725	11.6%	31.2%	3,786	35.3%
Urban itineraries towns up to 300,000 inhabitants	1,418	9.5%	73.2%	4,311	45.3%
Urban itineraries towns over 300,000 inhabitants	6,962	46.7%	97.3%	4,215	33.9%
Unspecified urban itinerary	4,735	31.8%	82.2%	4,056	30.8%
Electric traction	66	0.4%	35.0%	2,976	8.7%
TOTAL URBAN SERVICE	14,905	100.0%	82.3%	4,151	33.9%

(*) Data do not include claims I.B.N.R., i.e. claims for accidents which took place during the year but will be reported in the following years. Claims I.B.N.R. account on average for 10-15% of those incurred and reported in the year in which they took place
Source: ANIA

In order to bring down this extremely high accident rate, in 2012 ANIA started a partnership with ASSTRA (Business association of local public transport companies), which continued throughout 2013 with two fields of action:

1) the organization of a 4-day loss prevention and risk management learning module for executives and managers representing some 20 public transport companies in addition to the 30 companies which attended the training the previous year.

The issues addressed focus on insurance problems in local public transport, the definition of organizational and conduct rules aimed at prevention and at enhanced mobility of public transit users, internal communications to heighten awareness of road risks, acknowledgement that better psycho-physical conditions and life styles can have a positive impact on driving performance and, finally, driver training with simulators.

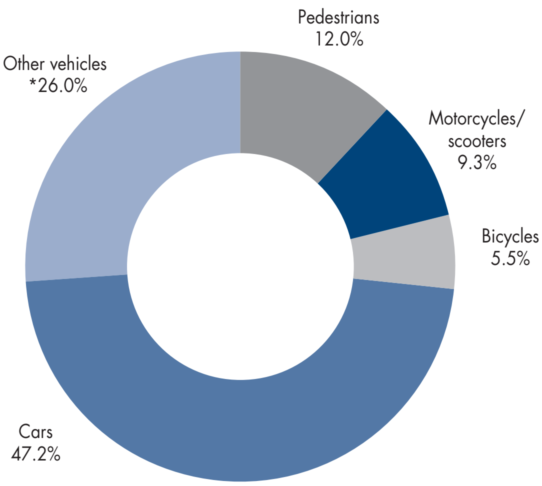
2) experimentation with a remote system for recording accidents, with black boxes and a frontal video camera on the windshield.

This pilot project helped verify the actual effectiveness of the system by allowing us to:

– reconstruct the accidents objectively, acting as a witness unconditioned by circumstances;
– fight frauds linked to false claims;
– reduce the number of accidents simply thanks to the psychological effect of the black box on the driver, as its mere presence encourages more prudent driving and a greater respect of the rules of the road.

In 2013, 1,500 videos of accidents were collected and analyzed. These images showed that nearly half of the claims involve cars (Figure 5), with still a high percentage of accidents of pedestrians (12%) and motor vehicles and scooters (9.3%), especially in urban areas.

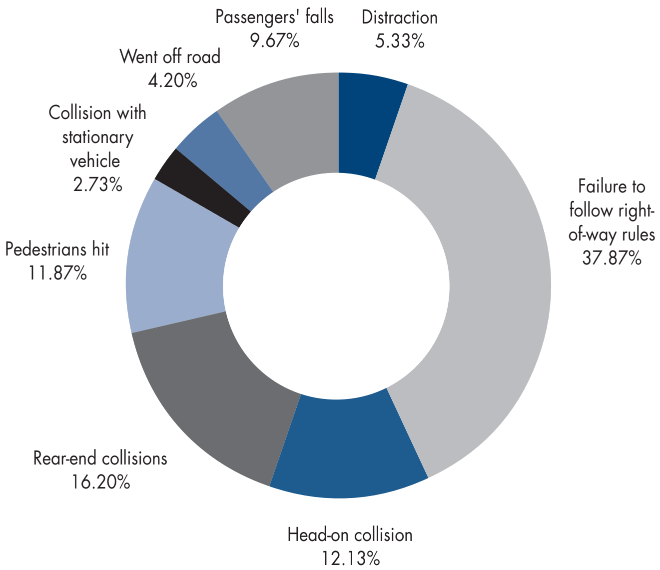
Figure 5
Type of third party involved



Source: ANIA Foundation
** Other vehicles includes buses, lorries, ambulances, Apecar*

The most common cause of accidents is failure to follow right-of-way rules (37.9%), followed by a fairly high number of rear-end collisions (16.2%) and pedestrians hit (11.9%). Distraction (mainly due to using the phone while driving without hands-free systems) accounted for 5.3%. It is worth noting that almost 10% of claims are related to the passengers on board falling or being injured.

Figure 6
Type of claims



Source: ANIA Foundation

THE ANIA-CONSUMERS FORUM

The ANIA-Consumers Forum is a foundation constituted by ANIA, with representatives of insurance companies and consumer organizations and independent members. The Forum's decision-making body includes representatives of eight national consumer organizations: Adiconsum, Adoc, Cittadinanzattiva, Codacons, Federconsumatori, Lega Consumatori, Movimento Difesa del Cittadino and Unione Nazionale Consumatori.

In 2013 insurers and consumers met to talk about major issues relevant to the insurance industry and to society. The Forum organized a series of activities focusing on three specific areas of interest: insurance education, welfare, and motor third party liability.

First of all, the Forum went ahead with its educational projects to further an insurance culture among both young people and adults. Particularly interesting is the "Io e i rischi" ("Me and risks") project, an educational course on risk awareness, prevention and mutuality for Italian students and households.

Secondly, the Forum contributed to initiatives and studies on the social role of insurance in the new welfare system, presenting a study of the shortcomings of the system of social protection and carrying out its second monitoring of the economic vulnerability of Italian households.

Thanks to a dialogue between the parties the Forum was able to address the delicate issue of motor third party liability insurance.

FOCUS ON WELFARE

The debate continued within the Forum on the current welfare model, on the new organization and social role of insurance companies within a changing scenario, based on the shared belief of insurers and consumers that the current system is static and can no longer meet citizens' needs.

The Forum's research activities aim at preparing the grounds for the analysis on which shared proposals on key issues for the households and consumers could be developed. This is the backdrop to initiatives such as studies together with Censis on welfare scenarios and sustainability, the Form's participation in the "Second Welfare Path" project, the Observatory on the economic and financial vulnerability of Italian households (developed in cooperation with the University of Milan and now open to contributions from other institutions and associations interested in the theme).

The observatory on the economic vulnerability of Italian households

The crisis of the welfare state has narrowed the scope of the traditional social protection offered by government, and the trend has been aggravated by markedly inadequate responses to the emerging needs of a society that is undergoing rapid economic, social and demographic change. The burden – and the duty – of devising new social protection solutions is thus shifted directly onto individuals and households.

Italians' ability to defend their living standards against pervasive risk and uncertainty is perceived to be declining; in the future it will be still less strong in respect of all kinds of shock, both idiosyncratic (accident, job loss, divorce) and systematic (natural disaster).

On these premises, the insurance and consumer representatives who make up the ANIA-Consumers Forum decided to draw up an objective, measurable account of these phenomena, forming an Observatory to analyze households' financial vulnerability and their capacity to manage risks.

The initiative is founded upon the mutual recognition of the need to heighten households' awareness that economic crisis and the gradual narrowing of the protections and guarantees once provided by the welfare state have exposed them increasingly to external shocks and made it harder for them to defend their well-being.

In 2013 the Observatory's second monitoring campaign was prepared and carried out, enlarging the research team by bringing in, alongside the Economics, Business and Statistics Department of the University of Milan, the Social and Political Sciences Department. The Forum of Household Associations and the Personal Services Agency of the city of Bologna also joined in. The ANIA-Consumers Forum was interested in seeing how the index of Italian household vulnerability has changed since the first observation, whose results were presented at a national conference in Rome on 17 November 2011.

The 2013 Vulnerability Report is the fruit of two separate research projects developed by the University of Milan for the Forum: "Italian Households: Vulnerability and Welfare" and "Innovative responses to face vulnerability risk and enhance welfare".

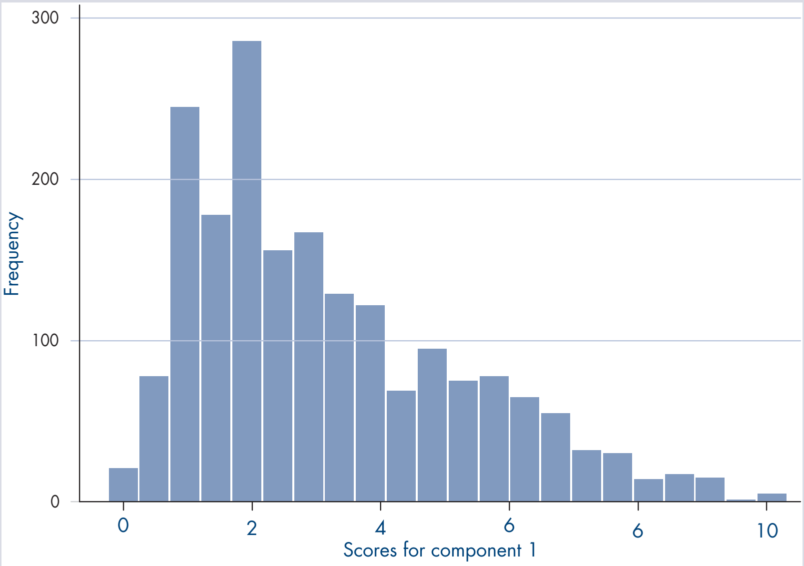
The first project measures households' financial vulnerability, using a special index and analyzing the determinants. The analysis traces the trend in the index, underscoring how it has worsened since the first observation.

The second inquires more specifically into the causes, symptoms and characteristics of vulnerability, which increasingly affects middle-class households. Using data provided by "Poor and Ashamed" Personal Services Agency of Bologna, it concentrates on examining innovative policies for the practical public-private integration for more effective response to social needs than those now available.

DATA FROM THE 2013 VULNERABILITY REPORT

Italian households' economic vulnerability has worsened considerably, by 17%. On a 0-10 scale, the vulnerability index rose from an average of 2.70 in 2010 to 3.16 in 2013. Only households with an index rating of less than 1 can balance their budgets and easily cope with unexpected outlays. These households make up just 5.5% of the population.

***Figure 1* Distribution of financial vulnerability index scores, 2013**



Source: Based on data from Università degli Studi di Milano

Meanwhile, a substantial 10% have vulnerability scores of over 7.5. This is extreme vulnerability: households that borrow or receive help just to make ends meet on a monthly basis.

By comparison with the first survey, situations of economic distress are more common. The share of households that have to eat into their savings in order to get through the month has risen from 15% to 21%, those that have considerable difficulty and have to ask for loans or aid from 6% to 8%. These two groups produce a rise from 20% to 26% in the share of households that are simply unable to deal with an unexpected expense (conventionally defined as Euro 700). Another "thermometer" of rising vulnerability is the share of households that forgo seeing a medical specialist for economic reasons, which rose from 28.4% to 34.4%.

Turning to the causes of this vulnerability, socio-demographic factors appear to be giving way, relatively speaking, to economic-financial ones. The most significant demographic finding is the vulnerability of persons under 30 and over 65.

Work-related external shocks, such as job loss or short-time working, are crucial. Heads of household who say they have lost their jobs made up 18% of the total (up from 12% in 2010); in addition 25.8% (up from 21.2%) reported having had their hours reduced. The new survey confirms the destabilizing role of other shocks, i.e. unpredictable outside events that decrease income or increase expenditure, such as separation, divorce, illness and accident.

The contribution of financial literacy to reducing vulnerability remains highly relevant.

NEW PUBLICATION: "THE HOUSEHOLD IN A TIME OF CRISIS"

The series of volumes on welfare published by the ANIA-Consumers Forum lengthened in 2014 with the release of "The family in a time of crisis: economic vulnerability and new forms of protection." The volume is the product of two separate research projects developed for the Forum by the University of Milan: "Italian households' vulnerability and welfare" and "Innovative responses to face vulnerability risk and enhance welfare".

All the volumes in the series are also available in electronic format. Free download at www.forumaniaconsumatori.it.

Research project: The sustainability of the Italian welfare system

The way resources are invested in households' welfare is changing radically. Developments are affected by the restructuring of government welfare spending, of course, but they are also induced by a series of long-run processes, among them population aging, the spread of chronic, disabling diseases, and rising expectations for well-being and health. These questions are interwoven with the slowdown in public expenditure and the acceleration in private welfare spending.

Important social tendencies are underway: the rationing of public supply, the denial of many forms of social protection to those who cannot manage to find their place in the new balance between public and private supply, the redefinition of levels of protection, the magnitude of needs that until recently were considered simply inalienable rights but are now left to the individual's capacity to serve them either directly or via purchase in the private market. This complex set of trends and structural and cyclical phenomena triggers a reallocation of household resources in the face of the need for precaution and protection against manifold risks.

On these premises, insurers and consumers agreed to take a further step in an analysis produced by the socio-economic research institute Censis. Based on two surveys of the institute's – "Welfare scenarios: new needs and the desire for a future" and "Welfare scenarios: new protections beyond the crisis" – the study focuses on the sustainability of the Italian welfare system. Sustainability is gauged both in relation to today's public budgets and in relation to those of households, taking account of the massive recent transfer of costs to the latter. Essentially, the study seeks to answer a simple question: In terms of welfare, what can we afford today as a society and as a State?

FURTHER INQUIRY BY FORUM – CENSIS: THE DATA

As part of the research project "The sustainability of the Italian welfare system," Censis and the Forum designed a range of research actions (surveys, deeper inquiry on a panel of households, interviews with qualified persons, international case studies, and online focus groups) to deal with the theme exhaustively and from a variety of standpoints, considering not only government budgets but the too often neglected dimension of Italian households' private welfare spending.

The survey found that over 21% of Italian households have a monthly income that covers their expenses and permits at least some saving; 38.7% do not manage to save, just over 19% say they can "make ends meet" unless they have to make several unexpected outlays on the order of 400 Euro; and 21% say their income regularly falls short of their monthly expenditure.

More than 62% of the respondents reported that in recent months they had had to face new expenses or increases in regular expenditures that threatened the household's budget balance. Apart from electricity and gas bills and food, the outlays most commonly mentioned as having significant impact on economic sustainability were medicine co-payments, medical specialists and diagnostic procedures (34% of the households polled), totally private medical specialist visits (32%), and totally patient-paid diagnostic procedures (20%). During times of "spending review," then, welfare items have a considerable economic impact on Italian households.

The study provides additional confirmation of the perceived reduction in public coverage, mentioned in previous Censis reports for the Forum; 53.6% of the respondents said that there had been a contraction in their usual public welfare and health provisions.

What is completely new to this most recent report is the emergence of willingness on the part of Italians, beginning with the social groups economically able to do so, to use their savings or other supplementary resources for private investment in social protection. Shifting from the issue of health to that of disability, non-self-sufficiency, the study found an unprecedented willingness on the part of fairly large groups within Italy to consider some form of private supplementation of public welfare provisions.

10

CONDUCT OF INSURANCE BUSINESS

IVASS MEASURE 14, 28 JANUARY 2014: AMENDMENTS TO ISVAP REGULATION 7

By its measure 14/2014 (dated 28 January), IVASS amended ISVAP Regulation 7 (3 July 2007) on the format for the accounts of the insurance and reinsurance companies required to adopt the international accounting standards. In line with the changes to IAS 1, "Presentation of Financial Statements," and IFRS 13, "Fair Value Measurement," the main changes were:

– the subdivision of the items of the "comprehensive profit-and-loss account" into those that can and cannot be reclassified in the future profit-and-loss account table (similarly, the table in the notes to the accounts, "Detail of other components of the comprehensive profit-and-loss account" has also been revised);
– revision of two existing tables in the notes to the accounts giving the details of financial assets/liabilities by fair value rank, which were amended and renamed to extend their scope to non-financial assets/liabilities and to include also assets/liabilities entered at fair value on a non-recurrent basis;
– a new table is introduced for the fair value ranking of assets/liabilities in the accounts by different fair value standards (e.g., sunk cost), whose fair value must be stated for purposes of disclosure in the notes to the accounts.

Finally, the measure made some limited changes to the text of the Regulation and its Annex 1 on instructions for filling out the forms.

PHASE 2 OF THE "INSURANCE CONTRACTS" PROJECT: THE STATE OF THE ART

The "Insurance Contracts" project was designed to define an unequivocal basic principle for valuing and entering into the accounts all types of insurance contracts, aiming also at better comparability across companies, jurisdictions and capital markets. At first the project was designed jointly with the Financial Accounting Standards Board (FASB). But at the meeting of 19 February 2014 the FASB decided to abandon its effort at convergence with the International Accounting Standards Board for the development of a common method of valuing and entering insurance contracts and determined that in the future the objective will be to improve the accounting model set out in the pre-existing US Generally Accepted Accounting Principles.

The IFRS 4 insurance contracts standard, now in force, was issued in March 2004. The project for this standard was divided into two phases: we are now in Phase 2, which should end with the issue of the new standard to supersede IFRS 4.

On 20 June 2013 the IASB released its re-exposure draft "Insurance Contracts," ED/2013/7. With respect to the original 2010 exposure draft, the re-exposure draft partly confirms the building blocks approach to the valuation of insurance contracts. The main differences concern the contractual service margin and the presentation of the contracts in the profit-and-loss account or under other comprehensive income. In addition, the Board also envisages other valuation models for insurance contracts, such as the "mirroring approach" applying when a contract requires the insurer to hold an underlying asset and benefits are correlated with the performance of that asset.

In the light of the many comments received and the results of the field test conducted by the European Financial Reporting Advisory Group (EFRAG) on the exposure draft proposals, the IASB has decided to revise some of the measures set out in the draft, including that on the contractual service margin, with-profits policies and the accounting of insurance revenue.

AMENDMENT OF IAS 39: "FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT"

The complex project for the revision of IAS 39 by the IASB is divided into three phases: classification and measurement, impairment, and hedge accounting. In December 2008 the IASB and the FASB decided to cooperate actively on the project in order to reduce the differences between their methods for classification and measurement of financial instruments. In December 2013, however, the FASB elected to cease its effort at devising a common accounting standard with the IASB.

On Phase 1, classification and measurement, the IASB released the relevant part of its new "IFRS 9 Financial Instruments" standard in 2009. In October 2010 the IASB again released IFRS 9, including new requirements for measurement of financial liabilities and for the derecognition of financial assets and liabilities. Still with regard to Phase 1, in November 2012 the Board published its exposure draft "Classification and Measurement: Limited Amendments to IFRS 9."

As to Phase 2, impairment, the IASB and the FASB initially worked to reduce the differences between the proposed methods. In 2012, however, the FASB decided to propose its own Current Expected Credit Loss Model, and in March 2013 the IASB released its exposure draft "Financial Instruments: Expected Credit Losses" at the same time as the FASB issued a proposed accounting standards update on "Financial Instruments – Credit Losses." In December 2013 the FASB decided to continue with the development of its own CECL model.

Nevertheless, the IASB continued its meetings on IFRS 9, and on 20 February 2014 set 1 January 2018 as the date for its entry into force. Companies were in any case allowed to adopt the standard in advance of that date. The IASB also discussed the possible interactions between the date when IFRS 9 becomes obligatory and Phase 2 of the Insurance Contracts project. Although it has been expressly stated that the calendars for the two projects are not correlated, the IASB stressed that as Phase 2 is finalized it will consider the possible need for additional transition relief. This position was taken in consideration of the fact that many of the comments on the insurance contracts exposure draft in 2013 emphasized the need for the dates of initial application of IFRS 9 and of the new international accounting for insurance contracts to coincide.

The IASB intends to proceed with the publication of the version of IFRS 9 including the amendments to the parts on classification and measurement and on impairment in the second quarter of 2014. As for Phase 3 on hedge accounting, the IASB published "IFRS 9 Financial Instruments (Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39)" in November 2013.

INCREASED PAYMENT ON ACCOUNT FOR IRES/IRAP AND CORPORATE INCOME SURTAX, ARTICLE 2 OF DECREE LAW 133/2013

Article 2 of Decree Law 133 of 30 November 2013 had a significant impact on insurance companies' payments on account of taxes due for the 2013 fiscal year. Specifically:

– it raised to 128.5% the corporate income tax (IRES) payment on account charged to insurance companies, credit and financial institutions, and the Bank of Italy against tax liabilities for the 2013 fiscal year. The increase also affects IRAP (the regional tax on productive activities), accounts on which are subject to the same procedures and deadlines as income tax (under Legislative Decree 446/1997, Article 30(3));
– for IRES only, it instituted a surtax of 8.5% for the 2013 fiscal year, payable by the same institutions as those cited in the previous point.

What is more, the increase in the payment on account under Article 2 follows that already instituted by Decree Law 76 of 28 June 2013, which raised it to 101% of the previous year's liability for all IRES and IRAP taxpayers. The account payment for the 2013 fiscal year (and for 2014 as well) was further raised (by another 1.5 percentage points) by the 30 November decree of the Minister for the Economy and Finance.

In the end, then, for insurance companies the IRES and IRAP payments on account are:

– **130%** of the liability for the **2013** fiscal year;
– **101.5%** of the liability for the **2014** fiscal year (as for all IRES taxpayers).

Together with the higher IRES/IRAP account payment, as noted, the Decree Law also instituted a higher IRES tax rate for the 2013 fiscal year for the banking and insurance industries only.

These measures are discriminatory and inequitable, in that they penalize exclusively certain sectors of economic activity; they are accordingly unconstitutional. There is a precedent in the IRES surtax imposed on firms in the "energy" sector (the so-called "Robin Hood" tax) for the declared purpose of taxing their "superprofits". A Constitutional Court judgment on the legitimacy of that measure is now pending. In the case of the surtax under Decree Law 133, Article 2, moreover, there is no apparent justification except the purely quantitative one of guaranteeing additional revenue in 2014 to compensate for the reduction of revenue that year, on a cash basis, owing to the decreased payment of IRES/IRAP liabilities in settlement as a consequence of the larger payments on account, due by 10 December 2013.

ANIA is moving both in Italy and in Europe to get this measure abrogated as unjustifiably partial and selective. The insurance business as such does not have any extra tax-paying capacity with respect to other industries, so there is absolutely no legitimate grounds – not even temporary – for raising the tax liability for insurers over and above that of all other taxpayers. ANIA's initiatives in this regard include the design of a facsimile application for a tax refund, distributed to all our member companies, which can be used after the payment on account to ask the local Revenue Agency for restitution of the amount paid, specifying that refusal (including tacit refusal) will be appealed to the competent provincial tax commission.

In strictly operational terms, the IRES surtax does not apply to the increases in tax liability consequent to the rules on deductibility of credit writedowns instituted by Article 106(3) of the Consolidated Income Tax Law. The Law was radically revised by the Stability Law (budget law) for 2014, Law 147/2013. Law 147 established linear deductions of the writedowns and writeoffs of insurers' credit claims on policyholders in the year in which they are charged to the taxpayer's accounts and the four following years. The change applies to the writedowns entered in the accounts starting with the 2013 fiscal year.

For fiscal year 2013 (the year of application of the abovementioned surtax), the restored tax liability for amounts written down in insurers' accounts in excess of the maximum deductible (equal to 20% of the amount charged to the profit-and-loss account) will be at the "base" company tax rate of 27.5%.

PERSONAL INCOME TAX DEDUCTIBILITY OF INSURANCE PREMIUMS: DECREE LAW 102/2013, ARTICLE 12

The government of Enrico Letta, in order to get the resources needed to cover the lost revenue of the abrogated municipal property tax, had initially decided (by Decree Law 102, 31 August 2013) to reduce the deductibility of insurance premiums – mandated in the Consolidated Income Tax Law, Article 15(1)(f) – to €630 for 2013 and €230 beginning with fiscal 2014. Previously it had been €1,291.14. The reduction applied to all policies for which premiums were deductible: life policies and capital redemption policies taken out or renewed before 1 January 2001, coverage against the risk of death or loss of self-sufficiency (long term care) and permanent disability of at least 5%. The law drastically reduced the tax deduction, as the ceiling is converted into a tax credit multiplying by the coefficient of 19%.

ANIA immediately brought to the attention of the competent institutions its opposition to a measure that was regressive, shortsighted, and in clear contrast with the reiterated intention of the government of providing incentives, including tax incentives, for the insurance protection of citizens. Specifically, the Association took a series of initiatives to the relevant institutions to ask for abrogation, or at least an attenuation (i.e. raising the new ceilings set by the law).

Our intervention succeeded in revising the ceiling for 2014 onwards from €230 to €530 and obtaining more favourable treatment for long-term care policies for the welfare of the elderly, consequently attenuating the public funding requirement in this field. The conversion of the decree into Law 124, 28 October 2013, set the following income tax deductibility ceilings for policies covering risk of death, permanent disability of 5% and more, and long-term care:

- for 2013, €630;
- for 2014 and after, €530 for death and permanent disability policy premiums and €1,291.14 for long-term care. However, if the policyholder has other policies beyond long-term care, the ceiling is "lowered" by the premiums paid for that other coverage.

In short, for fiscal 2013 the law lowered the amount of premiums that could be deducted (from €1,291.14 to €630) but left the old mechanism for applying the deduction in place.

Starting in 2014, however, the applicable measure is more complicated. The text of Law 124 converting the decree implies considering first of all total premiums paid on the eligible policies and then, for LTC premiums only, the difference between €1,291.14 and the premiums paid on death and disability policies. Essentially, the law raises the ceiling on deductible premiums to €1,291.14 where the policyholder has an LTC policy and establishes an "order of application" of the ceiling:

– first, up to €530 for premiums on death and disability policies;
– then, from €530 (or a smaller amount paid in death and disability premiums) to €1,291.14 for LTC premiums.

If total premiums do not exceed €530, then the deduction applies to the entire amount paid, as the tax benefit cannot concern amounts above the premiums paid. In this special case, there is no change from the previous regime, except for the lowering of the ceiling on premiums theoretically deductible.

If, however, total premiums do exceed €530, the law raises that ceiling only for LTC policy premiums, calculated as a function of the premiums paid for death and disability insurance, themselves capped at €530. Let us give an example. If a policyholder has two policies (one for death, with €800 in annual premiums, and another for LTC, with a premium of €600), the "base" deductible for the death premiums is still €530. To this we add the additional tax benefit accorded LTC premiums, up to the difference between €1,291.14 and €530 (the "base" threshold for the death policy premium deductible), or €761.14 (so the actual deductibility would be the entire €600 premium paid for the LTC coverage). The total deduction (to be multiplied by the 19% coefficient to calculate the tax credit) is thus €530 plus €600 (€1,130).

The raising of the deductibility ceiling (to be precise, the attenuation of its lowering) for fiscal 2014 and following years when the decree was converted into law was financed by the abrogation, starting that year, of the income tax and IRAP deductibility of the national health service contribution that is included in the premium on compulsory motor liability insurance policies.

THE 2014 STABILITY LAW: WRITEDOWNS ON CREDIT CLAIMS ON POLICYHOLDERS AND VARIATION IN NON-LIFE CLAIMS PROVISIONS

Deductibility of writedowns on credit claims on policyholders

The Stability Law enacting the 2014 budget (Law 147, 27 December 2013) includes several measures of special interest to the insurance industry, revising the rules on the deductibility of writedowns of credit claims for purposes of company income tax and the Regional Tax on Productive Activity.

Corporate income tax (IRES)

Paragraph 160 of the Stability Law:

1. establishes that "certain and precise elements" (required by Article 101(5) of the Consolidated Income Tax Law as a "general" necessity for credit loss deductibility)

subsist for legal purposes in all cases of "removal of credit claims from the balance sheet in application of accounting standards" [paragraph 160(b)];
2. replaces Article 106(3) of the Income Tax Law, in practice instituting uniform rules for banking, financial and insurance enterprises on the deductibility of writedowns on their respective "typical" credit claims (those on customers or the insured) entered in the accounts either as value adjustments or as losses [paragraph 160(c)].

The amendment under point 2, more specifically, establishes the linear deductibility of these value adjustments (net of upward value adjustments on credits in the balance sheet) in the year they are entered in the accounts and the four following years. As a consequence there is no longer any difference in the treatment, for corporate income tax purposes, between insurance companies' losses and writedowns on credit claims on their policyholders.

In part, the changes to Articles 101(5) and 106(3) of the Income Tax Law instituted by the 2014 Stability Law are retroactive, insofar as they apply to credits written off and value adjustments entered in the accounts beginning with fiscal 2013. The deductions of value adjustments to credit claims on policyholders entered in the accounts for years prior to 2013 will continue to follow the old rules, i.e. equal linear deductions for the years up to 18 as provided in the previous law for deducting the amount of writedowns in excess of 0.30% of the value of credit claims on the books in the year the writedown was entered in the accounts.

All in all, the new rules are more advantageous than the old ones governing credit writedowns for years prior to 2013. Those rules allowed the immediate deductibility (i.e. for the year they were entered in the accounts) of writedowns only up to 0.30% of the credit claims on the books (gross of writedowns during the year), spreading the rest of the deduction out, in equal parts, over the following 18 fiscal years.

Under the new rules these losses can be deducted much more quickly, even though the amount that can be deducted in the first year is likely to be less (20% of the value adjustment, against 0.30% of the total amount of credit claims on the books). Further, where the loss entered in the accounts is the result of disposal for an economic consideration, the entire loss can be deducted in the same year.

In principle, the changes introduced by the 2014 Stability Law do not affect the deductibility of losses on insurers' credits vis-à-vis anyone other than policyholders. The rules here provide for full deductibility of the loss in the year it is entered in the profit-and-loss account, but only where there are "certain and precise elements" (Article 101(5) of the Consolidated Income Tax Law) attesting to its fiscal relevance. However, in the special case of removal of credit claims vis-à-vis persons other than policyholders from the balance sheet in application of accounting standards, they can be fully deducted in the same year they are removed from the balance sheet.

Regional Tax on Productive Activity

Article 158(b) of the 2014 Stability Law establishes the relevance for IRAP of "losses, writedowns and net value readjustments due to the impairment of credit assets, exclusively for those involving credit claims on policyholders entered in the accounts under that head" and makes them deductible in five equal yearly parts starting with the year they are entered in the accounts. Like the clause on corporate income tax, the measure applies to adjustments charged to the profit-and-loss account starting with the 2013 fiscal year.

This represents a radical change, insofar as previously value adjustments to insurers' credit claims on policyholders were out-and-out non-deductible for IRAP purposes, as are value adjustments to all their other credit claims. As regards claims on non-policyholders, absolute non-deductibility for IRAP continues to apply under Legislative Decree 446/1997, Article 7(2).

Deductibility of allocations to non-life claims provisions

The 2014 Stability Law also instituted new rules on the period for deductibility of allocations to claims provisions entered in the accounts of insurance companies operating in the non-life branch. The measure (not present in the government's original bill and included at ANIA's reiterated insistence in the course of the parliamentary debate) provides, specifically, that the variation in the balance-sheet provisions (the long-term portion, set by law at 75% of the overall change in the balance-sheet value), beginning with the fiscal year under way on 31 December 2013, shall be deductible in five equal parts in the year it is entered in the profit-and-loss account and the next four years.

As to variations in previous years, the old rules remain in force; 30% of the variation – for that part of the provision relating to the long-term component – is deductible in the year it is entered in the profit-and-loss account and the remaining 70% over the next 18 years (or the next 9 years, if the variation was entered in a profit-and-loss account for a fiscal year earlier than the one under way at 25 June 2008).

VALUE-ADDED TAX ON THE MANAGEMENT ON AN INDIVIDUAL BASIS OF INSURANCE COMPANIES' ASSETS

Last year we reported on the European Court of Justice judgment in Case C-44/11 on 19 July 2012 (published in the Official Journal of the European Union C 295, 29 September 2012), which upheld the applicability of value-added tax to individually managed portfolios.

The Italian Parliament, in Article 1, paragraph 520, of Law 228/2012 (the Stability Law for 2013) accordingly amended the first sentence in point 4 of Article 10(1) of Presidential Decree 633/1972 to bring Italian law into line with the Court of Justice sentence, specifying that for transactions executed starting 1 January 2013 the exemption from value-added tax for transactions in shares, bonds and other financial instruments does not apply to the "service of individual portfolio management".

In view of the substantial impact the measure could have in terms of non-deductible VAT expenses, ANIA immediately petitioned the Revenue Agency for a legal consultation to argue the case that the VAT exemption under Presidential Decree 633/1972, Article 10(1), point 1, should continue to apply to the service of management of the assets covering the technical provisions guaranteeing the commitments undertaken by the companies toward the insured, a service frequently outsourced to professional asset managers.

In the petition ANIA developed the interpretation that the management of the assets covering reserves is not true individual portfolio management as conceived by the Court of Justice – in which the single investor remains the owner of the assets entrusted for management and retains the power to direct the managers' investment choices – but instead, in substance, has the characteristics of a collective investment undertaking, in that the portfolio refers to a multiplicity of investors (i.e., the insured having a right to the contractually specified benefits).

The Revenue Agency finally ruled on the question in a note dated 13 February 2014, agreeing with a good part of our arguments. First, the Agency recalled the concomitant circumstances in whose presence an activity can qualify as collective investment fund management, exempt from VAT under Directive 112/2006, Article 135, §1(g), namely: *i*) multiple investors, *ii*) presence of assets owned by the company, and *iii*) policies on the investment of participants' funds set at collective level with the aim of efficient attainment of an operating result (better than would come from direct investment) that benefits the entire group of insured whose policies come under that particular segment.

In this regard the Agency's note expressly stated that these circumstances "subsist – in general – also in the management of assets covering some insurance company technical reserves by persons external to the companies themselves." In particular, the Agency agreed with the thesis set out in our petition for a legal consultation that the direct, integral linkage of investments (in Class D assets) with the companies' obligations to the insurer that obtains under unit-linked and index-linked policies constitutes the foundation for treating the management of those assets like that of an investment fund.

The same assimilation also applies to the benefits from the management of the assets covering reserves relating to "life insurance policies of a financial nature providing for the disbursement of capital at maturity," where again the Agency found the features of standardized investment.

These considerations suggest that the notion mentioned here should in principle comprise all the types of with-profits policies in life insurance Classes I and V, i.e. life and capital redemption policies with provision for increasing benefits, such as participation in the yield of a segregated fund, asset provision or profits on a management account.

Essentially, the Agency endorsed our thesis that insurers' asset management differs from true individual portfolio management in that it is characterized by highly standardized investments in the different asset segments to which the policies refer, with a view to maximizing the return for the insured as a group, while individual management is "tailor-made" by means of investment policies specifically designed for the individual holders of substantial asset portfolios.

Nevertheless, the Agency did not accede to our request that it attest the VAT exemption for the transactions involved in the management of Class C assets covering non-life insurance reserves, arguing that unlike life policies these policies have no "underlying form of standardized financial investment." ANIA found that it could only agree with this conclusion, in a circular that we issued to make the Agency's note known to insurers, as regards the return on assets covering reserves against pure risk insurance policies, i.e. where the benefits depend on the occurrence of events such as death or disability.

THE SINGLE EURO PAYMENTS AREA: OBLIGATIONS AND EFFECTS ON INSURANCE COMPANIES

Directive 2007/64/EC, of 13 November 2007, was transposed into Italian law by Legislative Decree 11/2010. The Directive institutes a single system for payment services within the European internal market. Payment services include the execution of payment orders, hence direct debits and credit transfers, which are commonly used by policyholders for premium payments.

EU Regulation 260/2012 made migration of these services to the new Single Euro Payments Area schemes, SEPA Credit Transfer and SEPA Direct Debit, mandatory by 1 February 2014, save for some derogations to 1 February 2016. In its measure 85 of 12 February 2013, the Bank of Italy gave instructions for applying the Regulation, providing among other things that financial and fixed-amount direct debits – which do not ordinarily include insurance premium direct debits – do not need to meet the current requirements for execution in the new SEPA Direct Debit scheme until 1 February 2016.

Insurance companies are affected by these rules as beneficiaries of premium payment services. As such, insurers must inform their policyholders/payers of their bank's migration to the new SEPA system.

Finally, the Italian legislation recognizes the right of the user/payer to revoke a payment ordered within eight weeks after the order is given where the payment authorization failed to specify the amount and where that amount is greater than what the user could have reasonably expected on the basis of previous debits and the terms of his framework contract and his specific circumstances. Where both these conditions are present, the refund is effected "simply on request" with no need for justification by the customer. Obviously, in the case of revocation of payment of an insurance premium, this inevitably has the legal effects envisaged by the Civil Code, Article 1901 for non-life policies and Article 1924 for life policies.

DEBIT CARD PAYMENTS – IMPLEMENTING DECREE

In implementation of Article 15(4) of Decree Law 179/2012, converted with amendments into Law 221/2012, the Minister for Economic Development, in agreement with the Minister for the Economy and after consulting the Bank of Italy, issued a decree dated 24 January 2014 on payments via debit card. The decree establishes that persons who are engaged in the business of selling products or services must accept payments using debit cards ("Bancomat" ATM cards and prepaid cards). The obligation is effective for all payments of more than €30 for businesses and professionals (called "merchants"), hence including insurance companies and the intermediaries in the Single Register of Insurance intermediaries.

The deadline for compliance with the requirement to have an operational point-of-sale terminal so as to accept these payments, originally set at 28 March 2014, was extended to 30 June by Article 9(15-bis) of Decree Law 150, 30 December 2013, converted into Law 15 of 27 February 2014.

NEW PROVISIONS ON ADVANCED ELECTRONIC SIGNATURES

The Digital Administration Code regulates electronic signatures, classifying them into two types: simple and advanced. Advanced Electronic Signatures, or AESs, include both qualified electronic signatures and digital signatures, which differ in the techniques by which they are generated. Whereas the simple electronic signature only permits the IT identification of the signatory by means of "the set of data in electronic form, attached or else linked by logical association with other electronic data," the AES guarantees the identification of the author of the document and the unequivocal linkage of the document to the signatory. It is generated by means over which the signatory retains full control and makes it possible to verify if the document has been altered after the signature has been affixed.

The legal framework on this matter was not completed until the issue of new technical rules with the prime minister's decree of 22 February 2013 on the generation, affixing, and verification of advanced, qualified, and digital electronic signatures. The rules govern all types of AES (the advanced digital electronic signature, or simply digital signature; the qualified advanced electronic signature, or simply qualified electronic signature; and other, unspecified types of "residual" advanced electronic signature). For the "residual" signature in particular the decree allows for treating it on a par with the digital and qualified electronic signatures already in use, giving it the same legal value as the traditional handwritten signature. To this end the technical rules provide that in addition to "professional" providers of "residual" advanced electronic signatures commercial enterprises shall also be authorized to offer electronic signature solutions to their customers, generating the signatures as long as they fulfill certain conditions, including identification of the signatory by means of a valid ID document and the stipulation of a liability insurance policy with a ceiling of not less than €500,000, for use exclusively in legal relations between the customer and the enterprise.

One example of the application of "residual" advanced electronic signatures is the generation of the so-called "graphometric" signature. This is a process using special hardware (such as a tablet) with which the user can affix his signature on-screen using a special pen, as if he were signing an ordinary paper document. The graphometric signature is based on the signatory's behavioral biometrics (rhythm, pressure, speed, acceleration and movement), which are held to be unique and inimitable. The legal validity of documents signed in this fashion is of the same rank as Article 2702 of the Civil Code prescribes for private contracts.

The biometric data underpinning the graphometric signature are personal data, and as such must be treated according to the rules protecting privacy, which require that uses with special risks must be authorized in advanced by the Italian Data Protection Authority. Several banks have recently submitted their projects for graphometric signatures to the Authority for a preliminary verification. They stressed that biometric signatures would reduce the risk of fraud and of litigation over the possible non-recognition of signatures, as well as making transactions through financial salesmen faster and more streamlined. The Authority authorized the signatures on condition that all the institutions involved in the authorization and operation of the system take special measures to protect the data and give customers the choice of signing their contracts in the traditional way.

The Authority has issued a general consultation document and guidelines, with the special aim of identifying cases in which the advance application for authorization of biometric technologies can be dispensed with, at the same time laying down a general framework of rules for the protection of personal freedom. In response, ANIA has transmitted the observations of the insurance industry to the Authority.

DRAFT REGULATION UPDATING THE GUIDELINES ON INVESTMENTS AND ASSETS COVERING TECHNICAL PROVISIONS, ISVAP REGULATION 36, 31 JANUARY 2011

On 10 June a draft Regulation for public consultation was released, containing proposed updates on the guidelines concerning investments and assets covering the technical provisions, set out in ISVAP Regulation 36 of 31 January 2011. Comments were to be received by 10 July 2014.

The insurance supervisory authority's introductory report notes that its amendments to the Regulation were the result of reflection on requests received from market participants and other informal forums on "the need to extend the possibilities of insurance companies to invest and diversify their investments, taking account of the added or reinforced internal controls with a view to the preparation for Solvency II."

The principal changes are the following:

- the category of investments in shares and other equity not traded in regulated markets is broadened to include private limited companies;
- for both equity and corporate debt securities, the reference to "the last three years" is eliminated from the clause requiring the certification of the accounts;
- for the macro-class of alternative investments, the ceiling of 5% of the technical provisions on investment in closed-end and securities and real-estate hedge funds is lifted;
- IVASS is allowed to authorize insurers to make investments in excess of the ceilings set by the Regulation, provided that certain requirements for risk management, matching of assets and liabilities, and solvency requirements are satisfied in a medium- to long-term perspective.

11

FORECASTS FOR 2014

FORECASTS FOR 2014

THE ITALIAN INSURANCE INDUSTRY IN 2014

Given the slightly better performance of the economy, confirmed by the projections of the main forecasting institutions for a return to GDP growth in the course of the year, total premium income should expand for the second consecutive year in 2014. Our projection is for a further increase in the life sector, with forecast growth of nearly 30% on the heels of the 22.1% gain registered last year, more than offsetting the expected decline of 1.7% in the non-life sector.

The total premium income (life and non-life) of direct Italian insurance business in 2014 would thus exceed Euro 140 billion, an increase of 20.3% from 2013. The ratio of premiums to GDP should also rise, from 7.7% to 9.0% (Table 1).

Total direct premiums of Italian insurance companies in the **non-life** sector are expected to diminish for the third year running, owing above all to the decline in the motor liability and marine liability branches. In this sector, in fact, the improvement in the overall technical results both in 2012 and in 2013 has been reflected in prices, and the sharp fall of 7.0% in written premiums in 2013 should be followed by a comparable decline of 6.0% this year.

In the other branches, owing to the positive signs for the economy, premium income should increase modestly (2.3%).

Table 1
Insurance premiums in Italy: forecasts
Amounts in millions of euro
Changes calculated on a homogeneous sample

CLASS	PREMIUMS 2013	PREMIUMS 2014	% CHANGE 2013-2012	% CHANGE 2014-2013
Motor and marine liability	16,265	15,289	-7.0%	-6.0%
General third party liability	2,849	2,792	-3.1%	-2.0%
Accident	2,957	3,031	-0.5%	2.5%
Other property	2,663	2,743	2.3%	3.0%
Land vehicles	2,413	2,497	-8.6%	3.5%
Fire and natural forces	2,284	2,352	-1.0%	3.0%
Sickness	2,073	2,177	-3.0%	5.0%
Other non-life	2,198	2,252	-1.3%	2.5%
TOTAL NON-LIFE	**33,702**	**33,134**	**-4.6%**	**-1.7%**
As a % of GDP	*2.2%*	*2.1%*		
Class I - Life	64,966	87,704	26.9%	35.0%
Class III - Investment Funds	15,514	16,289	12.4%	5.0%
Other Life	4,630	5,788	-1.9%	25.0%
TOTAL LIFE	**85,110**	**109,781**	**22.1%**	**29.0%**
As a % of GDP	*5.5%*	*6.9%*		
TOTAL	**118,812**	**142,916**	**13.1%**	**20.3%**
As a % of GDP	*7.7%*	*9.0%*		

In particular, except for general liability, where premium income is again expected to contract (by 2.0%), all classes should show an increase: sickness (5.0%), other property damage and fire (3.0%) accident and other non-life (2.5%). After six years of decline, there should be a gain of 3.5% in premium income for land vehicle insurance, owing mainly to the modest recovery in new car sales (a rise of between 3% and 5% is expected in 2014).

Total non-life premium income is thus expected to amount to Euro 33 billion in 2014, while in proportion to GDP it should remain the same as in 2013 (2.1%).

In the **life sector**, written premiums will expand to some Euro 110 billion in 2014, jumping by an expected 29.0% after the 22.1% gain recorded in 2013, owing to the continued growth both in Class I policies marketed through banks and in Class III policies, essentially unit-linked products.

In the first four months of 2014, new life insurance business amounted to Euro 30.8 billion, compared with Euro 20.4 billion in the same period of 2013, an increase of over 50%. The increase essentially involved Class I products, new business in which gained more than 70%; the gain for Class III products was 1.6% compared with January-April 2013.

For Class I products, assuming that short-term interest rates (3-month Treasury bills) remain well below 1% (they averaged 0.24% in the first four months) and that financial markets remain stable, premium income can be expected to rise by 35% for the year as a whole, from Euro 65 billion to about Euro 90 billion.

For Class III (linked) policies, assuming no major turmoil in the equity and financial markets, it is estimated that premiums will increase by 5% for the year as a whole to a total of Euro 16 billion.

Total life sector premium income should thus rise to 6.9% of GDP this year from 5.5% in 2013.

STATISTICAL APPENDIX

Income statement
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Technical account of non-life and life classes (*)																
Written premiums	50,736	61,011	66,965	75,240	86,350	95,646	100,098	108,451	106,273	96,765	89,157	115,199	123,546	108,420	103,139	117,364
Changes in premium reserves (-)	24,994	31,919	27,500	30,046	32,645	43,720	40,427	41,999	19,189	-9,495	-22,241	40,953	32,825	3,106	9,631	29,512
Investment income	10,760	9,941	7,567	5,435	3,939	13,090	16,316	20,064	15,132	10,835	-9,813	26,845	14,109	3,978	27,480	20,050
Other technical income	282	382	463	780	980	1,135	1,215	1,321	1,337	1,433	1,527	1,448	1,484	1,429	1,560	1,638
Incurred claims (-)	27,217	29,534	35,583	38,240	44,459	48,994	58,826	68,236	83,971	99,010	91,087	84,207	92,105	99,376	98,776	88,311
Operating expenses (-)	8,658	9,167	9,791	10,208	10,648	11,346	11,927	12,567	13,345	13,390	12,573	12,633	12,540	12,283	11,539	11,726
Other technical costs (-)	824	802	942	897	1,088	1,656	1,430	1,241	1,434	1,631	2,035	2,230	2,311	2,272	2,537	2,623
Balance	**85**	**-88**	**1,179**	**2,064**	**2,429**	**4,155**	**5,019**	**5,792**	**4,803**	**4,497**	**-2,583**	**3,470**	**-642**	**-3,210**	**9,696**	**6,880**
Technical account - non-life (*)																
Written premiums	23,920	25,560	27,029	28,915	30,958	32,729	34,208	34,663	35,458	35,211	34,328	33,791	32,954	34,052	32,763	31,608
Changes in premium reserves (-)	1,011	803	543	835	825	656	599	638	629	602	265	-21	496	462	-494	-626
Investment income	2,528	1,874	2,135	1,931	1,483	2,012	2,234	2,318	2,115	2,131	829	2,439	1,095	640	1,660	1,264
Other technical income	173	286	294	409	321	371	371	319	371	365	423	472	440	451	469	426
Incurred claims (-)	19,873	20,895	22,004	22,224	22,736	23,633	24,269	24,294	25,058	24,634	25,403	26,865	25,106	25,199	23,480	21,311
Operating expenses (-)	6,008	6,237	6,457	6,851	7,178	7,522	7,949	8,184	8,366	8,646	8,462	8,465	8,141	8,322	8,018	8,041
Other technical costs (-)	677	684	754	696	760	874	1,045	883	1,082	1,000	1,085	1,165	1,121	1,054	1,124	1,020
Balance	**-948**	**-899**	**-300**	**649**	**1,263**	**2,427**	**2,951**	**3,302**	**2,808**	**2,825**	**365**	**228**	**-375**	**106**	**2,765**	**3,553**
Technical account - life (*)																
Written premiums	26,816	35,451	39,936	46,325	55,392	62,917	65,890	73,788	70,815	61,554	54,829	81,409	90,592	74,368	70,376	85,756
Changes in technical provisions (-)	23,984	31,116	26,957	29,211	31,820	43,064	39,828	41,361	18,561	-10,097	-22,506	40,974	32,329	2,644	10,125	30,138
Investment income	8,232	8,067	5,432	3,504	2,456	11,078	14,082	17,745	13,017	8,704	-10,642	24,406	13,014	3,338	25,820	18,786
Other technical income	109	96	169	371	659	764	844	1,001	967	1,068	1,104	976	1,044	978	1,091	1,212
Incurred claims (-)	7,344	8,639	13,579	16,016	21,723	25,361	34,557	43,942	58,913	74,376	65,684	57,342	66,999	74,177	75,296	66,999
Operating expenses (-)	2,649	2,930	3,334	3,357	3,470	3,824	3,978	4,383	4,979	4,744	4,111	4,169	4,399	3,961	3,521	3,685
Other technical costs (-)	147	118	188	201	328	782	385	358	352	631	950	1,064	1,190	1,218	1,413	1,604
Balance	**1,033**	**811**	**1,479**	**1,415**	**1,166**	**1,728**	**2,068**	**2,490**	**1,995**	**1,672**	**-2,948**	**3,242**	**-267**	**-3,316**	**6,931**	**3,328**
Non-technical account (*)																
Other non-life income	788	607	705	629	401	518	810	894	777	911	-416	939	201	-734	94	825
Other life income	765	593	876	436	726	868	1,127	1,179	1,238	980	462	1,177	839	265	1,626	1,440
Balance of other income and expenses	-131	168	-394	-2	-872	-951	-1,016	-862	-1,062	-957	-1,601	-1,244	-1,763	-1,551	-1,922	-2,177
Balance of ordinary activities	**1,507**	**1,280**	**2,366**	**3,127**	**2,684**	**4,590**	**5,940**	**7,003**	**5,757**	**5,431**	**-4,138**	**4,342**	**-1,365**	**-5,230**	**9,494**	**6,969**
Balance of extraordinary activities	**950**	**1,398**	**1,067**	**1,204**	**2,262**	**1,132**	**1,027**	**691**	**941**	**1,476**	**751**	**840**	**614**	**478**	**-28**	**1,313**
Taxes on income (-)	1,275	1,195	1,390	1,454	1,436	1,929	1,731	1,837	1,537	1,558	-1,407	1,312	-48	-1,099	3,696	3,049
Result for the financial year	**1,182**	**1,483**	**2,043**	**2,877**	**3,510**	**3,793**	**5,236**	**5,857**	**5,161**	**5,349**	**-1,980**	**3,870**	**-703**	**-3,653**	**5,770**	**5,233**
Return on Equity	4.8%	5.3%	6.7%	8.9%	10.6%	10.6%	13.6%	13.8%	11.4%	12.5%	-4.7%	8.5%	-1.4%	-7.1%	11.5%	9.7%

(*) Technical items net of cessions and retrocessions *Provisional data for 2013*

STATISTICAL APPENDIX

Balance sheet
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
LIABILITIES	214,208	254,407	298,174	338,346	378,192	429,890	475,716	526,899	547,569	537,180	505,362	560,780	586,815	585,665	603,706	641,805
CAPITAL AND RESERVES	28,189	30,158	34,496	35,093	37,401	41,342	44,780	51,301	50,297	46,042	40,932	51,803	50,260	48,252	54,299	63,885
Subscribed capital	*8,461*	*8,947*	*9,775*	*9,512*	*9,961*	*10,529*	*10,991*	*12,982*	*13,402*	*11,399*	*11,472*	*11,925*	*11,985*	*12,463*	*13,345*	*14,820*
Equity reserves	*18,546*	*19,728*	*22,678*	*22,704*	*23,930*	*27,033*	*28,621*	*32,463*	*31,837*	*29,370*	*31,440*	*36,351*	*38,977*	*39,441*	*35,365*	*43,899*
Profit for the financial year	*1,182*	*1,483*	*2,043*	*2,877*	*3,510*	*3,780*	*5,169*	*5,857*	*5,058*	*5,273*	*-1,980*	*3,527*	*-703*	*-3,653*	*5,589*	*5,166*
TECHNICAL PROVISIONS	165,269	201,567	236,377	270,256	305,573	352,029	394,581	439,029	457,250	448,052	419,947	461,762	492,151	494,448	504,067	530,864
Non-life classes	*48,381*	*51,052*	*55,669*	*59,312*	*62,693*	*65,098*	*66,921*	*68,885*	*70,865*	*70,726*	*68,194*	*68,701*	*65,859*	*66,697*	*66,838*	*64,729*
Life classes	*116,888*	*150,515*	*180,708*	*210,944*	*242,880*	*286,931*	*327,659*	*370,144*	*386,385*	*377,326*	*351,753*	*393,061*	*426,292*	*427,751*	*437,229*	*466,135*
OTHER LIABILITIES	20,671	22,570	27,125	32,674	34,920	36,203	35,989	36,141	39,352	42,465	43,820	46,436	43,703	42,238	44,601	46,371
Subordinated liabilities	*81*	*186*	*1,072*	*1,487*	*1,990*	*2,666*	*2,862*	*3,295*	*4,725*	*6,085*	*6,924*	*8,374*	*8,753*	*8,751*	*10,070*	*10,475*
Provisions for risks and charges	*1,766*	*1,807*	*2,048*	*1,524*	*2,045*	*2,189*	*2,105*	*2,219*	*2,206*	*2,133*	*2,117*	*1,711*	*1,771*	*1,613*	*1,847*	*2,286*
Deposits received from reinsurers	*8,466*	*9,395*	*10,453*	*11,682*	*13,011*	*13,231*	*12,876*	*12,994*	*12,999*	*13,109*	*12,660*	*12,398*	*11,999*	*11,279*	*10,692*	*9,924*
Debts and other liabilities	*10,358*	*11,182*	*13,552*	*17,981*	*17,874*	*18,117*	*18,146*	*17,632*	*19,423*	*21,139*	*22,119*	*23,954*	*21,180*	*20,594*	*21,992*	*23,685*
ACCRUALS AND DEFERRALS	79	112	176	323	298	316	366	428	670	621	663	779	701	728	739	685
ASSETS	214,208	254,407	298,174	338,346	378,192	429,890	475,716	526,899	547,569	537,180	505,362	560,780	586,815	585,665	603,706	641,805
AMOUNTS OWED BY SHAREHOLDERS	28	46	46	99	84	45	15	3	25	30	6	41	15	3	7	0
INTANGIBLE ASSETS	2,050	2,277	2,424	2,469	2,792	3,707	4,262	3,947	3,839	3,441	3,021	6,891	6,310	6,001	5,747	6,193
INVESTMENTS:	172,705	209,442	248,346	283,381	320,069	370,814	416,322	465,109	483,143	470,989	434,676	489,479	517,014	511,384	526,975	562,923
Land and buildings	*8,581*	*8,438*	*8,335*	*7,798*	*5,484*	*4,534*	*4,842*	*5,805*	*5,933*	*5,808*	*6,265*	*6,526*	*6,513*	*6,902*	*6,780*	*6,459*
Shares and holdings	*25,992*	*33,123*	*40,700*	*40,478*	*40,145*	*43,763*	*48,793*	*54,096*	*55,532*	*56,249*	*54,976*	*59,635*	*56,751*	*54,347*	*50,129*	*57,285*
Bonds and other fixed income securities	*105,725*	*115,026*	*123,825*	*140,530*	*161,343*	*186,564*	*208,051*	*235,036*	*252,727*	*239,081*	*226,866*	*273,755*	*306,898*	*316,029*	*335,627*	*363,812*
Loans and deposits	*14,465*	*18,423*	*22,892*	*24,977*	*28,342*	*28,837*	*30,460*	*33,603*	*29,100*	*32,529*	*29,590*	*32,351*	*34,708*	*35,195*	*36,918*	*38,553*
Investments for the benefit of life insurance policyholders and the investments deriving from the management of pension funds	*17,942*	*34,432*	*52,594*	*69,598*	*84,755*	*107,116*	*124,176*	*136,569*	*139,852*	*137,322*	*116,980*	*117,211*	*112,144*	*98,911*	*97,521*	*96,815*
TECHNICAL PROVISIONS BORNE BY THE REINSURERS	16,819	18,089	19,895	21,499	22,003	21,789	20,753	21,072	20,770	20,658	19,411	19,283	18,737	17,546	17,768	16,519
AMOUNTS OWED BY DEBTORS	14,917	15,652	16,808	18,696	19,915	20,333	21,020	21,529	22,381	23,400	25,706	25,563	26,576	26,875	26,497	28,373
OTHER ASSETS	5,537	6,757	8,332	9,715	10,585	10,198	10,149	11,652	13,168	14,342	18,131	14,617	13,068	18,619	21,428	22,315
ACCRUALS AND DEFERRED INCOME	2,152	2,144	2,323	2,487	2,744	3,004	3,194	3,587	4,242	4,321	4,411	4,907	5,093	5,238	5,284	5,483

Provisional data for 2013

LIFE TECHNICAL ACCOUNTS – DOMESTIC BUSINESS

Life technical account
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	26,483	35,597	39,784	46,329	55,294	62,780	65,627	73,471	69,377	61,439	54,565	81,116	90,114	73,869	69,715	85,110
Incurred claims (-)	7,356	8,945	13,574	16,100	21,783	25,453	34,313	43,710	57,804	74,316	65,547	57,198	66,801	73,971	75,022	66,688
Changes in technical provisions (-)	23,514	31,002	26,693	28,981	31,504	43,257	39,666	41,196	18,303	-10,245	-22,636	41,114	32,184	2,547	10,013	29,938
Balance of other technical items	-92	-50	-5	175	284	427	476	697	633	468	104	19	-126	-177	-222	-286
Operating expenses (-)	2,687	3,026	3,398	3,323	3,379	3,745	3,864	4,308	4,589	4,681	4,056	4,090	4,300	3,832	3,367	3,539
Investment income	7,566	7,560	4,688	2,812	1,845	10,661	13,523	17,062	12,126	8,176	-11,030	23,996	12,617	3,019	25,382	18,459
Direct technical account result	**400**	**134**	**802**	**912**	**757**	**1,413**	**1,783**	**2,016**	**1,440**	**1,331**	**-3,328**	**2,730**	**-680**	**-3,639**	**6,473**	**3,118**
Reinsurance result and other items	612	666	659	480	279	293	249	327	471	292	320	442	366	268	388	366
Overall technical account result	**1,012**	**800**	**1,461**	**1,392**	**1,036**	**1,706**	**2,032**	**2,343**	**1,911**	**1,623**	**-3,008**	**3,172**	**-314**	**-3,371**	**6,861**	**3,484**
Net cash flow	**19,126**	**26,651**	**26,210**	**30,229**	**33,511**	**37,327**	**31,314**	**29,761**	**11,573**	**-12,877**	**-10,982**	**23,918**	**23,313**	**-102**	**-5,306**	**18,422**
Annual % changes in premiums	n.a.	34.4%	11.8%	16.5%	19.4%	13.5%	4.5%	12.0%	-5.6%	-11.4%	-11.2%	48.7%	11.1%	-18.0%	-5.5%	22.1%
Expense ratio	10.1%	8.5%	8.5%	7.2%	6.1%	6.0%	5.9%	5.9%	6.6%	7.6%	7.4%	5.0%	4.8%	5.2%	4.8%	4.2%
Investment income/Technical provisions	n.a.	6.0%	3.0%	1.5%	0.9%	4.3%	4.6%	5.1%	3.4%	2.2%	-3.2%	6.7%	3.2%	0.7%	6.1%	4.2%
Technical account result/Gross written premiums	**1.5%**	**0.4%**	**2.0%**	**2.0%**	**1.4%**	**2.3%**	**2.7%**	**2.7%**	**2.1%**	**2.2%**	**-6.1%**	**3.4%**	**-0.8%**	**-4.9%**	**9.3%**	**3.7%**
Overall technical account result/ Gross written premiums	**3.8%**	**2.2%**	**3.7%**	**3.0%**	**1.9%**	**2.7%**	**3.1%**	**3.2%**	**2.8%**	**2.6%**	**-5.5%**	**3.9%**	**-0.3%**	**-4.6%**	**9.8%**	**4.1%**
Overall technical account result/ Technical provisions	**n.a.**	**0.64%**	**0.95%**	**0.77%**	**0.49%**	**0.68%**	**0.70%**	**0.71%**	**0.53%**	**0.44%**	**-0.86%**	**0.89%**	**-0.08%**	**-0.82%**	**1.64%**	**0.80%**

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

STATISTICAL APPENDIX

Class I - Life
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	16,720	17,603	15,967	19,413	23,991	27,788	30,101	33,871	32,746	27,166	31,430	64,741	67,844	56,698	51,191	64,966
Incurred claims (-)	5,869	6,982	9,686	11,254	13,660	14,839	16,761	18,253	23,064	28,995	29,745	28,974	35,683	44,008	45,285	41,902
Changes in technical provisions (-)	13,626	13,035	8,680	9,806	12,233	14,737	15,692	18,610	12,796	1,531	4,713	40,477	36,522	17,739	11,880	29,532
Balance of other technical items	-93	-51	-66	-81	-109	-96	-88	-41	-113	-192	-357	-337	-566	-606	-711	-756
Operating expenses (-)	2,100	2,034	2,019	1,791	1,770	1,941	2,048	2,365	2,634	2,811	2,845	3,284	3,316	3,105	2,738	2,976
Investment income	5,115	4,597	5,403	4,801	4,399	5,350	5,950	6,458	6,610	7,025	3,433	9,518	7,106	5,401	14,777	12,397
Direct technical account result	147	98	919	1,282	618	1,525	1,462	1,060	749	662	-2,797	1,187	-1,137	-3,359	5,354	2,198
Reinsurance result and other items	619	662	642	407	293	292	247	371	459	335	332	419	398	285	398	368
Overall technical account result	766	760	1,561	1,689	911	1,817	1,709	1,431	1,208	997	-2,465	1,606	-739	-3,074	5,752	2,566
Net cash flow	10,851	10,621	6,281	8,159	10,331	12,949	13,340	15,618	9,682	-1,829	1,685	35,767	32,161	12,690	5,907	23,064
Annual % changes in premiums	n.a.	5.3%	-9.3%	21.6%	23.6%	15.8%	8.3%	12.5%	-3.3%	-17.0%	15.7%	106.0%	4.8%	-16.4%	-9.6%	26.9%
Expense ratio	12.6%	11.6%	12.6%	9.2%	7.4%	7.0%	6.8%	7.0%	8.0%	10.3%	9.1%	5.1%	4.9%	5.5%	5.3%	4.6%
Investment income/Technical provisions	n.a.	5.2%	5.5%	4.5%	3.7%	4.1%	4.1%	3.9%	3.7%	3.8%	1.8%	4.5%	2.8%	1.9%	5.0%	3.9%
Technical account result/Gross written premiums	0.9%	0.6%	5.8%	6.6%	2.6%	5.5%	4.9%	3.1%	2.3%	2.4%	-8.9%	1.8%	-1.7%	-5.9%	10.5%	3.4%
Overall technical account result/ Gross written premiums	4.6%	4.3%	9.8%	8.7%	3.8%	6.5%	5.7%	4.2%	3.7%	3.7%	-7.8%	2.5%	-1.1%	-5.4%	11.2%	3.9%
Overall technical account result/ Technical provisions	n.a.	0.85%	1.57%	1.57%	0.77%	1.38%	1.17%	0.87%	0.67%	0.53%	-1.30%	0.76%	-0.29%	-1.10%	1.96%	0.81%
Premiums to total life premiums ratio (%)	*63.1%*	*49.5%*	*40.1%*	*41.9%*	*43.4%*	*44.3%*	*45.9%*	*46.1%*	*47.2%*	*44.2%*	*57.6%*	*79.8%*	*75.3%*	*76.8%*	*73.4%*	*76.3%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class III – Investment funds
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	6,571	15,022	22,214	23,613	24,559	26,488	24,756	26,389	27,385	29,053	18,558	9,732	15,409	12,496	13,800	15,514
Incurred claims (-)	954	1,186	2,421	3,098	5,562	7,590	13,370	20,797	25,192	28,821	23,156	22,580	24,694	23,482	23,004	20,554
Changes in technical provisions (-)	6,606	15,266	17,485	16,670	14,233	22,145	16,146	12,634	4,220	-1,862	-20,215	-1,351	-5,712	-14,096	-1,278	-1,197
Balance of other technical items	6	14	72	267	341	548	589	757	759	671	467	370	445	440	488	468
Operating expenses (-)	426	834	1,282	1,394	1,378	1,578	1,614	1,706	1,747	1,661	1,072	632	837	584	498	432
Investment income	1,694	2,287	-1,335	-2,576	-3,318	4,156	5,993	8,781	3,723	-418	-14,603	12,714	4,543	-2,684	8,621	4,418
Direct technical account result	**285**	**37**	**-237**	**142**	**409**	**-121**	**207**	**790**	**708**	**686**	**409**	**955**	**578**	**282**	**684**	**611**
Reinsurance result and other items	-2	1	4	61	-19	-5	5	-45	16	-33	-9	18	-33	-22	-18	-3
Overall technical account result	**283**	**38**	**-233**	**203**	**390**	**-126**	**212**	**745**	**724**	**653**	**400**	**973**	**545**	**260**	**666**	**608**
Net cash flow	**5,617**	**13,836**	**19,793**	**20,515**	**18,997**	**18,898**	**11,386**	**5,592**	**2,193**	**232**	**-4,598**	**-12,848**	**-9,285**	**-10,986**	**-9,205**	**-5,040**
Annual % changes in premiums	n.a.	128.6%	47.9%	6.3%	4.0%	7.9%	-6.5%	6.6%	3.8%	6.1%	-36.1%	-47.6%	58.3%	-18.9%	10.4%	12.4%
Expense ratio	6.5%	5.5%	5.8%	5.9%	5.6%	6.0%	6.5%	6.5%	6.4%	5.7%	5.8%	6.5%	5.4%	4.7%	3.6%	2.8%
Investment income/Technical provisions	n.a.	9.8%	-3.3%	-4.4%	-4.5%	4.5%	5.4%	7.0%	2.8%	-0.3%	-11.8%	11.3%	4.2%	-2.7%	9.5%	5.0%
Technical account result/Gross written premiums	**4.3%**	**0.2%**	**-1.1%**	**0.6%**	**1.7%**	**-0.5%**	**0.8%**	**3.0%**	**2.6%**	**2.4%**	**2.2%**	**9.8%**	**3.8%**	**2.3%**	**5.0%**	**3.9%**
Overall technical account result/ Gross written premiums	**4.3%**	**0.3%**	**-1.0%**	**0.9%**	**1.6%**	**-0.5%**	**0.9%**	**2.8%**	**2.6%**	**2.2%**	**2.2%**	**10.0%**	**3.5%**	**2.1%**	**4.8%**	**3.9%**
Overall technical account result/ Technical provisions	**n.a.**	**0.16%**	**-0.57%**	**0.35%**	**0.53%**	**-0.14%**	**0.19%**	**0.59%**	**0.54%**	**0.48%**	**0.32%**	**0.86%**	**0.50%**	**0.26%**	**0.73%**	**0.69%**
Premiums to total life premiums ratio (%)	*24.8%*	*42.2%*	*55.8%*	*51.0%*	*44.4%*	*42.2%*	*37.7%*	*35.9%*	*39.5%*	*47.3%*	*34.0%*	*12.0%*	*17.1%*	*16.9%*	*19.8%*	*18.2%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class IV – Healthcare
Euro million

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	6	8	12	10	17	18	24	23	30	25	26	27	32	44	52
Incurred claims (-)	1	2	3	3	7	9	12	7	7	8	9	9	8	12	13
Changes in technical provisions (-)	4	4	8	4	2	2	2	3	6	3	4	6	6	12	10
Balance of other technical items	-1	-1	0	1	0	0	-2	0	1	-1	-1	-2	-1	-1	-5
Operating expenses (-)	0	0	0	0	4	2	3	3	3	3	5	4	8	10	14
Investment income	1	1	1	1	0	0	1	0	0	0	2	2	2	3	6
Direct technical account result	1	2	2	5	4	5	6	10	15	10	9	8	11	11	16
Reinsurance result and other items	-1	1	0	-2	-5	-4	-5	-9	-12	-6	0	0	-1	7	0
Overall technical account result	0	3	2	3	-1	1	1	1	3	4	9	8	10	18	16
Net cash flow	4	6	9	7	10	9	12	16	23	17	17	18	24	32	39
Annual % changes in premiums	n.a.	36.1%	46.8%	-10.3%	61.3%	9.2%	28.9%	-2.4%	32.8%	-17.1%	4.3%	4.1%	16.6%	33.1%	19.0%
Expense ratio	7.2%	3.6%	3.3%	2.3%	21.8%	11.6%	12.5%	12.3%	9.9%	12.8%	18.0%	15.1%	23.9%	23.8%	26.9%
Investment income/Technical provisions	n.a.	5.9%	6.0%	5.9%	1.4%	3.9%	5.6%	2.6%	3.0%	2.3%	6.6%	6.7%	4.8%	6.0%	10.7%
Technical account result/Gross written premiums	13.7%	21.4%	14.8%	44.2%	24.2%	27.7%	23.6%	42.7%	49.9%	40.9%	33.7%	30.6%	33.2%	25.4%	31.1%
Overall technical account result/ Gross written premiums	-0.2%	34.1%	20.6%	28.9%	-6.2%	3.5%	6.0%	2.3%	9.8%	17.4%	33.7%	29.8%	32.7%	41.5%	31.3%
Overall technical account result/ Technical provisions	n.a.	21.60%	12.71%	12.48%	-6.93%	9.67%	14.93%	4.34%	18.32%	21.57%	37.43%	28.34%	29.96%	41.38%	29.70%
Premiums to total life premiums ratio (%)	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class V – Capitalization
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	3,191	2,921	1,503	3,201	6,610	8,360	10,554	12,692	8,938	4,469	3,196	5,078	5,154	3,131	2,815	3,282
Incurred claims (-)	533	771	1,463	1,739	2,551	3,003	4,149	4,615	9,478	16,380	12,494	5,461	5,809	6,060	5,375	3,317
Changes in technical provisions (-)	3,281	2,655	435	2,421	4,951	6,243	7,631	9,418	1,017	-10,562	-8,077	492	182	-2,094	-1,778	678
Balance of other technical items	-5	-11	-12	-13	52	-26	-29	-20	-19	-19	-23	-31	-29	-41	-33	-35
Operating expenses (-)	161	154	91	131	224	215	190	223	188	177	101	136	110	90	79	81
Investment income	757	671	621	594	792	1,136	1,558	1,751	1,747	1,542	413	1,371	839	409	1,297	1,106
Direct technical account result	**-32**	**1**	**123**	**-509**	**-272**	**9**	**113**	**167**	**-17**	**-3**	**-932**	**329**	**-137**	**-557**	**404**	**278**
Reinsurance result and other items	-4	4	12	11	7	11	1	5	5	3	4	5	2	5	1	0
Overall technical account result	**-36**	**5**	**135**	**-498**	**-265**	**20**	**114**	**172**	**-12**	**0**	**-928**	**334**	**-135**	**-552**	**405**	**278**
Net cash flow	**2,658**	**2,150**	**40**	**1,462**	**4,059**	**5,357**	**6,405**	**8,077**	**-540**	**-11,911**	**-9,298**	**-383**	**-655**	**-2,929**	**-2,560**	**-35**
Annual % changes in premiums	n.a.	-8.4%	-48.5%	113.0%	106.5%	26.5%	26.2%	20.3%	-29.6%	-50.0%	-28.5%	58.9%	1.5%	-39.3%	-10.1%	16.6%
Expense ratio	5.0%	5.3%	6.0%	4.1%	3.4%	2.6%	1.8%	1.8%	2.1%	4.0%	3.2%	2.7%	2.1%	2.9%	2.8%	2.5%
Investment income/Technical provisions	n.a.	5.3%	4.4%	3.8%	4.0%	4.4%	4.8%	4.3%	3.8%	3.7%	1.3%	4.8%	2.9%	1.5%	5.0%	4.4%
Technical account result/Gross written premiums	**-1.0%**	**0.0%**	**8.2%**	**-15.9%**	**-4.1%**	**0.1%**	**1.1%**	**1.3%**	**-0.2%**	**-0.1%**	**-29.2%**	**6.5%**	**-2.6%**	**-17.8%**	**14.3%**	**8.5%**
Overall technical account result/ Gross written premiums	**-1.1%**	**0.2%**	**9.0%**	**-15.6%**	**-4.0%**	**0.2%**	**1.1%**	**1.4%**	**-0.1%**	**0.0%**	**-29.0%**	**6.6%**	**-2.6%**	**-17.6%**	**14.4%**	**8.5%**
Overall technical account result/ Technical provisions	**n.a.**	**0.04%**	**0.95%**	**-3.18%**	**-1.35%**	**0.08%**	**0.35%**	**0.42%**	**-0.03%**	**0.00%**	**-2.88%**	**1.18%**	**-0.47%**	**-1.99%**	**1.56%**	**1.10%**
Premiums to total life premiums ratio (%)	*12.0%*	*8.2%*	*3.8%*	*6.9%*	*12.0%*	*13.3%*	*16.1%*	*17.3%*	*12.9%*	*7.3%*	*5.9%*	*6.3%*	*5.7%*	*4.2%*	*4.0%*	*3.9%*

The changes (%) were calculated in homogeneous terms *Provisional data for 2013*
Indexes and changes (%) are calculated on data in Euro thousand

Class VI – Pension funds
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	1	45	93	91	124	128	198	495	285	720	1,356	1,539	1,679	1,512	1,866	1,296
Incurred claims (-)	0	5	2	7	8	15	24	33	64	113	146	173	606	413	1,346	902
Changes in technical provisions (-)	1	43	89	76	85	131	194	532	267	643	939	1,492	1,185	991	1,178	915
Balance of other technical items	0	0	1	1	2	3	3	4	7	9	18	17	26	31	36	41
Operating expenses (-)	0	4	6	6	7	8	10	11	17	29	35	33	34	45	42	36
Investment income	0	4	-2	-7	-30	19	23	71	46	26	-273	392	127	-109	684	532
Direct technical account result	**0**	**-3**	**-5**	**-4**	**-4**	**-4**	**-4**	**-6**	**-10**	**-30**	**-19**	**250**	**8**	**-15**	**20**	**16**
Reinsurance result and other items	0	-0	0	0	0	0	0	0	0	0	0	0	-1	0	0	0
Overall technical account result	**0**	**-3**	**-5**	**-4**	**-4**	**-4**	**-4**	**-6**	**-10**	**-30**	**-19**	**250**	**7**	**-15**	**20**	**16**
Net cash flow	**1**	**40**	**91**	**84**	**116**	**113**	**174**	**462**	**221**	**607**	**1,210**	**1,366**	**1,073**	**1,099**	**520**	**394**
Annual % changes in premiums	n.a.	7463.3%	108.4%	-2.6%	36.6%	3.4%	54.4%	150.4%	-42.4%	152.5%	88.3%	13.5%	9.1%	-9.9%	23.3%	-30.5%
Expense ratio	54.6%	8.0%	6.6%	7.0%	5.8%	6.4%	5.0%	2.3%	6.0%	4.0%	2.6%	2.2%	2.0%	3.0%	2.2%	2.8%
Investment income/Technical provisions	n.a.	15.8%	-1.8%	-4.5%	-12.1%	5.2%	4.4%	8.2%	3.5%	1.4%	-9.6%	9.0%	2.2%	-1.6%	8.6%	5.9%
Technical account result/Gross written premiums	**-52.7%**	**-6.6%**	**-5.1%**	**-4.7%**	**-3.1%**	**-3.3%**	**-2.0%**	**-1.2%**	**-3.4%**	**-4.1%**	**-1.4%**	**16.2%**	**0.5%**	**-1.0%**	**1.1%**	**1.2%**
Overall technical account result/ Gross written premiums	**-52.7%**	**-6.6%**	**-5.1%**	**-4.9%**	**-3.2%**	**-3.3%**	**-2.0%**	**-1.2%**	**-3.4%**	**-4.1%**	**-1.4%**	**16.2%**	**0.4%**	**-1.0%**	**1.1%**	**1.2%**
Overall technical account result/ Technical provisions	**n.a.**	**-13.08%**	**-5.36%**	**-2.72%**	**-1.60%**	**-1.20%**	**-0.79%**	**-0.66%**	**-0.74%**	**-1.62%**	**-0.68%**	**5.73%**	**0.12%**	**-0.22%**	**0.25%**	**0.18%**
Premiums to total life premiums ratio (%)	*0.0%*	*0.1%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.3%*	*0.7%*	*0.4%*	*1.2%*	*2.5%*	*1.9%*	*1.9%*	*2.0%*	*2.7%*	*1.5%*

The changes (%) were calculated in homogeneous terms *Provisional data for 2013*
Indexes and changes (%) are calculated on data in Euro thousand

NON-LIFE TECHNICAL ACCOUNTS – DOMESTIC BUSINESS

Non-life technical account
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	24,501	26,246	27,875	29,926	32,415	34,213	35,411	36,309	37,184	37,655	37,453	36,685	35,606	36,358	35,413	33,702
Changes in premium reserves (-)	937	766	532	776	764	734	610	627	622	570	351	34	524	522	-473	-742
Incurred claims (-):	20,403	21,525	23,015	23,024	23,654	24,306	24,549	24,841	25,861	26,079	27,538	28,973	26,601	26,462	25,793	22,353
– incurred claims cost for the current accident year (-)	19,848	20,989	22,156	22,397	23,407	24,456	24,928	25,709	26,509	26,597	27,917	28,873	26,255	25,328	24,813	22,853
– excess/shortfall of reserves for those claims incurred in previous accident years	-555	-536	-859	-627	-247	150	379	868	648	518	379	-100	-345	-1,134	-981	499
Balance of other technical items	-503	-414	-434	-326	-460	-503	-591	-561	-717	-653	-747	-716	-687	-591	-663	-597
Operating expenses (-):	5,981	6,211	6,471	6,891	7,331	7,703	8,058	8,392	8,660	9,191	9,158	9,053	8,696	8,761	8,504	8,436
– commissions	3,828	4,072	4,269	4,497	4,843	5,138	5,338	5,546	5,755	6,011	6,008	5,898	5,724	5,776	5,509	5,361
– other acquisition costs	817	772	796	921	953	1,004	1,046	1,105	1,170	1,238	1,327	1,370	1,374	1,356	1,422	1,475
– other administration costs	1,336	1,367	1,406	1,473	1,535	1,561	1,674	1,741	1,735	1,942	1,823	1,785	1,598	1,629	1,573	1,601
Direct technical balance	**-3,323**	**-2,670**	**-2,577**	**-1,091**	**206**	**967**	**1,603**	**1,888**	**1,324**	**1,162**	**-341**	**-2,091**	**-902**	**22**	**926**	**3,057**
Investment income	2,193	1,608	1,804	1,632	1,211	1,629	1,917	1,991	1,854	1,924	774	2,368	1,038	604	1,607	1,205
Direct technical account result	**-1,130**	**-1,062**	**-773**	**541**	**1,417**	**2,596**	**3,520**	**3,879**	**3,178**	**3,086**	**433**	**277**	**137**	**626**	**2,533**	**4,262**
Reinsurance results and other items	382	292	720	281	-124	-407	-864	-845	-661	-515	-142	-344	-577	-554	537	-823
Overall technical account result	**-748**	**-770**	**-53**	**822**	**1,293**	**2,189**	**2,656**	**3,034**	**2,516**	**2,571**	**291**	**-67**	**-441**	**72**	**3,070**	**3,439**
Annual % changes in premiums	n.a.	7.1%	6.2%	7.4%	8.3%	5.5%	3.5%	2.5%	2.4%	1.3%	-0.5%	-2.1%	2.1%	2.6%	-1.9%	-4.6%
Combined ratio	**111.0%**	**108.1%**	**107.4%**	**102.0%**	**97.3%**	**95.1%**	**93.3%**	**92.7%**	**94.0%**	**94.7%**	**98.7%**	**103.7%**	**100.2%**	**97.9%**	**95.9%**	**89.9%**
– Expense ratio:	24.4%	23.7%	23.2%	23.0%	22.6%	22.5%	22.8%	23.1%	23.3%	24.4%	24.5%	24.7%	24.4%	24.1%	24.0%	25.0%
– Commissions/Gross written premiums	15.6%	15.5%	15.3%	15.0%	14.9%	15.0%	15.1%	15.3%	15.5%	16.0%	16.0%	16.1%	16.1%	15.9%	15.6%	15.9%
– Other acquisition costs/ Gross written premiums	3.3%	2.9%	2.9%	3.1%	2.9%	2.9%	3.0%	3.0%	3.1%	3.3%	3.5%	3.7%	3.9%	3.7%	4.0%	4.4%
– Other administration costs/ Gross written premiums	5.5%	5.2%	5.0%	4.9%	4.7%	4.6%	4.7%	4.8%	4.7%	5.2%	4.9%	4.9%	4.5%	4.5%	4.4%	4.7%
– Loss ratio:	86.6%	84.5%	84.2%	79.0%	74.7%	72.6%	70.5%	69.6%	70.7%	70.3%	74.2%	79.1%	75.8%	73.8%	71.9%	64.9%
– Loss ratio for the current accident year	84.2%	82.4%	81.0%	76.8%	74.0%	73.1%	71.6%	72.1%	72.5%	71.7%	75.2%	78.8%	74.8%	70.7%	69.1%	66.3%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	-2.4%	-2.1%	-3.1%	-2.2%	-0.8%	0.4%	1.1%	2.4%	1.8%	1.4%	1.0%	-0.3%	-1.0%	-3.2%	-2.7%	1.4%
Technical balance/Earned premiums	**-14.1%**	**-10.5%**	**-9.4%**	**-3.7%**	**0.7%**	**2.9%**	**4.6%**	**5.3%**	**3.6%**	**3.1%**	**-0.9%**	**-5.7%**	**-2.6%**	**0.1%**	**2.6%**	**8.9%**
Technical account result/Earned premiums	**-4.8%**	**-4.2%**	**-2.8%**	**1.9%**	**4.5%**	**7.8%**	**10.1%**	**10.9%**	**8.7%**	**8.3%**	**1.2%**	**0.8%**	**0.4%**	**1.7%**	**7.1%**	**12.4%**
Overall technical account result/ Earned premiums	**-3.2%**	**-3.0%**	**-0.2%**	**2.8%**	**4.1%**	**6.5%**	**7.6%**	**8.5%**	**6.9%**	**6.9%**	**0.8%**	**-0.2%**	**-1.3%**	**0.2%**	**8.6%**	**10.0%**

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 1 – Accident
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	2,208	2,263	2,380	2,530	2,621	2,761	2,887	2,985	3,103	3,190	3,202	3,179	3,047	3,036	2,976	2,957
Changes in premium reserves (-)	63	42	54	67	47	43	58	67	59	59	17	15	17	47	30	-5
Incurred claims (-):	1,323	1,357	1,326	1,420	1,436	1,410	1,436	1,427	1,547	1,512	1,567	1,699	1,562	1,480	1,397	1,258
– incurred claims cost for the current accident year (-)	1,479	1,481	1,476	1,530	1,542	1,549	1,586	1,564	1,617	1,601	1,621	1,691	1,616	1,544	1,452	1,386
– excess/shortfall of reserves for those claims incurred in previous accident years	156	124	150	110	106	139	150	137	70	89	54	-7	53	64	55	129
Balance of other technical items	-55	-40	-36	-42	-54	-65	-65	-57	-79	-76	-81	-72	-80	-68	-52	-76
Operating expenses (-):	717	722	761	801	821	872	922	965	1,003	1,081	1,057	1,034	1,006	992	978	991
– commissions	489	515	547	572	596	640	675	714	748	790	784	763	750	736	710	711
– other acquisition costs	108	86	92	100	90	96	99	102	109	119	117	121	121	117	130	134
– other administration costs	120	121	122	129	135	136	148	149	146	172	156	150	135	139	138	145
Direct technical balance	**50**	**102**	**203**	**200**	**263**	**371**	**406**	**469**	**415**	**462**	**480**	**360**	**382**	**449**	**518**	**639**
Investment income	145	102	109	102	89	101	107	107	99	107	41	123	57	38	94	67
Direct technical account result	**195**	**204**	**312**	**302**	**352**	**472**	**513**	**576**	**514**	**569**	**521**	**482**	**439**	**487**	**613**	**706**
Reinsurance results and other items	-7	-4	-6	-16	-31	-54	-64	-52	-48	-54	-38	-24	-42	-25	-36	-105
Overall technical account result	**188**	**200**	**306**	**286**	**321**	**418**	**449**	**524**	**466**	**515**	**483**	**459**	**398**	**462**	**576**	**601**
Annual % changes in premiums	n.a.	2.5%	5.2%	6.3%	3.6%	5.3%	4.6%	3.4%	3.9%	2.8%	0.4%	-0.7%	-0.7%	-0.3%	-0.9%	-0.5%
Combined ratio	**94.1%**	**93.0%**	**89.0%**	**89.3%**	**87.1%**	**83.5%**	**82.7%**	**81.3%**	**83.2%**	**82.2%**	**82.2%**	**86.2%**	**84.6%**	**82.2%**	**80.3%**	**76.0%**
– Expense ratio:	32.5%	31.9%	32.0%	31.7%	31.3%	31.6%	31.9%	32.3%	32.3%	33.9%	33.0%	32.5%	33.0%	32.7%	32.8%	33.5%
– Commissions/Gross written premiums	22.2%	22.7%	23.0%	22.6%	22.8%	23.2%	23.4%	23.9%	24.1%	24.8%	24.5%	24.0%	24.6%	24.3%	23.9%	24.1%
– Other acquisition costs/ Gross written premiums	4.9%	3.8%	3.8%	4.0%	3.4%	3.5%	3.4%	3.4%	3.5%	3.7%	3.6%	3.8%	4.0%	3.9%	4.4%	4.5%
– Other administration costs/ Gross written premiums	5.4%	5.4%	5.1%	5.1%	5.1%	4.9%	5.1%	5.0%	4.7%	5.4%	4.9%	4.7%	4.4%	4.6%	4.6%	4.9%
– Loss ratio:	61.7%	61.1%	57.0%	57.7%	55.8%	51.9%	50.7%	48.9%	50.8%	48.3%	49.2%	53.7%	51.6%	49.5%	47.4%	42.4%
– Loss ratio for the current accident year	69.0%	66.7%	63.5%	62.1%	59.9%	57.0%	56.1%	53.6%	53.1%	51.1%	50.9%	53.5%	53.3%	51.6%	49.3%	46.8%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	7.3%	5.6%	6.5%	4.5%	4.1%	5.1%	5.3%	4.7%	2.3%	2.9%	1.7%	-0.2%	1.8%	2.1%	1.9%	4.3%
Technical balance/Earned premiums	**2.3%**	**4.6%**	**8.7%**	**8.1%**	**10.2%**	**13.7%**	**14.4%**	**16.1%**	**13.6%**	**14.8%**	**15.1%**	**11.4%**	**12.6%**	**15.0%**	**17.6%**	**21.6%**
Technical account result/Earned premiums																
Overall technical account result/	**9.1%**	**9.2%**	**13.4%**	**12.2%**	**13.7%**	**17.4%**	**18.1%**	**19.7%**	**16.9%**	**18.2%**	**16.4%**	**15.2%**	**14.5%**	**16.3%**	**20.8%**	**23.8%**
Earned premiums	**8.8%**	**9.0%**	**13.1%**	**11.6%**	**12.5%**	**15.4%**	**15.9%**	**18.0%**	**15.3%**	**16.4%**	**15.2%**	**14.5%**	**13.1%**	**15.5%**	**19.6%**	**20.3%**
Premiums to total non-life premiums ratio (%)	*9.0%*	*8.6%*	*8.5%*	*8.5%*	*8.1%*	*8.1%*	*8.2%*	*8.2%*	*8.3%*	*8.5%*	*8.5%*	*8.7%*	*8.6%*	*8.4%*	*8.4%*	*8.8%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 2 – Sickness
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	1,128	1,164	1,255	1,343	1,426	1,509	1,577	1,716	1,828	2,050	2,159	2,194	2,167	2,172	2,136	2,073
Changes in premium reserves (-)	46	8	33	29	22	33	17	60	81	77	68	11	47	53	29	-21
Incurred claims (-):	860	875	934	998	1,063	1,128	1,211	1,250	1,334	1,455	1,511	1,639	1,556	1,493	1,541	1,487
– incurred claims cost for the current accident year (-)	886	900	947	1,005	1,066	1,118	1,203	1,238	1,316	1,426	1,478	1,581	1,565	1,539	1,560	1,563
– excess/shortfall of reserves for those claims incurred in previous accident years	26	25	13	7	3	-10	-8	-12	-18	-29	-33	-58	9	46	19	76
Balance of other technical items	-31	-18	-18	-23	-33	-50	-39	-30	-49	-51	-71	-57	-46	-52	-36	-14
Operating expenses (-):	308	312	332	347	363	380	409	466	490	593	617	627	591	569	522	515
– commissions	196	209	223	232	246	263	282	329	352	433	461	465	436	408	355	335
– other acquisition costs	50	41	44	48	45	49	51	54	54	63	62	74	66	72	77	77
– other administration costs	62	62	65	67	72	68	76	83	84	97	94	88	89	89	90	103
Direct technical balance	**-117**	**-49**	**-62**	**-54**	**-55**	**-82**	**-99**	**-90**	**-126**	**-126**	**-108**	**-140**	**-73**	**5**	**8**	**78**
Investment income	49	35	40	38	31	40	46	48	45	53	26	67	30	21	66	47
Direct technical account result	**-68**	**-14**	**-22**	**-16**	**-24**	**-42**	**-53**	**-42**	**-81**	**-73**	**-82**	**-73**	**-43**	**26**	**74**	**125**
Reinsurance results and other items	7	-10	4	5	2	3	2	-8	-4	-22	-23	1	-20	-14	-23	-19
Overall technical account result	**-61**	**-24**	**-18**	**-11**	**-22**	**-39**	**-51**	**-50**	**-85**	**-95**	**-105**	**-73**	**-63**	**12**	**52**	**106**
Annual % changes in premiums	n.a.	3.2%	7.8%	7.0%	6.2%	5.8%	4.5%	8.8%	6.5%	12.1%	5.3%	1.6%	2.1%	0.4%	-0.1%	-3.0%
Combined ratio	**106.9%**	**102.5%**	**102.9%**	**101.8%**	**101.1%**	**101.6%**	**103.5%**	**102.6%**	**103.1%**	**102.7%**	**100.8%**	**103.7%**	**100.7%**	**96.7%**	**97.6%**	**95.8%**
– Expense ratio:	27.3%	26.8%	26.4%	25.9%	25.4%	25.2%	25.9%	27.2%	26.8%	28.9%	28.6%	28.6%	27.3%	26.2%	24.4%	24.8%
– Commissions/Gross written premiums	17.4%	17.9%	17.7%	17.3%	17.3%	17.4%	17.9%	19.2%	19.2%	21.1%	21.3%	21.2%	20.1%	18.8%	16.6%	16.2%
– Other acquisition costs/ Gross written premiums	4.5%	3.5%	3.5%	3.6%	3.1%	3.2%	3.2%	3.2%	3.0%	3.1%	2.9%	3.4%	3.1%	3.3%	3.6%	3.7%
– Other administration costs/ Gross written premiums	5.5%	5.4%	5.2%	5.0%	5.0%	4.5%	4.8%	4.8%	4.6%	4.7%	4.4%	4.0%	4.1%	4.1%	4.2%	5.0%
– Loss ratio:	79.5%	75.7%	76.4%	75.9%	75.7%	76.5%	77.6%	75.4%	76.3%	73.8%	72.3%	75.1%	73.4%	70.5%	73.1%	71.0%
– Loss ratio for the current accident year	81.9%	77.9%	77.5%	76.4%	75.9%	75.8%	77.1%	74.7%	75.3%	72.3%	70.7%	72.4%	73.8%	72.6%	74.0%	74.6%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	2.4%	2.2%	1.1%	0.5%	0.2%	-0.7%	-0.5%	-0.7%	-1.0%	-1.5%	-1.6%	-2.6%	0.4%	2.2%	0.9%	3.6%
Technical balance/Earned premiums	**-10.8%**	**-4.2%**	**-5.1%**	**-4.1%**	**-3.9%**	**-5.6%**	**-6.3%**	**-5.5%**	**-7.2%**	**-6.4%**	**-5.2%**	**-6.4%**	**-3.5%**	**0.2%**	**0.4%**	**3.7%**
Technical account result/Earned premiums	**-6.3%**	**-1.2%**	**-1.8%**	**-1.2%**	**-1.7%**	**-2.8%**	**-3.4%**	**-2.5%**	**-4.6%**	**-3.7%**	**-3.9%**	**-3.4%**	**-2.0%**	**1.2%**	**3.5%**	**6.0%**
Overall technical account result/ Earned premiums	**-5.6%**	**-2.1%**	**-1.5%**	**-0.8%**	**-1.6%**	**-2.7%**	**-3.3%**	**-3.0%**	**-4.9%**	**-4.8%**	**-5.0%**	**-3.3%**	**-3.0%**	**0.6%**	**2.5%**	**5.1%**
Premiums to total non-life premiums ratio (%)	*4.6%*	*4.4%*	*4.5%*	*4.5%*	*4.4%*	*4.4%*	*4.5%*	*4.7%*	*4.9%*	*5.4%*	*5.8%*	*6.0%*	*6.1%*	*6.0%*	*6.0%*	*6.2%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 3 – Land vehicles
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	2,539	2,614	2,678	2,811	2,955	3,062	3,145	3,154	3,205	3,284	3,208	3,132	2,950	2,891	2,648	2,413
Changes in premium reserves (-)	-3	29	26	40	70	52	45	61	61	104	-13	-12	-17	-14	-72	-83
Incurred claims (-):	1,216	1,180	1,204	1,160	1,205	1,257	1,260	1,417	1,485	1,579	1,933	2,131	1,857	1,812	1,630	1,646
– incurred claims cost for the current accident year (-)	1,321	1,299	1,316	1,278	1,306	1,361	1,388	1,514	1,569	1,666	1,990	2,157	1,891	1,884	1,701	1,688
– excess/shortfall of reserves for those claims incurred in previous accident years	105	119	112	118	101	104	128	97	84	87	57	27	34	72	71	42
Balance of other technical items	-42	-32	-37	-18	-32	-40	-46	-36	-51	-39	-38	-34	-34	-31	-28	-24
Operating expenses (-):	632	642	657	692	709	738	759	748	765	827	824	830	781	763	703	659
– commissions	434	447	456	477	494	517	531	518	534	569	559	562	530	521	477	447
– other acquisition costs	74	72	72	84	83	88	88	89	92	100	108	114	119	119	109	102
– other administration costs	124	123	129	131	132	133	140	141	139	158	157	154	131	123	117	111
Direct technical balance	**652**	**731**	**754**	**901**	**939**	**975**	**1,035**	**892**	**843**	**735**	**426**	**149**	**296**	**299**	**360**	**166**
Investment income	81	55	59	50	34	47	57	59	56	58	27	79	31	18	48	35
Direct technical account result	**733**	**786**	**813**	**951**	**973**	**1,022**	**1,092**	**951**	**899**	**793**	**453**	**228**	**327**	**317**	**408**	**201**
Reinsurance results and other items	-16	-31	-13	-33	-30	-50	-46	-19	-38	-27	-5	30	-20	-22	-18	-6
Overall technical account result	**717**	**755**	**800**	**918**	**943**	**972**	**1,046**	**932**	**861**	**766**	**448**	**258**	**307**	**295**	**390**	**195**
Annual % changes in premiums	n.a.	3.0%	2.4%	5.0%	5.1%	3.6%	2.7%	0.3%	1.6%	2.5%	-2.3%	-2.4%	-1.3%	-2.0%	-8.4%	-8.6%
Combined ratio	**72.7%**	**70.2%**	**70.0%**	**66.5%**	**65.7%**	**65.8%**	**64.8%**	**69.5%**	**71.1%**	**74.8%**	**85.7%**	**94.3%**	**89.0%**	**88.8%**	**86.4%**	**93.3%**
– Expense ratio:	24.9%	24.6%	24.5%	24.6%	24.0%	24.1%	24.1%	23.7%	23.9%	25.2%	25.7%	26.5%	26.5%	26.4%	26.5%	27.3%
– Commissions/Gross written premiums	17.1%	17.1%	17.0%	17.0%	16.7%	16.9%	16.9%	16.4%	16.7%	17.3%	17.4%	17.9%	18.0%	18.0%	18.0%	18.5%
– Other acquisition costs/ Gross written premiums	2.9%	2.8%	2.7%	3.0%	2.8%	2.9%	2.8%	2.8%	2.9%	3.1%	3.4%	3.6%	4.0%	4.1%	4.1%	4.2%
– Other administration costs/ Gross written premiums	4.9%	4.7%	4.8%	4.7%	4.5%	4.4%	4.4%	4.5%	4.3%	4.8%	4.9%	4.9%	4.4%	4.3%	4.4%	4.6%
– Loss ratio:	47.8%	45.7%	45.4%	41.9%	41.8%	41.7%	40.7%	45.8%	47.2%	49.7%	60.0%	67.8%	62.6%	62.4%	59.9%	66.0%
– Loss ratio for the current accident year	52.0%	50.3%	49.6%	46.1%	45.3%	45.2%	44.8%	48.9%	49.9%	52.4%	61.8%	68.6%	63.7%	64.9%	62.5%	67.6%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	4.1%	4.6%	4.2%	4.2%	3.5%	3.5%	4.1%	3.1%	2.7%	2.7%	1.8%	0.8%	1.2%	2.5%	2.6%	1.7%
Technical balance/Earned premiums	**25.7%**	**28.3%**	**28.5%**	**32.5%**	**32.5%**	**32.4%**	**33.4%**	**28.8%**	**26.8%**	**23.1%**	**13.2%**	**4.7%**	**10.0%**	**10.3%**	**13.2%**	**6.6%**
Technical account result/Earned premiums	**28.8%**	**30.4%**	**30.7%**	**34.3%**	**33.7%**	**33.9%**	**35.2%**	**30.7%**	**28.6%**	**24.9%**	**14.1%**	**7.3%**	**11.0%**	**10.9%**	**15.0%**	**8.0%**
Overall technical account result/ Earned premiums	**28.2%**	**29.2%**	**30.2%**	**33.1%**	**32.7%**	**32.3%**	**33.7%**	**30.1%**	**27.4%**	**24.1%**	**13.9%**	**8.2%**	**10.4%**	**10.1%**	**14.3%**	**7.8%**
Premiums to total non-life premiums ratio (%)	*10.4%*	*10.0%*	*9.6%*	*9.4%*	*9.1%*	*9.0%*	*8.9%*	*8.7%*	*8.6%*	*8.7%*	*8.6%*	*8.5%*	*8.3%*	*8.0%*	*7.5%*	*7.2%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 4 – Railway rolling stock
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	7	8	9	10	10	12	13	12	12	9	10	8	7	7	9	4
Changes in premium reserves (-)	4	-1	2	0	2	0	1	-1	1	-2	0	-1	0	0	1	-3
Incurred claims (-):	10	4	7	7	12	2	8	18	4	1	-5	1	6	3	17	0
– incurred claims cost for the current accident year (-)	10	7	11	11	14	9	11	24	12	8	3	8	6	5	21	6
– excess/shortfall of reserves for those claims incurred in previous accident years	0	3	4	4	2	7	3	6	8	7	8	7	0	2	3	6
Balance of other technical items	1	0	1	0	1	1	1	0	0	-2	0	0	0	0	0	0
Operating expenses (-):	1	2	2	2	2	2	3	2	3	1	1	1	1	1	1	1
– commissions	0	1	1	1	1	1	2	1	2	0	0	1	1	1	1	0
– other acquisition costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
– other administration costs	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0
Direct technical balance	**-7**	**3**	**-1**	**1**	**-5**	**9**	**2**	**-7**	**4**	**7**	**14**	**7**	**0**	**3**	**-11**	**6**
Investment income	0	1	0	1	1	1	1	1	1	1	1	1	0	0	0	0
Direct technical account result	**-7**	**4**	**-1**	**2**	**-4**	**10**	**3**	**-6**	**5**	**8**	**15**	**8**	**0**	**3**	**-10**	**6**
Reinsurance results and other items	6	0	-1	-3	-1	-4	-5	11	-4	-9	-11	-3	-4	-1	8	-10
Overall technical account result	**-1**	**4**	**-2**	**-1**	**-5**	**6**	**-2**	**5**	**1**	**-1**	**4**	**5**	**-4**	**2**	**-2**	**-4**
Annual % changes in premiums	n.a.	10.9%	15.4%	6.6%	8.0%	20.5%	8.9%	-7.9%	-5.0%	-19.8%	6.2%	-24.0%	-8.6%	-1.7%	24.9%	-55.5%
Combined ratio	**308.2%**	**63.8%**	**112.3%**	**86.5%**	**151.0%**	**32.9%**	**81.9%**	**153.5%**	**61.9%**	**23.3%**	**-41.4%**	**20.2%**	**96.8%**	**58.1%**	**237.5%**	**22.3%**
– Expense ratio:	12.3%	21.4%	18.2%	16.3%	16.4%	13.9%	19.3%	18.1%	21.6%	14.3%	12.5%	10.6%	15.2%	12.9%	11.9%	22.8%
– Commissions/Gross written premiums	2.1%	10.9%	10.4%	6.2%	5.3%	5.1%	8.0%	10.3%	12.6%	4.7%	4.6%	5.6%	7.6%	6.6%	6.9%	11.0%
– Other acquisition costs/ Gross written premiums	2.7%	3.3%	3.0%	3.3%	1.8%	2.4%	3.4%	2.7%	3.2%	3.7%	3.0%	1.6%	3.9%	2.8%	2.1%	4.1%
– Other administration costs/ Gross written premiums	7.5%	7.3%	4.8%	6.7%	9.2%	6.4%	7.8%	5.1%	5.8%	6.0%	5.0%	3.5%	3.8%	3.5%	3.0%	7.6%
– Loss ratio:	295.9%	42.4%	94.1%	70.2%	134.6%	19.0%	62.7%	135.4%	40.3%	9.0%	-53.9%	9.6%	81.6%	45.2%	225.6%	-0.4%
– Loss ratio for the current accident year	304.9%	77.1%	156.0%	114.0%	161.5%	73.5%	86.6%	182.6%	109.7%	72.7%	27.4%	92.1%	84.9%	66.9%	266.5%	83.0%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	9.0%	34.8%	61.9%	43.8%	26.9%	54.5%	23.9%	47.2%	69.4%	63.6%	81.3%	82.5%	3.3%	21.7%	40.9%	83.5%
Technical balance/Earned premiums	**-222.7%**	**38.8%**	**-16.4%**	**13.2%**	**-54.4%**	**67.5%**	**14.5%**	**-52.7%**	**36.1%**	**64.6%**	**143.8%**	**81.5%**	**4.3%**	**42.6%**	**-139.6%**	**87.2%**
Technical account result/Earned premiums	**-214.2%**	**39.7%**	**-15.2%**	**16.5%**	**-41.7%**	**74.6%**	**23.4%**	**-44.4%**	**42.2%**	**71.8%**	**146.4%**	**83.9%**	**6.4%**	**46.6%**	**-134.9%**	**91.0%**
Overall technical account result/ Earned premiums	**-31.4%**	**43.7%**	**-28.4%**	**-10.8%**	**-56.6%**	**43.2%**	**-15.1%**	**41.4%**	**10.8%**	**-5.2%**	**44.1%**	**55.9%**	**-53.1%**	**33.7%**	**-26.3%**	**-60.6%**
Premiums to total non-life premiums ratio (%)	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

The changes (%) were calculated in homogeneous terms *Provisional data for 2013*
Indexes and changes (%) are calculated on data in Euro thousand

Class 5 – Aircraft
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	66	71	117	64	64	64	57	57	59	52	62	50	49	42	37	22
Changes in premium reserves (-)	14	-5	19	-1	-19	1	-3	0	0	2	-3	1	4	-5	-2	-8
Incurred claims (-):	64	77	99	36	79	38	67	44	25	38	16	26	42	52	6	41
– incurred claims cost for the current accident year (-)	71	89	87	31	31	49	59	41	29	50	26	24	46	56	6	47
– excess/shortfall of reserves for those claims incurred in previous accident years	7	12	-12	-5	-48	11	-8	-3	4	12	10	-2	3	4	0	5
Balance of other technical items	-4	0	0	0	-3	-2	0	-1	-3	-1	-3	-1	-1	-2	-1	1
Operating expenses (-):	11	10	13	10	10	10	9	8	9	8	10	7	8	6	5	4
– commissions	4	5	5	4	4	4	4	5	4	4	5	4	4	3	3	2
– other acquisition costs	1	1	3	2	2	2	2	1	2	1	2	1	1	1	1	1
– other administration costs	6	4	5	4	4	4	3	2	3	3	3	2	2	2	1	1
Direct technical balance	**-27**	**-11**	**-14**	**19**	**-9**	**13**	**-16**	**4**	**22**	**3**	**36**	**15**	**-6**	**-13**	**27**	**-14**
Investment income	1	1	2	1	1	1	0	1	1	1	1	1	0	0	0	0
Direct technical account result	**-26**	**-10**	**-12**	**20**	**-8**	**14**	**-16**	**5**	**23**	**4**	**37**	**16**	**-6**	**-13**	**27**	**-14**
Reinsurance results and other items	15	4	1	-24	-9	-13	30	-21	-31	-1	-36	-26	12	10	-18	11
Overall technical account result	**-11**	**-6**	**-11**	**-4**	**-17**	**1**	**14**	**-16**	**-8**	**3**	**1**	**-10**	**6**	**-3**	**9**	**-4**
Annual % changes in premiums	n.a.	7.4%	65.6%	-45.5%	-0.2%	0.3%	-10.9%	0.3%	2.9%	-11.7%	18.9%	-18.8%	-1.3%	-15.6%	-11.9%	-39.1%
Combined ratio	**139.6%**	**115.8%**	**111.7%**	**71.4%**	**111.3%**	**76.6%**	**128.3%**	**91.3%**	**58.8%**	**92.5%**	**41.6%**	**67.1%**	**109.5%**	**127.6%**	**29.3%**	**156.7%**
– Expense ratio:	16.2%	13.9%	11.2%	15.8%	15.3%	15.7%	15.6%	13.9%	15.9%	16.0%	16.9%	14.1%	15.7%	14.0%	14.1%	19.0%
– Commissions/Gross written premiums	5.8%	6.4%	4.6%	6.6%	5.5%	7.2%	7.2%	7.9%	8.3%	7.2%	8.4%	7.4%	8.7%	7.3%	7.7%	9.3%
– Other acquisition costs/ Gross written premiums	2.1%	1.5%	2.0%	3.2%	3.3%	2.8%	3.0%	1.9%	3.0%	2.8%	3.5%	2.0%	2.7%	2.6%	2.6%	4.5%
– Other administration costs/ Gross written premiums	8.4%	5.9%	4.6%	6.0%	6.5%	5.7%	5.4%	4.1%	4.6%	6.1%	5.1%	4.6%	4.3%	4.1%	3.8%	5.2%
– Loss ratio:	123.4%	101.9%	100.5%	55.6%	96.0%	60.9%	112.7%	77.4%	43.0%	76.4%	24.6%	53.0%	93.8%	113.5%	15.2%	137.8%
– Loss ratio for the current accident year	136.1%	117.3%	88.5%	48.2%	37.1%	78.2%	98.8%	72.4%	49.0%	99.5%	40.5%	49.4%	101.2%	120.2%	15.9%	155.8%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	12.7%	15.4%	-12.0%	-7.4%	-58.8%	17.2%	-13.9%	-5.0%	6.1%	23.1%	15.9%	-3.6%	7.5%	6.6%	0.7%	18.1%
Technical balance/Earned premiums	**-52.4%**	**-14.9%**	**-14.1%**	**28.6%**	**-11.1%**	**21.1%**	**-27.4%**	**6.9%**	**37.9%**	**6.6%**	**56.1%**	**30.4%**	**-13.3%**	**-28.2%**	**68.8%**	**-47.9%**
Technical account result/Earned premiums	**-50.0%**	**-13.8%**	**-12.5%**	**30.5%**	**-9.1%**	**22.9%**	**-27.0%**	**8.8%**	**39.3%**	**8.7%**	**57.0%**	**31.8%**	**-12.3%**	**-27.7%**	**69.8%**	**-46.9%**
Overall technical account result/ Earned premiums	**-20.7%**	**-8.4%**	**-10.7%**	**-5.6%**	**-20.8%**	**1.9%**	**24.3%**	**-28.2%**	**-14.0%**	**5.5%**	**1.0%**	**-20.4%**	**14.2%**	**-5.6%**	**24.1%**	**-11.8%**
Premiums to total non-life premiums ratio (%)	*0.3%*	*0.3%*	*0.4%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.1%*	*0.2%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 6 – Ships (sea, lake, river and canal vessels)
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	244	220	224	279	318	293	337	367	332	302	312	335	321	315	259	250
Changes in premium reserves (-)	4	-5	25	7	5	23	-1	22	-20	-3	-4	7	-9	-1	-16	2
Incurred claims (-):	222	293	283	302	213	286	132	197	245	250	206	346	263	220	286	144
– incurred claims cost for the current accident year (-)	227	243	270	310	224	288	190	218	240	261	201	336	236	222	273	188
– excess/shortfall of reserves for those claims incurred in previous accident years	5	-50	-13	8	11	2	58	21	-5	11	-5	-10	-27	2	-13	44
Balance of other technical items	-4	-1	-3	-2	-1	-3	-1	-2	-6	-2	0	-9	-5	-1	-2	-4
Operating expenses (-):	48	44	45	53	51	52	61	65	55	57	56	61	58	56	45	41
– commissions	24	24	24	32	31	33	41	43	38	37	36	39	37	36	29	28
– other acquisition costs	7	6	6	8	7	6	7	7	7	8	7	9	7	6	5	5
– other administration costs	17	14	15	13	13	13	13	15	10	12	13	13	13	14	11	8
Direct technical balance	**-34**	**-113**	**-132**	**-85**	**48**	**-71**	**144**	**81**	**46**	**-4**	**54**	**-88**	**4**	**39**	**-59**	**59**
Investment income	8	7	7	9	7	8	6	7	6	8	3	7	4	4	6	4
Direct technical account result	**-26**	**-106**	**-125**	**-76**	**55**	**-63**	**150**	**88**	**52**	**4**	**57**	**-81**	**8**	**43**	**-53**	**63**
Reinsurance results and other items	-3	92	119	64	-47	65	-114	-95	-32	-1	-51	78	-16	-44	43	-45
Overall technical account result	**-29**	**-14**	**-6**	**-12**	**8**	**2**	**36**	**-7**	**20**	**3**	**6**	**-3**	**-8**	**-1**	**-10**	**18**
Annual % changes in premiums	n.a.	-9.8%	1.9%	24.7%	13.9%	-7.7%	14.9%	8.8%	-9.5%	-8.9%	3.2%	7.5%	-3.1%	-2.0%	-18.6%	-4.9%
Combined ratio	**112.1%**	**150.6%**	**162.2%**	**130.0%**	**84.2%**	**123.8%**	**57.0%**	**74.8%**	**86.1%**	**100.8%**	**83.1%**	**123.7%**	**97.5%**	**87.5%**	**121.7%**	**74.5%**
– Expense ratio:	19.8%	19.9%	19.9%	18.9%	16.0%	17.9%	18.1%	17.6%	16.4%	19.0%	17.8%	18.3%	18.0%	17.8%	17.5%	16.5%
– Commissions/Gross written premiums	9.9%	10.7%	10.7%	11.4%	9.7%	11.4%	12.2%	11.7%	11.2%	12.5%	11.4%	11.6%	11.6%	11.4%	11.3%	11.3%
– Other acquisition costs/ Gross written premiums	3.0%	2.9%	2.8%	2.8%	2.2%	2.2%	2.0%	1.8%	2.1%	2.5%	2.2%	2.7%	2.2%	2.0%	2.1%	2.0%
– Other administration costs/ Gross written premiums	6.9%	6.3%	6.4%	4.7%	4.1%	4.3%	3.9%	4.1%	3.0%	4.0%	4.1%	4.0%	4.2%	4.4%	4.2%	3.2%
– Loss ratio:	92.3%	130.6%	142.2%	111.1%	68.2%	106.0%	38.9%	57.2%	69.7%	81.8%	65.2%	105.4%	79.5%	69.6%	104.2%	58.0%
– Loss ratio for the current accident year	94.7%	108.1%	135.4%	114.2%	71.6%	106.8%	56.3%	63.1%	68.4%	85.5%	63.6%	102.2%	71.5%	70.2%	99.3%	75.6%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	2.4%	-22.6%	-6.8%	3.1%	3.3%	0.8%	17.4%	5.9%	-1.3%	3.7%	-1.6%	-3.2%	-8.1%	0.5%	-4.9%	17.6%
Technical balance/Earned premiums	**-14.3%**	**-50.2%**	**-66.3%**	**-31.3%**	**15.2%**	**-26.3%**	**42.4%**	**23.4%**	**13.0%**	**-1.2%**	**17.0%**	**-26.8%**	**1.3%**	**12.4%**	**-21.5%**	**23.8%**
Technical account result/Earned premiums	**-10.7%**	**-47.4%**	**-62.6%**	**-28.1%**	**17.5%**	**-23.4%**	**44.3%**	**25.4%**	**14.7%**	**1.4%**	**18.1%**	**-24.8%**	**2.4%**	**13.5%**	**-19.2%**	**25.5%**
Overall technical account result/ Earned premiums	**-11.9%**	**-6.4%**	**-3.1%**	**-4.3%**	**2.5%**	**0.9%**	**10.8%**	**-1.9%**	**5.6%**	**0.9%**	**1.9%**	**-0.9%**	**-2.4%**	**-0.3%**	**-3.5%**	**7.2%**
Premiums to total non-life premiums ratio (%)	*1.0%*	*0.8%*	*0.8%*	*0.9%*	*1.0%*	*0.9%*	*1.0%*	*1.0%*	*0.9%*	*0.8%*	*0.8%*	*0.9%*	*0.9%*	*0.9%*	*0.7%*	*0.7%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 7 – Goods in transit
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	322	289	305	323	321	292	283	289	269	268	274	225	208	219	214	190
Changes in premium reserves (-)	-30	-5	-1	-1	0	-2	-1	1	0	-2	4	-5	-2	-1	1	-2
Incurred claims (-):	226	216	217	216	178	132	153	146	160	148	149	109	106	106	111	76
– incurred claims cost for the current accident year (-)	240	245	236	256	239	192	190	192	195	177	177	144	136	139	144	124
– excess/shortfall of reserves for those claims incurred in previous accident years	14	29	19	40	61	60	37	46	35	29	28	35	30	33	33	48
Balance of other technical items	-6	0	-3	-4	-5	-3	-1	-4	-4	-3	-3	-6	-6	-7	-6	-8
Operating expenses (-):	102	91	91	94	93	89	82	88	81	82	81	70	62	63	60	55
– commissions	64	60	58	62	62	58	53	57	53	54	55	45	42	42	40	35
– other acquisition costs	13	11	12	12	12	11	12	12	11	10	11	12	10	10	10	10
– other administration costs	25	20	21	20	19	20	17	19	17	18	15	13	11	11	10	10
Direct technical balance	**18**	**-13**	**-5**	**10**	**45**	**70**	**48**	**50**	**24**	**37**	**37**	**45**	**35**	**44**	**34**	**53**
Investment income	16	10	11	11	8	9	8	8	7	11	4	8	4	3	5	3
Direct technical account result	**34**	**-3**	**6**	**21**	**53**	**79**	**56**	**58**	**31**	**48**	**41**	**53**	**39**	**47**	**39**	**56**
Reinsurance results and other items	3	22	9	-14	-12	-42	-20	-32	-16	-24	-16	-24	-22	-29	-9	-20
Overall technical account result	**37**	**19**	**15**	**7**	**41**	**37**	**36**	**26**	**15**	**24**	**25**	**29**	**17**	**18**	**30**	**36**
Annual % changes in premiums	n.a.	-10.4%	5.5%	6.1%	-0.8%	-9.0%	-3.2%	2.4%	-7.0%	-0.5%	2.2%	-17.8%	-3.0%	5.3%	-2.4%	-12.7%
Combined ratio	**95.9%**	**104.7%**	**100.7%**	**95.8%**	**84.6%**	**75.6%**	**83.0%**	**81.3%**	**89.6%**	**85.5%**	**84.8%**	**78.6%**	**80.4%**	**77.0%**	**80.7%**	**68.6%**
– Expense ratio:	31.7%	31.4%	29.7%	29.2%	29.0%	30.6%	29.2%	30.5%	30.0%	30.7%	29.7%	31.2%	30.0%	28.9%	28.3%	29.2%
– Commissions/Gross written premiums	19.8%	20.7%	19.1%	19.4%	19.2%	19.9%	18.9%	19.8%	19.6%	20.2%	20.4%	20.3%	20.0%	19.4%	18.9%	18.6%
– Other acquisition costs/ Gross written premiums	4.1%	4.0%	3.7%	3.7%	3.9%	3.8%	4.2%	4.0%	4.1%	3.7%	3.9%	5.2%	4.9%	4.7%	4.6%	5.4%
– Other administration costs/ Gross written premiums	7.8%	6.8%	6.9%	6.1%	5.9%	6.9%	6.0%	6.7%	6.3%	6.9%	5.3%	5.6%	5.1%	4.8%	4.8%	5.2%
– Loss ratio:	64.2%	73.3%	71.0%	66.6%	55.6%	45.0%	53.8%	50.7%	59.6%	54.7%	55.2%	47.4%	50.4%	48.2%	52.4%	39.4%
– Loss ratio for the current accident year	68.1%	83.1%	77.2%	79.0%	74.4%	65.5%	66.9%	66.8%	72.3%	65.6%	65.7%	62.6%	64.7%	63.3%	68.0%	64.5%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	3.9%	9.8%	6.2%	12.4%	18.9%	20.5%	13.1%	16.1%	12.7%	10.8%	10.5%	15.2%	14.3%	15.2%	15.5%	25.2%
Technical balance/Earned premiums	**5.1%**	**-4.5%**	**-1.7%**	**3.0%**	**14.1%**	**23.7%**	**16.8%**	**17.4%**	**8.8%**	**13.8%**	**13.8%**	**19.7%**	**16.8%**	**20.2%**	**16.1%**	**27.5%**
Technical account result/Earned premiums	**9.6%**	**-1.2%**	**1.8%**	**6.4%**	**16.7%**	**26.8%**	**19.8%**	**20.3%**	**11.6%**	**17.6%**	**15.3%**	**22.9%**	**18.6%**	**21.4%**	**18.3%**	**29.1%**
Overall technical account result/ Earned premiums	**10.5%**	**6.4%**	**5.0%**	**2.2%**	**12.8%**	**12.7%**	**12.9%**	**9.1%**	**5.6%**	**9.0%**	**9.4%**	**12.5%**	**8.2%**	**8.0%**	**14.2%**	**18.9%**
Premiums to total non-life premiums ratio (%)	*1.3%*	*1.1%*	*1.1%*	*1.1%*	*1.0%*	*0.9%*	*0.8%*	*0.8%*	*0.7%*	*0.7%*	*0.7%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 8 – Fire and natural forces
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	1,660	1,657	1,701	1,771	1,978	2,037	2,157	2,287	2,359	2,344	2,346	2,350	2,348	2,343	2,306	2,284
Changes in premium reserves (-)	141	48	41	77	77	80	115	133	141	91	106	-84	96	95	-265	9
Incurred claims (-):	862	818	1,167	899	1,195	1,196	955	1,114	1,111	1,260	1,580	1,906	1,325	1,231	2,316	1,085
– incurred claims cost for the current accident year (-)	1,027	984	1,259	1,041	1,310	1,348	1,095	1,278	1,278	1,389	1,703	1,904	1,421	1,406	2,491	1,402
– excess/shortfall of reserves for those claims incurred in previous accident years	165	166	92	142	115	152	140	164	167	129	123	-2	96	175	176	318
Balance of other technical items	-53	-42	-44	-45	-44	-39	-55	-57	-67	-61	-89	-64	-68	-65	-71	-50
Operating expenses (-):	533	526	534	550	592	624	646	671	713	738	695	708	722	720	712	730
– commissions	361	370	381	386	423	449	462	481	518	529	503	504	523	521	505	517
– other acquisition costs	70	60	61	67	69	72	73	79	84	86	81	91	95	94	102	102
– other administration costs	102	96	92	97	100	103	111	111	111	123	111	113	104	105	105	111
Direct technical balance	**71**	**223**	**-85**	**200**	**70**	**98**	**386**	**312**	**327**	**194**	**-124**	**-244**	**136**	**232**	**-527**	**410**
Investment income	105	73	83	72	57	78	86	90	86	98	47	118	54	37	90	61
Direct technical account result	**176**	**296**	**-2**	**272**	**127**	**176**	**472**	**402**	**413**	**292**	**-77**	**-126**	**191**	**269**	**-436**	**471**
Reinsurance results and other items	-77	-29	210	5	-10	-166	-327	-276	-255	-165	-83	38	-261	-222	552	-297
Overall technical account result	**99**	**267**	**208**	**277**	**117**	**10**	**145**	**126**	**158**	**127**	**-160**	**-88**	**-71**	**47**	**116**	**174**
Annual % changes in premiums	n.a.	-0.2%	2.6%	4.2%	11.7%	3.0%	5.9%	6.0%	3.2%	-0.6%	0.1%	0.2%	3.5%	-0.2%	-1.6%	-1.0%
Combined ratio	**88.9%**	**82.5%**	**101.7%**	**84.1%**	**92.8%**	**91.7%**	**76.7%**	**81.1%**	**80.3%**	**87.4%**	**100.2%**	**108.4%**	**89.6%**	**85.5%**	**120.9%**	**79.7%**
– Expense ratio:	32.1%	31.7%	31.4%	31.0%	29.9%	30.7%	29.9%	29.3%	30.2%	31.5%	29.6%	30.1%	30.8%	30.7%	30.9%	32.0%
– Commissions/Gross written premiums	21.8%	22.3%	22.4%	21.8%	21.4%	22.0%	21.4%	21.0%	21.9%	22.6%	21.5%	21.4%	22.3%	22.3%	21.9%	22.6%
– Other acquisition costs/ Gross written premiums	4.2%	3.6%	3.6%	3.8%	3.5%	3.6%	3.4%	3.4%	3.5%	3.7%	3.5%	3.9%	4.0%	4.0%	4.4%	4.5%
– Other administration costs/ Gross written premiums	6.1%	5.8%	5.4%	5.5%	5.0%	5.1%	5.1%	4.9%	4.7%	5.3%	4.7%	4.8%	4.4%	4.5%	4.5%	4.8%
– Loss ratio:	56.8%	50.8%	70.3%	53.1%	62.9%	61.1%	46.8%	51.7%	50.1%	55.9%	70.5%	78.3%	58.9%	54.8%	90.0%	47.7%
– Loss ratio for the current accident year	67.6%	61.2%	75.8%	61.4%	68.9%	68.9%	53.6%	59.3%	57.6%	61.6%	76.0%	78.2%	63.1%	62.6%	96.9%	61.6%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	10.8%	10.3%	5.5%	8.4%	6.0%	7.8%	6.9%	7.6%	7.5%	5.7%	5.5%	-0.1%	4.2%	7.8%	6.8%	14.0%
Technical balance/Earned premiums	**4.7%**	**13.8%**	**-5.1%**	**11.8%**	**3.7%**	**5.0%**	**18.9%**	**14.5%**	**14.7%**	**8.6%**	**-5.5%**	**-10.0%**	**6.1%**	**10.3%**	**-20.5%**	**18.0%**
Technical account result/Earned premiums	**11.6%**	**18.4%**	**-0.1%**	**16.0%**	**6.7%**	**9.0%**	**23.1%**	**18.7%**	**18.6%**	**13.0%**	**-3.4%**	**-5.2%**	**8.5%**	**12.0%**	**-17.0%**	**20.7%**
Overall technical account result/ Earned premiums	**6.5%**	**16.6%**	**12.6%**	**16.3%**	**6.2%**	**0.5%**	**7.1%**	**5.8%**	**7.1%**	**5.6%**	**-7.2%**	**-3.6%**	**-3.1%**	**2.1%**	**4.5%**	**7.6%**
Premiums to total non-life premiums ratio (%)	*6.8%*	*6.3%*	*6.1%*	*5.9%*	*6.1%*	*6.0%*	*6.1%*	*6.3%*	*6.3%*	*6.2%*	*6.3%*	*6.4%*	*6.6%*	*6.4%*	*6.5%*	*6.8%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 9 – Other damage to property
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	1,588	1,652	1,740	1,861	2,080	2,158	2,289	2,367	2,480	2,574	2,732	2,729	2,613	2,645	2,611	2,663
Changes in premium reserves (-)	102	43	67	97	83	65	129	50	64	82	92	57	46	21	-29	-9
Incurred claims (-):	1,223	1,091	1,217	1,266	1,329	1,204	1,527	1,532	1,578	1,697	1,945	2,000	1,855	1,704	1,826	1,809
– incurred claims cost for the current accident year (-)	1,320	1,206	1,307	1,312	1,408	1,360	1,654	1,704	1,753	1,860	2,105	2,079	1,959	1,860	1,981	1,976
– excess/shortfall of reserves for those claims incurred in previous accident years	97	115	90	46	79	156	127	172	175	163	160	79	105	156	155	167
Balance of other technical items	-28	-29	-32	-31	-29	-34	-41	-35	-54	-55	-44	-50	-52	-50	-50	-46
Operating expenses (-):	468	485	501	534	591	627	661	693	728	785	781	782	764	764	760	791
– commissions	309	329	344	361	407	436	463	484	510	541	542	543	541	541	532	548
– other acquisition costs	64	56	59	68	73	76	77	82	89	95	102	108	112	110	116	118
– other administration costs	95	100	98	105	111	115	121	127	129	149	137	131	110	113	112	125
Direct technical balance	**-233**	**4**	**-77**	**-67**	**48**	**228**	**-69**	**57**	**56**	**-45**	**-130**	**-160**	**-103**	**106**	**4**	**27**
Investment income	80	60	69	68	56	77	85	88	80	91	40	99	50	35	70	48
Direct technical account result	**-153**	**64**	**-8**	**1**	**104**	**305**	**16**	**145**	**136**	**46**	**-90**	**-61**	**-53**	**141**	**73**	**75**
Reinsurance results and other items	133	33	100	62	-147	-140	-64	-122	-148	-110	-80	-136	-116	-145	-70	-179
Overall technical account result	**-20**	**97**	**92**	**63**	**-43**	**165**	**-48**	**23**	**-12**	**-64**	**-170**	**-197**	**-169**	**-4**	**3**	**-105**
Annual % changes in premiums	n.a.	4.0%	5.3%	6.9%	11.8%	3.8%	6.1%	3.4%	4.8%	3.8%	6.2%	-0.1%	1.7%	1.2%	-1.5%	2.3%
Combined ratio	**111.8%**	**97.1%**	**101.6%**	**100.5%**	**95.0%**	**86.6%**	**99.6%**	**95.4%**	**94.7%**	**98.6%**	**102.2%**	**103.5%**	**101.5%**	**93.8%**	**98.3%**	**97.4%**
– Expense ratio:	29.5%	29.4%	28.8%	28.7%	28.4%	29.0%	28.9%	29.3%	29.4%	30.5%	28.6%	28.6%	29.2%	28.9%	29.1%	29.7%
– Commissions/Gross written premiums	19.4%	19.9%	19.8%	19.4%	19.6%	20.2%	20.2%	20.4%	20.6%	21.0%	19.8%	19.9%	20.7%	20.4%	20.4%	20.6%
– Other acquisition costs/ Gross written premiums	4.0%	3.4%	3.4%	3.6%	3.5%	3.5%	3.4%	3.5%	3.6%	3.7%	3.7%	4.0%	4.3%	4.2%	4.4%	4.4%
– Other administration costs/ Gross written premiums	6.0%	6.0%	5.6%	5.6%	5.3%	5.3%	5.3%	5.4%	5.2%	5.8%	5.0%	4.8%	4.2%	4.3%	4.3%	4.7%
– Loss ratio:	82.3%	67.8%	72.7%	71.8%	66.6%	57.5%	70.7%	66.1%	65.3%	68.1%	73.7%	74.9%	72.2%	64.9%	69.2%	67.7%
– Loss ratio for the current accident year	88.8%	74.9%	78.1%	74.4%	70.5%	65.0%	76.6%	73.5%	72.6%	74.6%	79.7%	77.8%	76.3%	70.9%	75.1%	73.9%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	6.5%	7.2%	5.4%	2.6%	4.0%	7.5%	5.9%	7.4%	7.2%	6.6%	6.1%	3.0%	4.1%	5.9%	5.9%	6.3%
Technical balance/Earned premiums	**-15.7%**	**0.2%**	**-4.6%**	**-3.8%**	**2.4%**	**10.9%**	**-3.2%**	**2.5%**	**2.3%**	**-1.8%**	**-4.9%**	**-6.0%**	**-4.0%**	**4.1%**	**0.1%**	**1.0%**
Technical account result/Earned premiums	**-10.3%**	**4.0%**	**-0.5%**	**0.1%**	**5.2%**	**14.6%**	**0.8%**	**6.3%**	**5.6%**	**1.9%**	**-3.4%**	**-2.3%**	**-2.1%**	**5.4%**	**2.8%**	**2.8%**
Overall technical account result/ Earned premiums	**-1.3%**	**6.0%**	**5.5%**	**3.6%**	**-2.2%**	**7.9%**	**-2.2%**	**1.0%**	**-0.5%**	**-2.6%**	**-6.4%**	**-7.4%**	**-6.6%**	**-0.1%**	**0.1%**	**-3.9%**
Premiums to total non-life premiums ratio (%)	*6.5%*	*6.3%*	*6.2%*	*6.2%*	*6.4%*	*6.3%*	*6.5%*	*6.5%*	*6.7%*	*6.8%*	*7.3%*	*7.4%*	*7.3%*	*7.3%*	*7.4%*	*7.9%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 10 and class 12 – Motor liability (motor T.P.L. + watercraft T.P.L.)

Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	11,767	13,249	14,221	15,344	16,653	17,646	18,087	18,198	18,416	18,239	17,637	16,994	16,913	17,794	17,576	16,265
Changes in premium reserves (-)	253	466	173	333	341	280	91	82	64	-10	-167	-5	306	299	-121	-572
Incurred claims (-):	12,110	13,248	13,886	13,734	13,735	14,177	14,375	14,284	14,588	14,732	14,672	15,106	14,467	14,791	13,110	11,563
– incurred claims cost for the current accident year (-)	11,142	12,322	12,775	13,043	13,438	13,982	14,561	14,756	14,940	14,794	14,761	14,912	13,865	13,444	12,108	11,540
– excess/shortfall of reserves for those claims incurred in previous accident years	-968	-926	-1,111	-691	-297	-195	186	472	352	62	89	-194	-602	-1,347	-1,002	-24
Balance of other technical items	-202	-187	-184	-98	-166	-178	-228	-211	-232	-226	-290	-267	-244	-203	-272	-251
Operating expenses (-):	2,225	2,422	2,559	2,741	2,921	3,047	3,169	3,235	3,276	3,346	3,275	3,208	3,116	3,236	3,233	3,167
– commissions	1,355	1,499	1,588	1,681	1,804	1,900	1,949	1,944	1,962	1,936	1,882	1,808	1,787	1,868	1,840	1,732
– other acquisition costs	276	301	312	369	399	418	437	468	498	514	559	574	585	595	638	690
– other administration costs	594	622	659	691	718	729	783	823	816	896	834	826	745	773	755	746
Direct technical balance	**-3,023**	**-3,074**	**-2,581**	**-1,562**	**-510**	**-36**	**224**	**386**	**256**	**-55**	**-433**	**-1,583**	**-1,221**	**-735**	**1,084**	**1,856**
Investment income	1,283	936	1,050	899	648	888	1,077	1,104	992	963	344	1,217	496	272	799	613
Direct technical account result	**-1,740**	**-2,138**	**-1,531**	**-663**	**138**	**852**	**1,301**	**1,490**	**1,248**	**908**	**-89**	**-366**	**-725**	**-463**	**1,883**	**2,469**
Reinsurance results and other items	267	202	218	178	36	-12	-61	-16	9	49	-2	-15	-19	-19	1	-49
Overall technical account result	**-1,473**	**-1,936**	**-1,313**	**-485**	**174**	**840**	**1,240**	**1,474**	**1,257**	**957**	**-91**	**-381**	**-744**	**-482**	**1,883**	**2,420**
Annual % changes in premiums	n.a.	12.6%	7.3%	7.9%	8.5%	6.0%	2.5%	0.6%	1.2%	-1.0%	-3.3%	-3.6%	4.4%	5.2%	-1.2%	-7.0%
Combined ratio	**124.1%**	**121.9%**	**116.8%**	**109.3%**	**101.7%**	**98.9%**	**97.4%**	**96.6%**	**97.3%**	**99.1%**	**101.0%**	**107.7%**	**105.5%**	**102.7%**	**92.5%**	**88.1%**
– Expense ratio:	18.9%	18.3%	18.0%	17.9%	17.5%	17.3%	17.5%	17.8%	17.8%	18.3%	18.6%	18.9%	18.4%	18.2%	18.4%	19.5%
– Commissions/Gross written premiums	11.5%	11.3%	11.2%	10.9%	10.8%	10.8%	10.8%	10.7%	10.7%	10.6%	10.7%	10.6%	10.6%	10.5%	10.5%	10.6%
– Other acquisition costs/ Gross written premiums	2.3%	2.3%	2.2%	2.4%	2.4%	2.4%	2.4%	2.6%	2.7%	2.8%	3.2%	3.4%	3.5%	3.3%	3.6%	4.2%
– Other administration costs/ Gross written premiums	5.1%	4.7%	4.6%	4.5%	4.3%	4.1%	4.3%	4.5%	4.4%	4.9%	4.7%	4.9%	4.4%	4.3%	4.3%	4.6%
– Loss ratio:	105.2%	103.6%	98.8%	91.5%	84.2%	81.6%	79.9%	78.8%	79.5%	80.7%	82.4%	88.9%	87.1%	84.5%	74.1%	68.7%
– Loss ratio for the current accident year	96.8%	96.4%	90.9%	86.9%	82.4%	80.5%	80.9%	81.5%	81.4%	81.1%	82.9%	87.7%	83.5%	76.8%	68.4%	68.5%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	-8.4%	-7.2%	-7.9%	-4.6%	-1.8%	-1.1%	1.0%	2.6%	1.9%	0.3%	0.5%	-1.1%	-3.6%	-7.7%	-5.7%	-0.1%
Technical balance/Earned premiums	**-26.3%**	**-24.0%**	**-18.4%**	**-10.4%**	**-3.1%**	**-0.2%**	**1.2%**	**2.1%**	**1.4%**	**-0.3%**	**-2.4%**	**-9.3%**	**-7.4%**	**-4.2%**	**6.1%**	**11.0%**
Technical account result/Earned premiums	**-15.1%**	**-16.7%**	**-10.9%**	**-4.4%**	**0.8%**	**4.9%**	**7.2%**	**8.2%**	**6.8%**	**5.0%**	**-0.5%**	**-2.2%**	**-4.4%**	**-2.6%**	**10.6%**	**14.7%**
Overall technical account result/ Earned premiums	**-12.8%**	**-15.1%**	**-9.4%**	**-3.2%**	**1.1%**	**4.8%**	**6.9%**	**8.1%**	**6.8%**	**5.2%**	**-0.5%**	**-2.2%**	**-4.5%**	**-2.8%**	**10.6%**	**14.4%**
Premiums to total non-life premiums ratio (%)	*48.0%*	*50.5%*	*51.0%*	*51.3%*	*51.4%*	*51.6%*	*51.1%*	*50.1%*	*49.5%*	*48.4%*	*47.1%*	*46.3%*	*47.5%*	*48.9%*	*49.6%*	*48.3%*

The changes (%) were calculated in homogeneous terms

Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 11 – Aircraft third party liability
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	13	17	14	29	51	78	50	56	45	39	29	25	27	24	19	14
Changes in premium reserves (-)	-3	3	-4	8	8	17	-7	0	-3	0	-7	-1	2	-2	-2	-3
Incurred claims (-):	14	12	23	15	9	6	10	13	5	2	10	6	2	4	2	3
– incurred claims cost for the current accident year (-)	5	10	3	4	5	7	11	15	9	8	11	6	4	4	4	3
– excess/shortfall of reserves for those claims incurred in previous accident years	-9	-2	-20	-11	-4	1	1	2	4	6	1	0	2	0	1	-1
Balance of other technical items	0	0	0	1	0	-1	-3	-1	0	-2	-1	0	0	0	0	0
Operating expenses (-):	3	3	3	3	5	6	5	6	6	5	5	3	3	6	3	2
– commissions	1	1	1	1	2	1	1	3	3	2	1	2	2	4	1	1
– other acquisition costs	0	1	0	0	0	2	1	1	1	1	2	0	1	1	1	1
– other administration costs	2	1	2	2	3	3	3	2	2	2	2	1	1	1	1	1
Direct technical balance	**-1**	**-1**	**-8**	**4**	**29**	**48**	**39**	**36**	**37**	**30**	**20**	**17**	**19**	**16**	**16**	**10**
Investment income	0	1	0	2	1	1	1	1	1	1	0	0	0	0	0	0
Direct technical account result	**-1**	**0**	**-8**	**6**	**30**	**49**	**40**	**37**	**38**	**31**	**20**	**17**	**20**	**16**	**17**	**11**
Reinsurance results and other items	-4	3	1	-14	-21	-31	-45	-30	-45	-25	-28	-31	-11	-17	-9	-14
Overall technical account result	**-5**	**3**	**-7**	**-8**	**9**	**18**	**-5**	**7**	**-7**	**6**	**-8**	**-14**	**8**	**-1**	**8**	**-3**
Annual % changes in premiums	n.a.	32.1%	-15.0%	105.2%	75.3%	52.0%	-36.1%	11.7%	-18.7%	-14.5%	-24.8%	-12.7%	4.8%	-9.1%	-22.1%	-27.3%
Combined ratio	**109.9%**	**101.4%**	**150.8%**	**78.3%**	**31.5%**	**18.1%**	**27.9%**	**34.0%**	**24.3%**	**19.6%**	**45.1%**	**35.0%**	**20.6%**	**39.4%**	**24.0%**	**37.5%**
– Expense ratio:	21.3%	16.6%	21.2%	10.2%	10.2%	7.4%	9.6%	9.9%	14.1%	13.6%	18.4%	13.0%	12.9%	22.9%	13.5%	17.7%
– Commissions/Gross written premiums	5.0%	5.5%	8.0%	4.3%	3.3%	1.1%	2.6%	4.2%	6.1%	5.2%	6.5%	6.4%	6.8%	15.8%	5.4%	6.8%
– Other acquisition costs/ Gross written premiums	2.1%	2.7%	2.7%	0.9%	1.1%	2.0%	2.2%	1.7%	2.7%	2.9%	6.5%	1.9%	2.2%	3.2%	4.4%	6.0%
– Other administration costs/ Gross written premiums	14.2%	8.5%	10.4%	4.9%	5.7%	4.4%	4.8%	4.0%	5.2%	5.5%	5.5%	4.7%	3.9%	3.9%	3.7%	4.9%
– Loss ratio:	88.6%	84.8%	129.6%	68.1%	21.3%	10.7%	18.4%	24.1%	10.2%	6.0%	26.7%	22.1%	7.8%	16.5%	10.5%	19.8%
– Loss ratio for the current accident year	30.3%	75.1%	16.8%	19.0%	10.7%	12.0%	19.9%	26.1%	18.6%	19.7%	31.2%	20.9%	17.5%	14.5%	17.6%	16.1%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	-58.3%	-9.7%	-112.8%	-49.2%	-10.5%	1.3%	1.5%	2.1%	8.4%	13.7%	4.5%	-1.2%	9.7%	-2.0%	7.0%	-3.7%
Technical balance/Earned premiums	**-7.5%**	**-4.4%**	**-46.1%**	**17.6%**	**65.9%**	**79.2%**	**69.6%**	**65.4%**	**77.1%**	**78.5%**	**55.7%**	**63.0%**	**76.9%**	**61.0%**	**77.7%**	**63.5%**
Technical account result/Earned premiums	**-5.0%**	**-0.4%**	**-41.8%**	**27.6%**	**69.0%**	**80.4%**	**71.0%**	**66.5%**	**78.1%**	**79.8%**	**56.6%**	**64.9%**	**78.5%**	**62.0%**	**79.4%**	**65.6%**
Overall technical account result/ Earned premiums	**-33.5%**	**24.5%**	**-36.1%**	**-37.4%**	**20.8%**	**30.5%**	**-9.2%**	**13.3%**	**-14.6%**	**14.6%**	**-21.1%**	**-53.1%**	**32.3%**	**-4.6%**	**36.2%**	**-18.2%**
Premiums to total non-life premiums ratio (%)	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.2%*	*0.2%*	*0.1%*	*0.2%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.0%*

The changes (%) were calculated in homogeneous terms *Provisional data for 2013*
Indexes and changes (%) are calculated on data in Euro thousand

Class 13 – General third party liability
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	1,820	1,920	2,033	2,229	2,472	2,798	2,999	3,116	3,225	3,256	3,316	3,340	2,966	2,933	2,939	2,849
Changes in premium reserves (-)	195	88	48	60	107	73	81	32	49	23	32	-5	35	-28	-8	-32
Incurred claims (-):	1,838	1,891	2,005	2,295	2,450	2,540	2,787	2,720	2,890	2,530	2,678	2,934	2,705	2,746	2,680	2,410
– incurred claims cost for the current accident year (-)	1,587	1,611	1,706	1,833	2,003	2,154	2,216	2,365	2,557	2,415	2,531	2,801	2,542	2,309	2,178	2,078
– excess/shortfall of reserves for those claims incurred in previous accident years	-251	-280	-299	-462	-447	-386	-571	-355	-333	-115	-147	-133	-163	-437	-501	-331
Balance of other technical items	-38	-26	-37	-18	-37	-47	-64	-55	-113	-81	-64	-83	-63	-64	-75	-59
Operating expenses (-):	581	591	609	663	724	792	839	884	909	941	954	947	839	866	874	863
– commissions	395	419	435	463	518	576	592	628	646	662	677	676	604	623	617	602
– other acquisition costs	80	65	67	83	83	88	99	102	106	108	117	115	112	117	130	128
– other administration costs	106	107	107	117	123	128	148	154	157	171	160	156	122	126	127	134
Direct technical balance	**-832**	**-676**	**-666**	**-807**	**-846**	**-654**	**-772**	**-575**	**-736**	**-319**	**-412**	**-619**	**-676**	**-715**	**-681**	**-451**
Investment income	354	279	318	303	227	320	380	414	420	461	204	540	267	152	347	268
Direct technical account result	**-478**	**-397**	**-348**	**-504**	**-619**	**-334**	**-392**	**-161**	**-316**	**142**	**-208**	**-79**	**-409**	**-563**	**-334**	**-183**
Reinsurance results and other items	87	77	30	55	164	-79	-33	-76	-88	-62	19	-99	77	9	120	-62
Overall technical account result	**-391**	**-320**	**-318**	**-449**	**-455**	**-413**	**-425**	**-237**	**-404**	**80**	**-189**	**-178**	**-333**	**-554**	**-215**	**-246**
Annual % changes in premiums	n.a.	5.5%	5.9%	9.6%	10.9%	13.2%	7.2%	3.9%	3.5%	1.0%	1.8%	0.7%	-1.7%	-1.1%	0.2%	-3.1%
Combined ratio	**145.1%**	**133.9%**	**131.0%**	**135.5%**	**132.9%**	**121.5%**	**123.5%**	**116.5%**	**119.2%**	**107.2%**	**110.3%**	**116.1%**	**120.6%**	**122.3%**	**120.6%**	**114.0%**
– Expense ratio:	31.9%	30.8%	30.0%	29.7%	29.3%	28.3%	28.0%	28.4%	28.2%	28.9%	28.8%	28.4%	28.3%	29.5%	29.7%	30.3%
– Commissions/Gross written premiums	21.7%	21.8%	21.4%	20.8%	20.9%	20.6%	19.7%	20.1%	20.1%	20.3%	20.4%	20.2%	20.4%	21.2%	21.0%	21.1%
– Other acquisition costs/ Gross written premiums	4.4%	3.4%	3.3%	3.7%	3.4%	3.2%	3.3%	3.3%	3.3%	3.3%	3.5%	3.5%	3.8%	4.0%	4.4%	4.5%
– Other administration costs/ Gross written premiums	5.8%	5.6%	5.2%	5.2%	5.0%	4.6%	4.9%	5.0%	4.9%	5.3%	4.8%	4.7%	4.1%	4.3%	4.3%	4.7%
– Loss ratio:	113.1%	103.2%	101.0%	105.8%	103.6%	93.2%	95.5%	88.2%	91.0%	78.3%	81.6%	87.7%	92.3%	92.8%	90.9%	83.7%
– Loss ratio for the current accident year	97.7%	87.9%	85.9%	84.5%	84.7%	79.1%	76.0%	76.7%	80.5%	74.7%	77.1%	83.8%	86.7%	78.0%	73.9%	72.2%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	-15.4%	-15.3%	-15.1%	-21.3%	-18.9%	-14.2%	-19.6%	-11.5%	-10.5%	-3.6%	-4.5%	-4.0%	-5.6%	-14.8%	-17.0%	-11.5%
Technical balance/Earned premiums	**-51.2%**	**-36.9%**	**-33.5%**	**-37.2%**	**-35.8%**	**-24.0%**	**-26.5%**	**-18.7%**	**-23.2%**	**-9.9%**	**-12.6%**	**-18.5%**	**-23.1%**	**-24.1%**	**-23.1%**	**-15.7%**
Technical account result/Earned premiums	**-29.5%**	**-21.7%**	**-17.5%**	**-23.2%**	**-26.2%**	**-12.2%**	**-13.4%**	**-5.2%**	**-10.0%**	**4.4%**	**-6.3%**	**-2.4%**	**-14.0%**	**-19.0%**	**-11.3%**	**-6.4%**
Overall technical account result/ Earned premiums	**-24.1%**	**-17.5%**	**-16.0%**	**-20.7%**	**-19.2%**	**-15.2%**	**-14.6%**	**-7.7%**	**-12.7%**	**2.5%**	**-5.8%**	**-5.3%**	**-11.4%**	**-18.7%**	**-7.3%**	**-8.5%**
Premiums to total non-life premiums ratio (%)	*7.4%*	*7.3%*	*7.3%*	*7.4%*	*7.6%*	*8.2%*	*8.5%*	*8.6%*	*8.7%*	*8.6%*	*8.9%*	*9.1%*	*8.3%*	*8.1%*	*8.3%*	*8.5%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 14 – Credit
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	203	219	272	314	321	301	268	279	297	331	335	314	348	203	84	85
Changes in premium reserves (-)	11	3	16	26	-20	-15	-12	-1	5	1	89	-16	16	22	14	7
Incurred claims (-):	128	144	174	263	267	254	121	123	148	173	303	323	131	110	93	70
– incurred claims cost for the current accident year (-)	200	229	258	322	316	315	205	203	201	220	354	373	183	134	103	77
– excess/shortfall of reserves for those claims incurred in previous accident years	72	85	84	59	49	61	84	80	53	47	51	50	52	24	10	7
Balance of other technical items	-2	-2	-2	-1	-4	-3	-13	-25	-14	-12	-9	-14	-22	-6	-4	-4
Operating expenses (-):	53	63	69	83	88	88	86	96	100	110	115	114	125	68	26	23
– commissions	23	24	32	35	37	37	33	36	41	45	47	42	47	31	8	7
– other acquisition costs	20	22	20	26	32	31	31	37	33	39	44	48	46	13	10	9
– other administration costs	10	17	17	22	19	20	22	23	26	26	24	24	32	24	8	7
Direct technical balance	**9**	**7**	**11**	**-59**	**-18**	**-29**	**60**	**36**	**30**	**35**	**-181**	**-121**	**53**	**-3**	**-53**	**-19**
Investment income	24	14	15	41	18	18	17	14	12	15	12	25	6	3	6	7
Direct technical account result	**33**	**21**	**26**	**-18**	**0**	**-11**	**77**	**50**	**42**	**50**	**-169**	**-96**	**59**	**0**	**-47**	**-12**
Reinsurance results and other items	-10	-14	-12	36	15	28	-57	-44	-27	-28	89	-2	-57	-8	12	1
Overall technical account result	**23**	**7**	**14**	**18**	**15**	**17**	**20**	**6**	**15**	**22**	**-80**	**-98**	**3**	**-8**	**-35**	**-11**
Annual % changes in premiums	n.a.	7.9%	24.0%	15.5%	2.1%	-6.1%	-11.1%	4.1%	6.4%	11.6%	1.3%	-6.5%	10.9%	2.8%	-16.9%	1.3%
Combined ratio	**93.0%**	**94.9%**	**93.3%**	**117.3%**	**106.0%**	**109.4%**	**75.7%**	**78.6%**	**84.6%**	**85.6%**	**157.2%**	**134.1%**	**75.5%**	**94.2%**	**162.6%**	**116.7%**
– Expense ratio:	26.1%	28.6%	25.5%	26.3%	27.6%	29.3%	32.3%	34.6%	33.7%	33.3%	34.4%	36.3%	35.9%	33.3%	30.8%	27.3%
– Commissions/Gross written premiums	11.5%	11.0%	11.7%	11.0%	11.7%	12.5%	12.5%	13.1%	13.7%	13.6%	14.1%	13.5%	13.5%	15.0%	9.5%	8.1%
– Other acquisition costs/ Gross written premiums	9.7%	9.8%	7.4%	8.2%	9.9%	10.4%	11.4%	13.2%	11.1%	11.9%	13.0%	15.2%	13.2%	6.3%	12.3%	11.1%
– Other administration costs/ Gross written premiums	5.0%	7.9%	6.4%	7.1%	5.9%	6.5%	8.3%	8.3%	8.9%	7.9%	7.2%	7.6%	9.2%	12.0%	9.1%	8.1%
– Loss ratio:	66.9%	66.3%	67.8%	91.0%	78.4%	80.1%	43.4%	44.0%	50.9%	52.3%	122.8%	97.8%	39.6%	61.0%	131.8%	89.4%
– Loss ratio for the current accident year	104.5%	105.5%	100.5%	111.5%	92.7%	99.6%	73.4%	72.5%	68.8%	66.6%	143.5%	113.1%	55.2%	74.0%	145.7%	98.3%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	37.6%	39.2%	32.6%	20.5%	14.3%	19.4%	30.0%	28.5%	17.9%	14.3%	20.7%	15.3%	15.7%	13.0%	13.9%	8.9%
Technical balance/Earned premiums	**4.5%**	**3.2%**	**4.4%**	**-20.3%**	**-5.3%**	**-9.1%**	**21.3%**	**12.8%**	**10.4%**	**10.5%**	**-73.3%**	**-36.6%**	**16.1%**	**-1.7%**	**-75.1%**	**-24.3%**
Technical account result/Earned premiums	**17.1%**	**9.8%**	**10.3%**	**-6.2%**	**0.0%**	**-3.6%**	**27.6%**	**18.0%**	**14.5%**	**15.3%**	**-68.5%**	**-29.1%**	**17.9%**	**-0.2%**	**-66.8%**	**-15.5%**
Overall technical account result/ Earned premiums	**12.2%**	**3.1%**	**5.4%**	**6.3%**	**4.4%**	**5.4%**	**7.0%**	**2.2%**	**5.1%**	**6.5%**	**-32.4%**	**-29.8%**	**0.8%**	**-4.4%**	**-49.2%**	**-14.4%**
Premiums to total non-life premiums ratio (%)	*0.8%*	*0.8%*	*1.0%*	*1.1%*	*1.0%*	*0.9%*	*0.8%*	*0.8%*	*0.8%*	*0.9%*	*0.9%*	*0.9%*	*1.0%*	*0.6%*	*0.2%*	*0.3%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand
Provisional data for 2013

Class 15 – Suretyship
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	524	459	433	483	505	486	438	453	463	491	498	480	456	464	388	379
Changes in premium reserves (-)	113	38	2	18	-1	34	24	13	-1	27	18	-7	13	15	-20	-28
Incurred claims (-):	151	137	168	213	254	397	247	221	228	279	289	274	203	231	249	276
– incurred claims cost for the current accident year (-)	163	172	197	202	270	419	264	247	259	291	279	320	272	293	282	291
– excess/shortfall of reserves for those claims incurred in previous accident years	12	35	29	-11	16	22	17	26	31	12	-10	46	68	62	33	15
Balance of other technical items	-32	-29	-30	-33	-40	-26	-25	-35	-31	-33	-34	-33	-35	-31	-49	-35
Operating expenses (-):	153	135	127	139	152	145	139	140	146	161	165	160	145	149	125	123
– commissions	86	73	71	77	86	81	75	79	81	87	88	87	81	82	68	67
– other acquisition costs	25	22	21	23	22	22	23	23	28	32	35	35	33	34	29	30
– other administration costs	42	40	35	39	44	42	41	38	37	42	42	38	31	33	28	26
Direct technical balance	**75**	**120**	**106**	**80**	**60**	**-116**	**3**	**44**	**59**	**-9**	**-8**	**20**	**59**	**38**	**-16**	**-27**
Investment income	31	25	26	21	19	25	25	28	24	28	12	36	13	9	22	17
Direct technical account result	**106**	**145**	**132**	**101**	**79**	**-91**	**28**	**72**	**83**	**19**	**4**	**56**	**73**	**47**	**6**	**-9**
Reinsurance results and other items	-20	-56	-34	-7	-2	104	-6	-32	-29	11	15	-35	-30	-2	19	14
Overall technical account result	**86**	**89**	**98**	**94**	**77**	**13**	**22**	**40**	**54**	**30**	**19**	**21**	**43**	**45**	**25**	**4**
Annual % changes in premiums	n.a.	-12.4%	-5.7%	11.6%	4.6%	-3.9%	-9.9%	3.4%	2.1%	6.0%	1.5%	-3.6%	0.6%	1.7%	-6.3%	-2.1%
Combined ratio	**66.0%**	**61.9%**	**68.2%**	**74.5%**	**80.1%**	**117.7%**	**91.4%**	**81.2%**	**80.6%**	**92.8%**	**93.4%**	**89.5%**	**77.8%**	**83.7%**	**93.5%**	**100.2%**
– Expense ratio:	29.2%	29.4%	29.3%	28.7%	30.0%	29.9%	31.7%	31.0%	31.5%	32.8%	33.2%	33.3%	31.9%	32.1%	32.3%	32.5%
– Commissions/Gross written premiums	16.4%	15.9%	16.4%	16.0%	16.9%	16.6%	17.1%	17.5%	17.5%	17.6%	17.7%	18.0%	17.7%	17.7%	17.5%	17.6%
– Other acquisition costs/ Gross written premiums	4.7%	4.9%	4.9%	4.6%	4.5%	4.7%	5.4%	5.2%	6.1%	6.5%	7.0%	7.3%	7.3%	7.3%	7.4%	7.9%
– Other administration costs/ Gross written premiums	8.1%	8.6%	8.0%	8.1%	8.6%	8.6%	9.3%	8.3%	7.9%	8.6%	8.4%	7.9%	6.8%	7.1%	7.3%	7.0%
– Loss ratio:	36.8%	32.5%	38.9%	45.8%	50.0%	87.8%	59.6%	50.2%	49.1%	60.1%	60.2%	56.3%	45.9%	51.5%	61.2%	67.7%
– Loss ratio for the current accident year	39.6%	40.9%	45.7%	43.5%	53.4%	92.8%	63.6%	56.2%	55.9%	62.7%	58.1%	65.8%	61.3%	65.3%	69.2%	71.5%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	2.8%	8.4%	6.9%	-2.3%	3.3%	5.0%	4.0%	6.0%	6.8%	2.6%	-2.1%	9.6%	15.4%	13.8%	8.0%	3.8%
Technical balance/Earned premiums	**18.1%**	**28.5%**	**24.5%**	**17.1%**	**11.8%**	**-25.7%**	**0.6%**	**9.9%**	**12.6%**	**-1.9%**	**-1.7%**	**4.2%**	**13.4%**	**8.4%**	**-3.8%**	**-6.6%**
Technical account result/Earned premiums	**25.8%**	**34.5%**	**30.7%**	**21.6%**	**15.5%**	**-20.2%**	**6.7%**	**16.4%**	**17.9%**	**4.2%**	**0.8%**	**11.6%**	**16.4%**	**10.4%**	**1.6%**	**-2.3%**
Overall technical account result/ Earned premiums	**20.8%**	**21.1%**	**22.8%**	**20.3%**	**15.3%**	**2.9%**	**5.4%**	**9.1%**	**11.6%**	**6.4%**	**3.9%**	**4.3%**	**9.7%**	**10.0%**	**6.2%**	**1.1%**
Premiums to total non-life premiums ratio (%)	*2.1%*	*1.7%*	*1.6%*	*1.6%*	*1.6%*	*1.4%*	*1.2%*	*1.2%*	*1.2%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.1%*	*1.1%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand
Provisional data for 2013

Class 16 – Miscellaneous financial loss
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	138	151	163	175	235	275	334	420	488	571	640	608	481	524	460	457
Changes in premium reserves (-)	11	7	19	7	29	36	62	82	100	105	106	62	-42	1	-26	-8
Incurred claims (-):	59	85	202	88	86	126	93	163	315	203	458	220	266	235	290	249
– incurred claims cost for the current accident year (-)	68	88	197	99	103	151	128	172	342	224	461	298	291	259	281	247
– excess/shortfall of reserves for those claims incurred in previous accident years	9	3	-5	11	17	25	35	9	27	21	3	78	25	24	-9	-2
Balance of other technical items	-2	0	-4	-2	-5	-9	-4	-5	-7	-4	-13	-15	-14	-3	-3	-10
Operating expenses (-):	51	56	53	56	71	79	98	134	167	216	259	237	217	235	201	197
– commissions	33	39	37	38	49	53	69	101	128	167	199	182	172	182	151	145
– other acquisition costs	7	7	6	9	11	13	15	17	19	23	31	26	20	23	23	23
– other administration costs	11	10	10	9	11	13	14	16	20	26	29	29	25	30	28	30
Direct technical balance	**15**	**3**	**-115**	**22**	**44**	**25**	**77**	**36**	**-101**	**43**	**-196**	**74**	**25**	**50**	**-8**	**8**
Investment income	5	4	6	7	6	8	9	11	13	15	8	26	14	6	32	19
Direct technical account result	**20**	**7**	**-109**	**29**	**50**	**33**	**86**	**47**	**-88**	**58**	**-188**	**100**	**39**	**56**	**24**	**27**
Reinsurance results and other items	11	19	111	1	-14	4	-40	-13	125	-9	144	-61	-19	7	11	12
Overall technical account result	**31**	**26**	**2**	**30**	**36**	**37**	**46**	**34**	**37**	**49**	**-44**	**39**	**20**	**63**	**35**	**39**
Annual % changes in premiums	n.a.	8.8%	8.0%	7.6%	34.2%	17.0%	21.7%	25.7%	16.1%	17.0%	12.1%	-5.1%	-14.7%	9.0%	-10.6%	-1.3%
Combined ratio	**83.1%**	**96.4%**	**173.9%**	**84.3%**	**71.9%**	**81.8%**	**63.6%**	**80.1%**	**115.2%**	**81.5%**	**126.1%**	**79.4%**	**96.1%**	**89.8%**	**103.4%**	**96.8%**
– Expense ratio:	36.5%	37.3%	32.6%	32.2%	30.4%	28.9%	29.4%	31.9%	34.1%	37.9%	40.5%	39.0%	45.2%	44.9%	43.7%	43.2%
– Commissions/Gross written premiums	24.0%	26.0%	22.7%	21.6%	20.9%	19.4%	20.8%	24.0%	26.0%	29.3%	31.1%	29.9%	35.8%	34.7%	32.7%	31.7%
– Other acquisition costs/ Gross written premiums	5.1%	4.6%	4.0%	5.2%	4.8%	4.9%	4.5%	4.1%	4.0%	4.0%	4.8%	4.3%	4.3%	4.5%	5.0%	4.9%
– Other administration costs/ Gross written premiums	7.4%	6.7%	5.9%	5.4%	4.7%	4.6%	4.1%	3.7%	4.2%	4.6%	4.6%	4.8%	5.1%	5.7%	6.0%	6.5%
– Loss ratio:	46.5%	59.1%	141.3%	52.1%	41.5%	52.9%	34.2%	48.2%	81.0%	43.6%	85.6%	40.4%	50.9%	44.9%	59.7%	53.5%
– Loss ratio for the current accident year	53.2%	60.9%	137.7%	58.8%	49.9%	63.3%	47.0%	50.7%	87.9%	48.1%	86.2%	54.7%	55.7%	49.6%	57.9%	53.2%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	6.6%	1.8%	-3.6%	6.8%	8.4%	10.5%	12.8%	2.5%	6.9%	4.4%	0.6%	14.3%	4.7%	4.7%	-1.8%	-0.4%
Technical balance/Earned premiums	**12.0%**	**1.9%**	**-80.3%**	**13.3%**	**21.5%**	**10.5%**	**28.2%**	**10.6%**	**-26.0%**	**9.3%**	**-36.7%**	**13.6%**	**4.8%**	**9.5%**	**-1.6%**	**1.7%**
Technical account result/Earned premiums	**16.0%**	**4.7%**	**-75.8%**	**17.3%**	**24.2%**	**13.8%**	**31.6%**	**13.9%**	**-22.7%**	**12.5%**	**-35.2%**	**18.4%**	**7.5%**	**10.8%**	**4.9%**	**5.8%**
Overall technical account result/ Earned premiums	**24.6%**	**18.0%**	**1.4%**	**17.6%**	**17.4%**	**15.3%**	**16.8%**	**9.9%**	**9.5%**	**10.5%**	**-8.2%**	**7.2%**	**3.8%**	**12.0%**	**7.2%**	**8.5%**
Premiums to total non-life premiums ratio (%)	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.7%*	*0.8%*	*0.9%*	*1.2%*	*1.3%*	*1.5%*	*1.7%*	*1.7%*	*1.4%*	*1.4%*	*1.3%*	*1.4%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

Class 17 – Legal expenses
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	98	110	126	144	164	184	205	228	253	278	286	296	289	301	278	291
Changes in premium reserves (-)	4	7	7	7	7	9	8	10	9	9	4	6	1	6	3	4
Incurred claims (-):	31	31	31	38	52	57	68	67	76	94	96	115	122	114	104	99
– incurred claims cost for the current accident year (-)	35	35	38	41	45	55	64	68	73	80	84	100	94	99	92	92
– excess/shortfall of reserves for those claims incurred in previous accident years	4	4	7	3	-7	-2	-4	1	-3	-14	-12	-15	-29	-15	-13	-8
Balance of other technical items	0	0	-1	-2	-3	-3	-3	-5	-4	-5	-5	-6	-7	-5	-5	-9
Operating expenses (-):	43	46	52	56	64	71	81	86	95	105	110	116	113	115	97	104
– commissions	24	26	30	33	38	42	48	53	59	66	67	72	69	73	65	70
– other acquisition costs	9	8	10	11	12	13	16	16	17	18	21	20	21	20	16	16
– other administration costs	10	12	12	12	14	16	17	17	19	21	22	24	23	22	16	17
Direct technical balance	**20**	**26**	**35**	**41**	**38**	**44**	**45**	**60**	**69**	**65**	**71**	**53**	**46**	**61**	**70**	**74**
Investment income	5	4	5	5	5	6	7	8	7	11	4	16	7	4	15	10
Direct technical account result	**25**	**30**	**40**	**46**	**43**	**50**	**52**	**68**	**76**	**76**	**75**	**69**	**53**	**65**	**85**	**84**
Reinsurance results and other items	-1	-1	-1	-1	0	-4	3	-6	-5	-8	-3	-5	1	3	-9	-10
Overall technical account result	**24**	**29**	**39**	**45**	**43**	**46**	**55**	**62**	**71**	**68**	**72**	**64**	**55**	**68**	**76**	**73**
Annual % changes in premiums	n.a.	12.3%	14.2%	13.8%	14.4%	11.8%	11.7%	11.3%	11.0%	9.6%	2.9%	3.7%	2.3%	4.1%	2.6%	5.0%
Combined ratio	**76.3%**	**71.5%**	**67.1%**	**66.6%**	**71.8%**	**71.1%**	**73.9%**	**68.7%**	**68.6%**	**72.8%**	**72.5%**	**78.6%**	**81.6%**	**76.7%**	**72.7%**	**70.3%**
– Expense ratio:	43.5%	41.8%	41.3%	38.9%	38.7%	38.6%	39.5%	37.8%	37.4%	37.9%	38.5%	39.0%	39.1%	38.1%	34.9%	35.6%
– Commissions/Gross written premiums	23.9%	23.5%	23.6%	23.1%	23.0%	22.7%	23.3%	23.1%	23.2%	23.8%	23.8%	24.3%	23.8%	24.1%	23.4%	24.1%
– Other acquisition costs/ Gross written premiums	9.4%	7.7%	8.0%	7.7%	7.3%	7.3%	7.8%	7.1%	6.8%	6.4%	7.2%	6.7%	7.3%	6.6%	5.7%	5.7%
– Other administration costs/ Gross written premiums	10.3%	10.6%	9.7%	8.1%	8.4%	8.7%	8.4%	7.6%	7.4%	7.7%	7.5%	8.0%	7.9%	7.4%	5.8%	5.9%
– Loss ratio:	32.8%	29.6%	25.7%	27.7%	33.1%	32.4%	34.4%	30.9%	31.2%	34.9%	34.0%	39.6%	42.5%	38.6%	37.8%	34.7%
– Loss ratio for the current accident year	37.1%	33.9%	31.9%	29.8%	28.9%	31.4%	32.4%	31.4%	29.8%	29.6%	29.9%	34.5%	32.5%	33.5%	33.2%	32.0%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	4.3%	4.3%	6.2%	2.1%	-4.2%	-1.0%	-2.0%	0.4%	-1.4%	-5.3%	-4.1%	-5.1%	-10.0%	-5.1%	-4.7%	-2.7%
Technical balance/Earned premiums	**20.9%**	**24.8%**	**29.2%**	**29.6%**	**24.1%**	**25.2%**	**23.1%**	**27.7%**	**28.1%**	**24.3%**	**25.1%**	**18.3%**	**16.0%**	**20.6%**	**25.3%**	**25.9%**
Technical account result/Earned premiums	**27.0%**	**29.2%**	**33.5%**	**33.4%**	**27.6%**	**28.6%**	**26.6%**	**31.0%**	**31.2%**	**28.1%**	**26.5%**	**23.9%**	**18.5%**	**22.1%**	**30.7%**	**29.3%**
Overall technical account result/ Earned premiums	**25.0%**	**27.8%**	**32.8%**	**32.7%**	**27.2%**	**26.6%**	**27.7%**	**28.2%**	**29.2%**	**25.4%**	**25.5%**	**22.1%**	**19.0%**	**22.9%**	**27.4%**	**25.6%**
Premiums to total non-life premiums ratio (%)	*0.4%*	*0.4%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.6%*	*0.6%*	*0.7%*	*0.7%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.9%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand
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Class 18 – Assistance
Euro million

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross written premiums	176	183	203	215	240	257	286	324	351	377	408	427	415	445	473	505
Changes in premium reserves (-)	11	2	5	3	5	5	5	14	12	9	10	10	9	14	11	9
Incurred claims (-):	67	67	73	75	93	96	99	104	121	125	131	139	131	127	135	138
– incurred claims cost for the current accident year (-)	69	68	73	78	87	98	102	110	122	128	132	137	128	131	136	145
– excess/shortfall of reserves for those claims incurred in previous accident years	2	1	0	3	-6	2	3	6	0	3	1	-2	-3	4	1	8
Balance of other technical items	-2	-6	-2	-2	-2	-2	-4	-4	-3	-6	-3	-5	-8	-6	-8	-7
Operating expenses (-):	53	61	63	67	75	80	88	105	115	132	151	149	144	152	159	168
– commissions	30	32	36	40	46	47	57	71	78	89	97	105	98	104	107	114
– other acquisition costs	11	12	10	12	12	14	14	16	18	20	28	20	22	23	25	27
– other administration costs	12	17	17	15	17	19	17	18	19	23	26	24	24	25	26	27
Direct technical balance	**43**	**47**	**60**	**68**	**65**	**74**	**90**	**97**	**100**	**105**	**113**	**124**	**122**	**146**	**159**	**182**
Investment income	3	2	3	2	2	2	4	3	3	3	1	6	2	1	6	5
Direct technical account result	**46**	**49**	**63**	**70**	**67**	**76**	**94**	**100**	**103**	**108**	**114**	**130**	**124**	**147**	**165**	**187**
Reinsurance results and other items	-10	-13	-16	-18	-16	-18	-17	-17	-25	-26	-34	-29	-31	-34	-38	-43
Overall technical account result	**36**	**36**	**47**	**52**	**51**	**58**	**77**	**83**	**78**	**82**	**80**	**101**	**93**	**113**	**128**	**143**
Annual % changes in premiums	n.a.	3.6%	11.3%	5.6%	11.9%	7.0%	11.2%	13.2%	8.4%	7.5%	8.3%	4.6%	5.4%	7.4%	6.2%	7.3%
Combined ratio	**70.2%**	**70.3%**	**67.5%**	**66.6%**	**70.7%**	**69.2%**	**66.1%**	**66.0%**	**68.5%**	**69.2%**	**70.1%**	**68.2%**	**67.1%**	**63.6%**	**62.9%**	**61.1%**
– Expense ratio:	30.0%	33.5%	31.0%	31.4%	31.4%	31.2%	30.9%	32.3%	32.8%	35.1%	37.1%	34.8%	34.8%	34.1%	33.6%	33.3%
– Commissions/Gross written premiums	17.3%	17.7%	17.6%	18.8%	19.4%	18.5%	19.9%	21.8%	22.2%	23.7%	24.0%	24.6%	23.7%	23.3%	22.7%	22.7%
– Other acquisition costs/ Gross written premiums	6.0%	6.3%	5.1%	5.5%	4.9%	5.4%	5.0%	4.9%	5.3%	5.3%	6.8%	4.7%	5.4%	5.2%	5.4%	5.4%
– Other administration costs/ Gross written premiums	6.7%	9.5%	8.3%	7.1%	7.1%	7.3%	5.9%	5.7%	5.4%	6.1%	6.4%	5.5%	5.7%	5.5%	5.5%	5.3%
– Loss ratio:	40.3%	36.8%	36.5%	35.2%	39.3%	37.9%	35.2%	33.7%	35.7%	34.1%	33.0%	33.4%	32.4%	29.5%	29.3%	27.8%
– Loss ratio for the current accident year	41.5%	37.5%	36.8%	36.9%	37.1%	38.8%	36.2%	35.7%	35.9%	34.8%	33.2%	32.8%	31.7%	30.3%	29.5%	29.3%
– Excess/Shortfall of reserves for previous years claims/Earned premiums	1.2%	0.7%	0.3%	1.7%	-2.2%	0.9%	1.0%	2.1%	0.2%	0.7%	0.2%	-0.6%	-0.7%	0.8%	0.2%	1.5%
Technical balance/Earned premiums	**25.8%**	**26.1%**	**30.3%**	**31.9%**	**27.5%**	**29.2%**	**32.1%**	**31.5%**	**29.5%**	**28.7%**	**28.3%**	**29.8%**	**30.1%**	**33.8%**	**34.6%**	**36.8%**
Technical account result/Earned premiums	**27.5%**	**27.3%**	**31.5%**	**32.9%**	**28.3%**	**30.3%**	**33.3%**	**32.4%**	**30.4%**	**29.5%**	**28.7%**	**31.2%**	**30.6%**	**34.0%**	**35.8%**	**37.7%**
Overall technical account result/ Earned premiums	**21.7%**	**19.8%**	**23.8%**	**24.5%**	**21.5%**	**22.8%**	**27.3%**	**26.9%**	**22.9%**	**22.4%**	**20.0%**	**24.1%**	**23.0%**	**26.3%**	**27.7%**	**28.9%**
Premiums to total non-life premiums ratio (%)	*0.7%*	*0.7%*	*0.7%*	*0.7%*	*0.7%*	*0.8%*	*0.8%*	*0.9%*	*0.9%*	*1.0%*	*1.1%*	*1.2%*	*1.2%*	*1.2%*	*1.3%*	*1.5%*

The changes (%) were calculated in homogeneous terms
Indexes and changes (%) are calculated on data in Euro thousand

Provisional data for 2013

The data published cover all insurance companies registered in Italy, branch offices of foreign companies registered in non-EU countries and branch offices of foreign companies that write reinsurance business only.

2013/2014 figures are provisional

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