

ITALIAN INSURANCE
IN FIGURES

Year 2015

Ania

Associazione Nazionale
fra le Imprese Assicuratrici

The Italian insurance industry gives a significant contribution to the economy and to the society, offering a wide range of services aiming at risk protection: from motor liability to property protection insurance for damage to property (house, industrial activities) or damage caused by third parties (general liability), from welfare products to life insurance covers.

By doing this, the insurance industry helps individuals, families and companies to manage risks and to recoup financial losses in the event of damage. Overall the industry employs about 300 thousand people.

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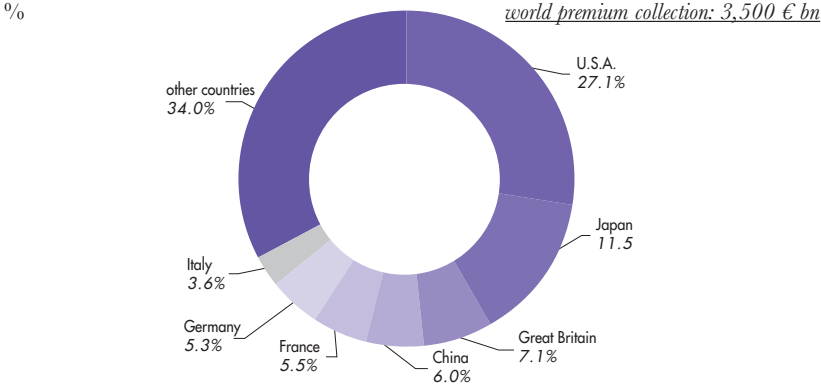
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The figures published have been collected using balance sheets of national companies and branches of foreign companies with registered offices in the European Economic Area; for the year 2014 data are estimates and thus shall be considered provisional. Figures indicating I.d.b. refer to the Italian direct business.

THE INSURANCE INDUSTRY WORLDWIDE

Italy ranks fourth in Europe and seventh in the world for premium collection, with 3.6% of market share.

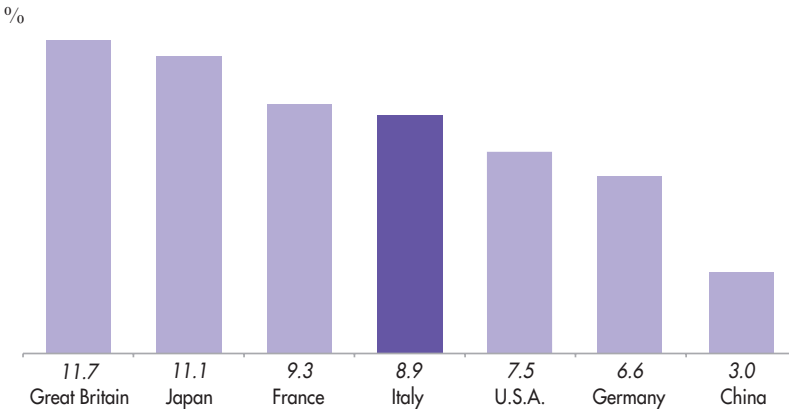
Distribution of world premiums collected per country, year 2013



Source: Swiss Re, Sigma n° 3/2014 - 2013 data

In 2014, Italy registered a ratio of premiums (non-life and life) to gross domestic product (GDP) equal to 8.9%. The increase compared to 2013 (7.4%) is essentially due to the growth in life premium (+30%).

Non-life and life premiums to Gross Domestic Product

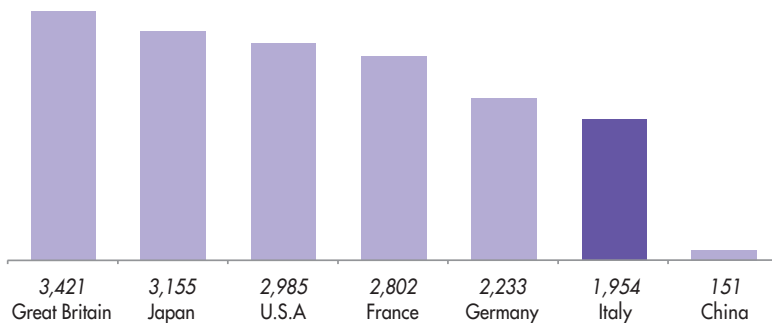


Source: Insurance Europe and Eurostat - provisional data: 2014 for European countries (2013 for Great Britain); Swiss Re, Sigma n° 3/2014 - 2013 data for China, Japan and the U.S.A.

The average premium per inhabitant (non-life and life) in Italy is equal to 1,954 euros, lower than the one registered in the other main industrialized countries.

Premiums (non-life and life) per inhabitant, year 2013

€

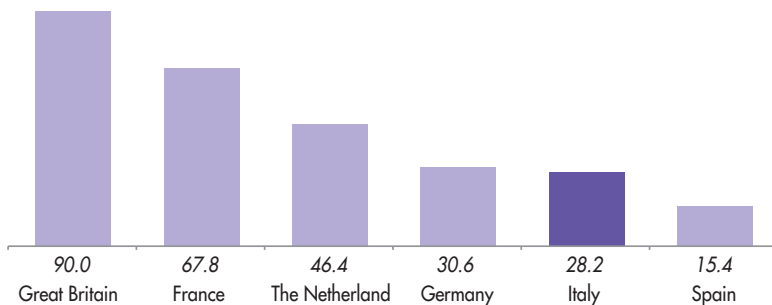


Source: *Swiss Re, Sigma n° 3/2014 - 2013 data*

The ratio of technical reserves to GDP places Italy fifth among the main European countries.

Life reserves to Gross Domestic Product, European comparison, year 2013

%



Source: *Insurance Europe - 2013 data; 2012 data for Great Britain.*

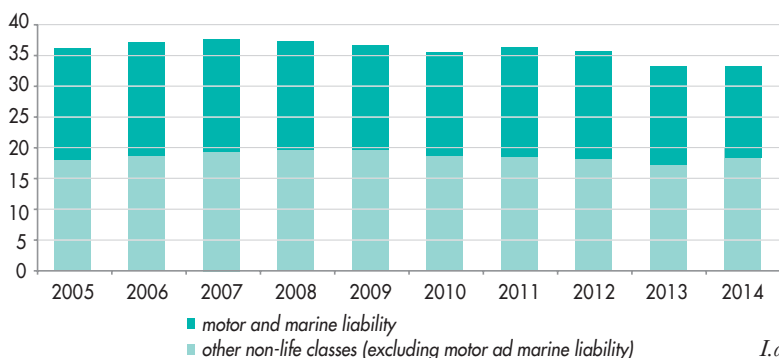
NON-LIFE INSURANCE

In 2014 **non-life Italian direct business (I.d.b.) premiums** were equal to 32.8 billion (-2.7% compared to 2013):

Non-life classes	direct premiums (€ bn)	market share (%)	change 2014/2013** (%)
motor and marine liability	15.2	46.4	-6.5
property*	5.1	15.5	2.5
accident and sickness	5.0	15.3	0.0
general T.P.L.	2.8	8.6	-0.6
land vehicles	2.4	7.3	-1.1
credit and suretyship	0.5	1.4	-2.3
transport*	0.4	1.4	-6.8
other non-life classes*	1.4	4.2	9.2
TOTAL	32.8	100.0	-2.7
EU branches***:			
motor and marine liability	0.8	18.0	-15.8
other non-life classes (excl. motor and marine liability)	3.7	82.0	4.7
Total	4.5	100.0	0.3

Italian non-life direct premiums per line of business, 2005-2014

€ bn



* Property includes fire and other property damage; transport includes railway rolling stock classes, aircraft, ships, goods in transit and motor liability; the other classes include financial loss, legal expenses and assistance.

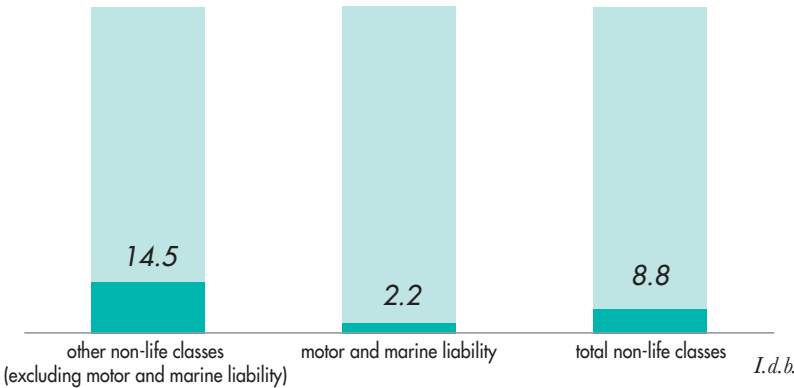
** Changes in percentage are calculated in homogeneous terms.

*** The figure refers only to branches of insurers with registered offices in the European Economic Area that provide data to ANIA and that represent 95% of the total.

The **ceded ratio** in the non-life classes, defined as the incidence of premiums ceded and retroceded in reinsurance on the total premiums collected (direct and indirect), was equal to 8.8% in 2014, distributed as follows:

Non-life ceded ratio (ceded and retroceded premiums/written premiums), year 2014

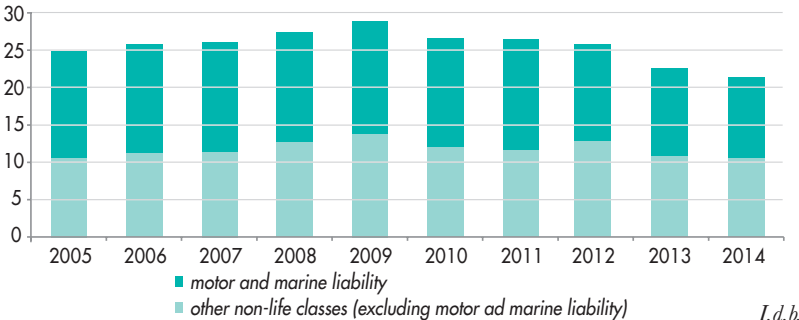
%



In 2014, **incurred claims cost**, representing costs for settlements, were equal to 21.2 billion, decreasing by 5.4% compared to 2013.

Non-life incurred claims cost, 2005-2014

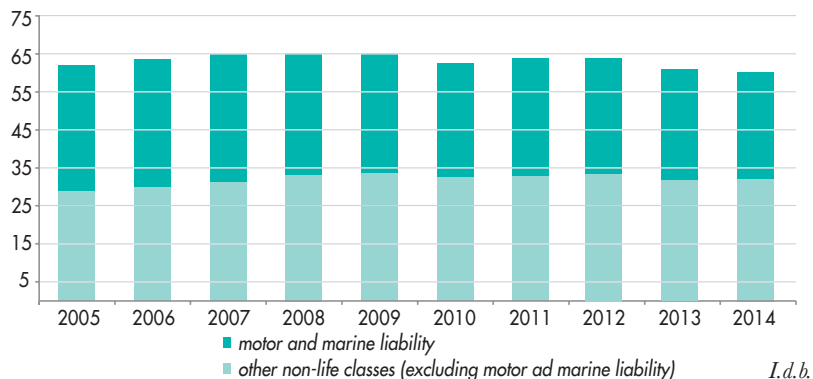
€ bn



Technical reserves (claims and premiums), decreasing compared to 2013, were equal to 60.0 billion in 2014. About 28 billion were relative to the motor and marine liability.

Non-life technical reserves*, 2005-2014

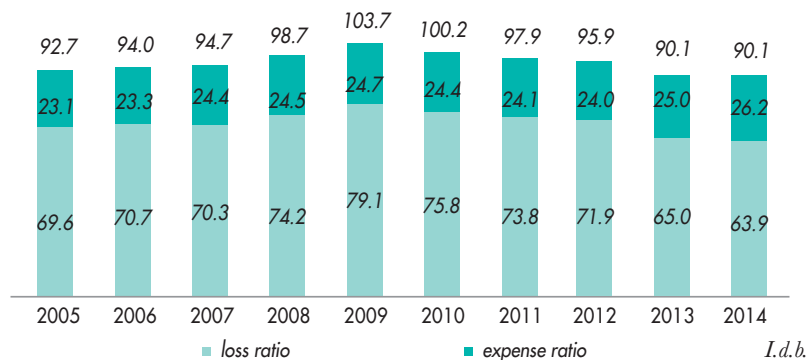
€ bn



The **combined ratio**, an indicator that compares claims cost and operating expenses to premiums, was equal to 90.1% in 2014 (as in 2013); the increase in the expenses ratio and the decrease of the loss ratio contributed to this result.

Non-life combined ratio (loss ratio + expense ratio), 2005-2014

%

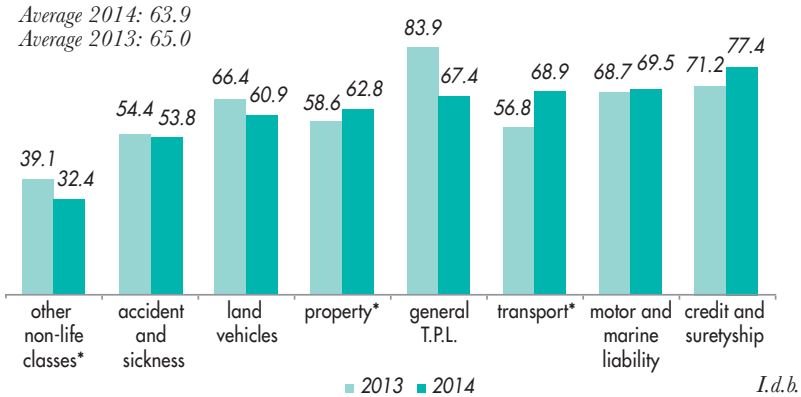


* Technical reserves include both unearned premiums reserve and claims reserves.

In 2014, the financial year's **loss ratio** of the total non-life business improved compared to 2013 (from 65.0% to 63.9%), even though in certain classes there was an impairment of the indicator: in particular for transport (from 56.8% to 68.9%), for motor and marine liability (from 68.7% to 69.5%), for property (from 58.6% to 62.8%), for credit and suretyship (from 71.2% to 77.4%).

Loss ratio (claims cost/earned premiums) non-life classes 2013-2014

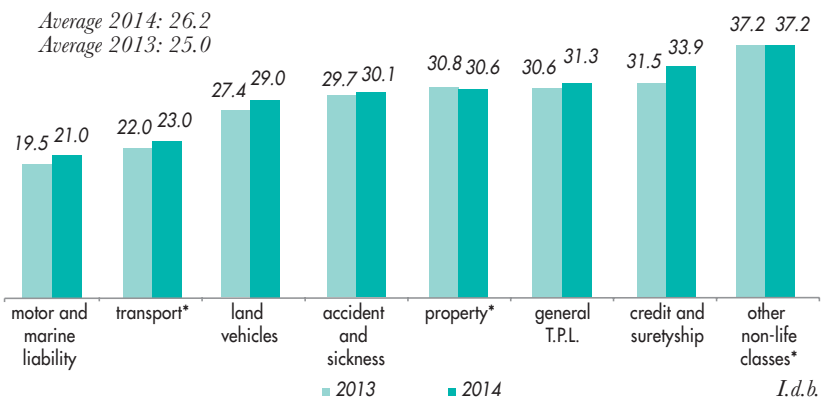
%



Generally, classes with a lower loss ratio register a higher **expense ratio** (operating expenses/written premiums).

Expense ratio (operating expenses/written premiums) non-life classes, 2013/2014

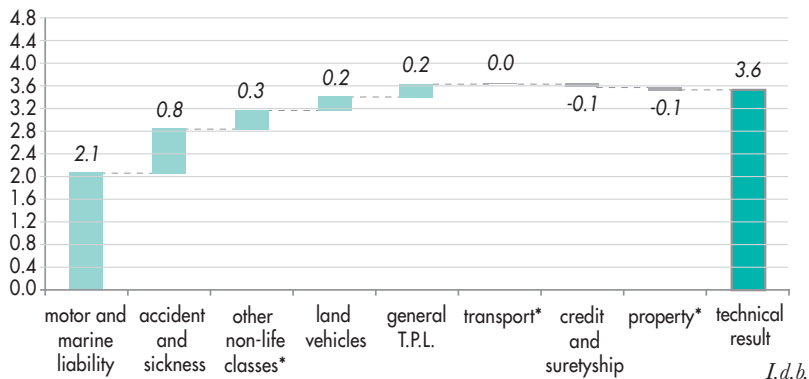
%



The overall non-life **technical result** was positive for 3.6 billion; in particular owing to the motor liability and marine liability class (2.1) and to the accident and sickness classes (0.8). The property, credit and suretyship results were negative (both for 0.1 billion).

Non-life insurance technical result breakdown, year 2014

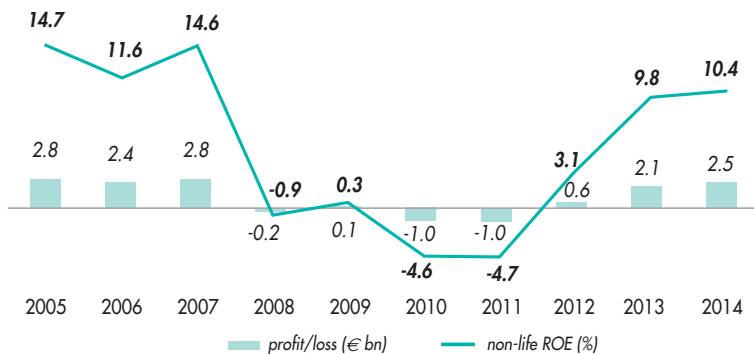
€ bn



Considering both the technical and the non-technical results, the non-life industry registered in 2014 a 2.5 billion return which determined a Return on Equity (**ROE**) positive and equal to 10.4% (9.8 in 2013).

Non-life net results and ROE, 2005-2014

€ bn, %



* Property includes fire and other property damage; transport includes railway rolling stock, aircraft, marine, goods in transit and motor liability; other classes include financial loss, legal expenses and assistance.

LIFE INSURANCE

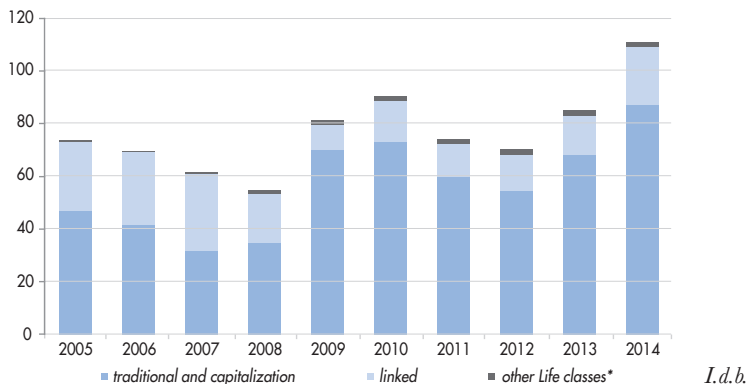
In 2014, **Italian life direct business (I.d.b.) premiums** were equal to 110.5 billion (+29.9% compared to 2013):

Life classes	direct premiums (€ bn)	market share (%)	change 2014/2013** (%)
class I - traditional	82.6	74.7	27.1
class III - linked	21.8	19.8	40.8
class V - capitalization	4.6	4.2	40.8
other life classes*	1.5	1.3	9.9
TOTAL	110.5	100.0	29.9
EU branches***:			
class III - linked	2.7	83.8	8.6
other life classes	0.5	16.2	17.4
Total	3.2	100.0	9.9

The increase in written premiums relative to Class I policies (traditional) was equal to 27.1% while Class III policies (linked) had a 40.8% increase (for a business volume of 21.8 billion). Class V policies (capitalization) collected 4.6 billion of premiums, increasing by 40.8%.

Domestic direct life business premiums, 2005-2014

€ bn



* Other classes include class IV – LTC and permanent health insurance and class VI – pension funds.

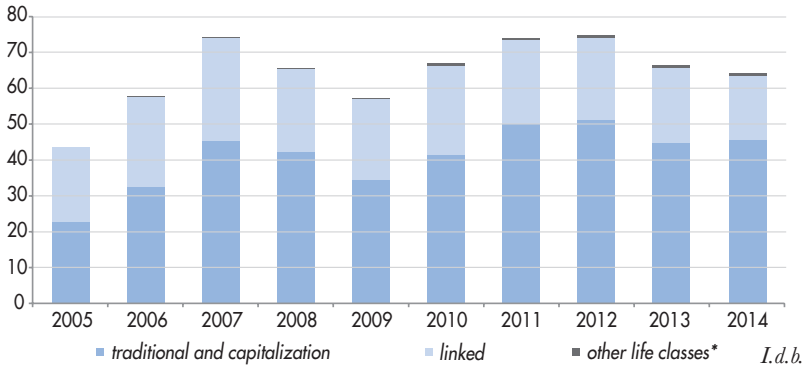
** Changes in percentage are calculated in homogeneous terms.

*** The figure refers only to branches of insurers with registered offices in the European Economic Area that provide data to ANIA and that represent 70% of the total.

In 2014, **incurred claims cost**, including the amounts paid and the changes in the provisions for amounts to be paid, were equal to 64.6 billion, decreasing by about 3% compared to 2013.

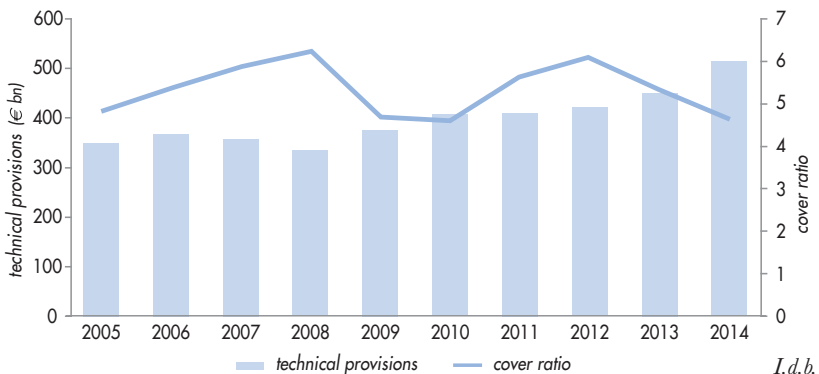
Life incurred claims cost, 2005-2014

€ bn



In 2014, the **technical provisions** were equal to 515 billion, increasing by 13.6% compared to 2013. In 2014, the cover ratio was equal to 4.7 (5.3 in 2013).

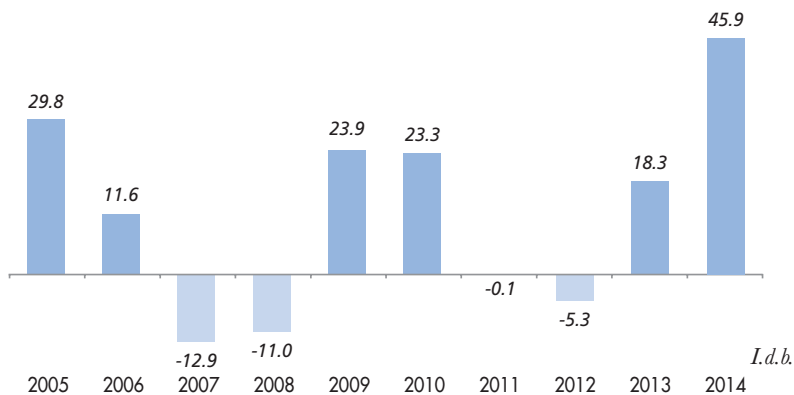
Life technical provisions and cover ratio, 2005-2014



The **net cash flow**, defined as the difference between premiums and incurred claims (amounts paid and changes in the provisions for amounts to be paid) was particularly positive in 2014 and equal to 45.9 billion (it was positive and equal to 18.3 billion in 2013).

Life net cash flow, 2005-2014

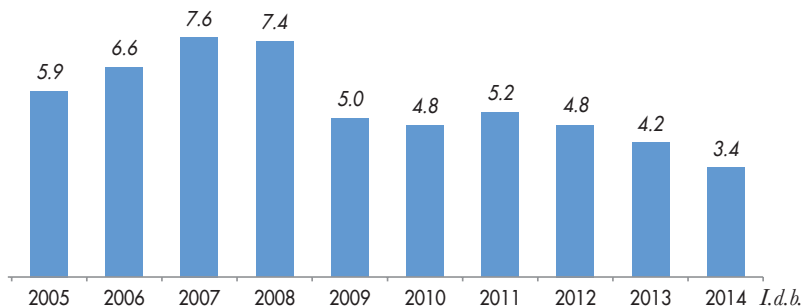
€ bn



The **life expense ratio** (the ratio between operating expenses and written premiums) was equal to 3.4% in 2014, in decrease compared to 4.8% in 2012 and 4.2% in 2013.

Life expense ratio (operating expenses/written premiums), 2005-2014

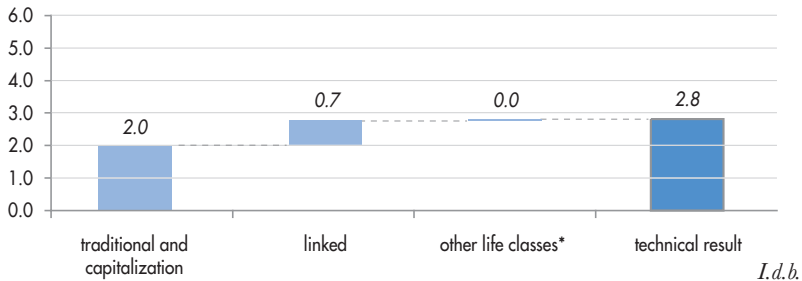
%



Overall, in 2014 the life sector recorded a positive **technical account result** equal to 2.8 billion. The positive result of the traditional and capitalisation policies was the main factor contributing to this positive result.

Life technical result breakdown, year 2014

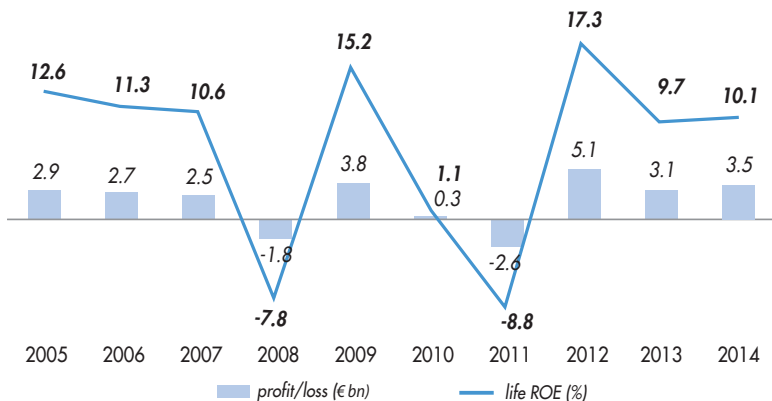
€ bn



Considering the technical and non-technical account results, in 2014 the life sector recorded a 3.5 billion profit determining a **ROE** equal to 10.1% (it was positive and equal to 9.7% in 2013).

Life net profit and ROE, 2005-2014

€ bn, %



* Other classes include class IV – LTC and permanent health insurance and class VI – pension funds.

BALANCE SHEET

In 2014, the **capital and reserves** were equal to 64.4 billion and increased by 0,8%. They amounted to 9% of the total liabilities.

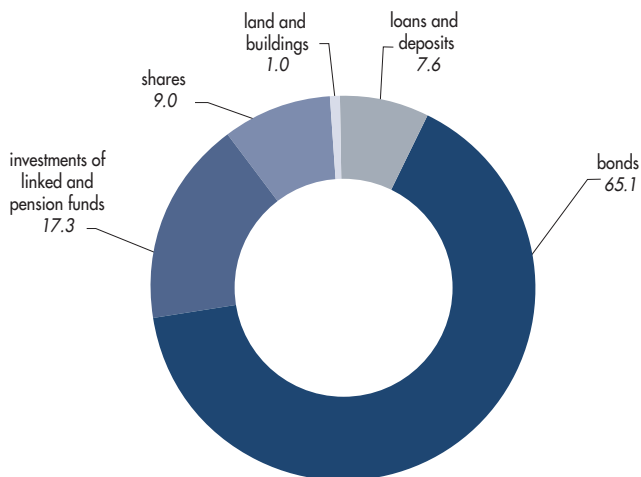
The **overall technical provisions** (direct and indirect, domestic and foreign business) were equal to 592 billion, increasing by 11.4% compared to 2013; **life provisions**, accounting for 75.1% of total liabilities, increased by 13.3%, while **non-life provisions** (claims reserves and unearned premiums reserves), accounting for 9%, decreased by over 2%.

The **investments** in the insurance sector were equal to 630 billion and account for 90% of total assets.

% investment breakdown, year 2014

%

total investments (non-life and life): 630 € bn

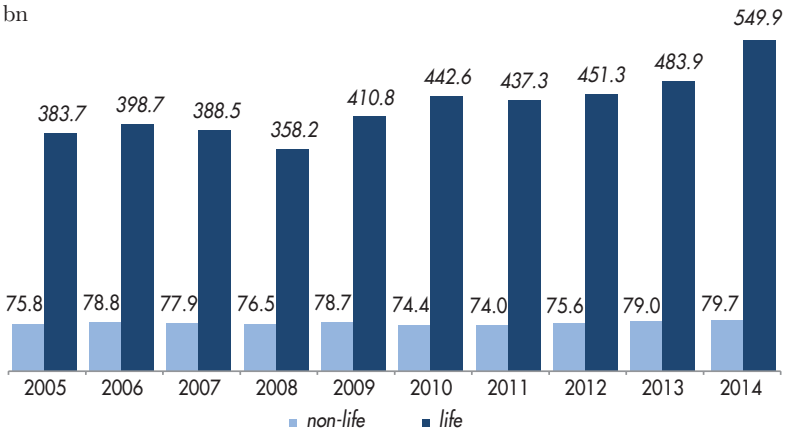


The main investment of the insurance sector is made up of bonds (over 65%).

The investments in the life sector, in the last three years, were six times as many as the investments in the non-life sector.

Non-life and life investments, 2005-2014

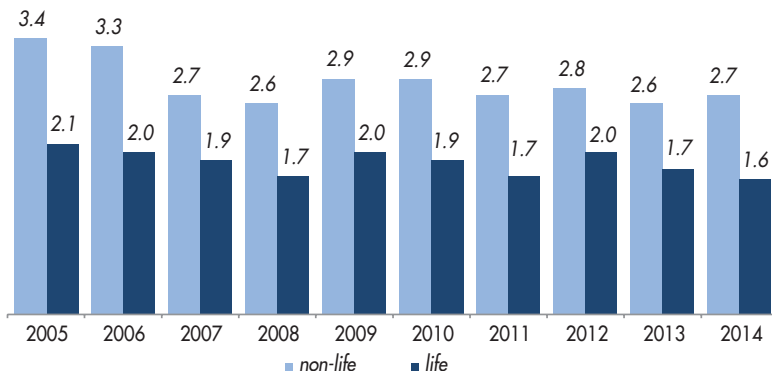
€ bn



At the end of 2014, the insurance companies had a **solvency margin** of 46.7 billion; the margin owned compared to the minimum to be owned (the so-called coverage ratio) was equal to 1.6 in the life sector and 2.7 in the non-life sector, in slight reduction compared to the previous year (2.6 in non-life and 1.7 in life).

Solvency - coverage ratio, 2005-2014

%

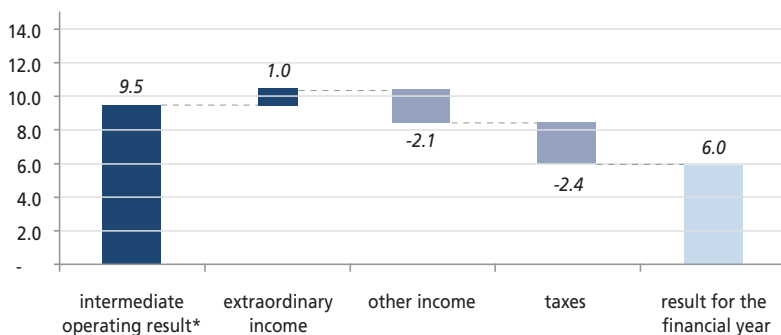


THE RESULT OF THE INSURANCE FINANCIAL YEAR

In 2014 the insurance sector recorded an overall profit (life and non-life) equal to 6 billion (5.2 billion of profit in 2013).

Breakdown of the result for the financial year of the insurance sector

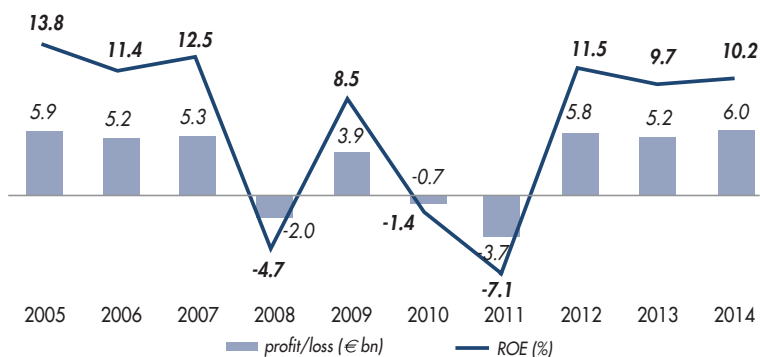
€ bn



Such result generated a **ROE** equal to 10.2% in 2014 (it was equal to 9.7% in 2013).

Result for the financial year and ROE, 2005-2014

€ bn, %



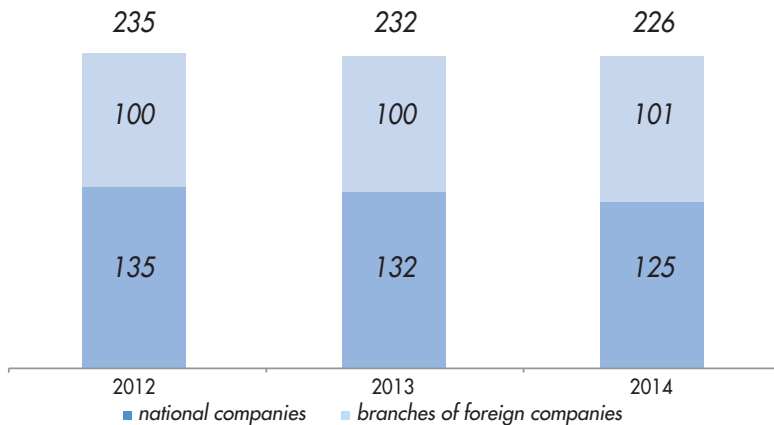
* The intermediate operating result includes the technical result of the insurance business and the net income from investments not related to the technical part of the balance.

THE ITALIAN INSURANCE COMPANIES AND THE HUMAN RESOURCES

At the end of 2014, **226 insurance companies** were operating in Italy, of which 125 had registered offices in Italy and 101 were legal representations of foreign companies (99 from EU-member States). 69 companies operated in the life sector (22 of which were representations) and 124 companies operated in the non-life sector (59 of which were representations); 26 companies operated in both life and non-life sectors and 7 operated only in reinsurance. At the end of 2014, 167 companies were ANIA members.

There were 999 companies operating in Italy in freedom of services, with registered offices in a EU member State.

Number of insurance companies operating in Italy, 2012-2014



As at 31 December 2014, there were **47,452 employees in the insurance sector**. This figure is the sum of:

- **42,199 units of administrative staff** (including about 4,000 employees of bodies controlled by insurance companies which apply the national insurance collective agreement and 1,252 executives);
- **5,253 canvassers**.

However, overall, the insurance sector employs approximately 300,000 people, including the sales network and product distribution staff.

In particular, according to the data coming from the Single Electronic Register of Insurance and Reinsurance Intermediaries, as at 31 December 2014, **244,235 units** were enrolled in the following sections:

Single Register for Intermediaries, 2012-2014

section	legal nature	2012	2013	2014
A (agents)	Natural person	26,987	26,331	25,533
	Legal Person	9,735	9,611	9,515
B (broker)	Natural person	3,663	3,822	4,015
	Legal Person	1,374	1,463	1,558
C (direct canvassers)	Natural person	14,050	8,563	7,252
D (banks, financial intermediaries, stock brokerage companies and Poste Italiane spa – Divisione servizi di bancoposta)	Legal Person	676	653	642
E (staff involved in mediation outside the premises of the intermediary registered in section A, B or D, for which they conduct business, including their employees and/or collaborators)	Natural person	175,430	180,706	183,488
	Legal Person	13,342	12,350	12,232
Attached list: (intermediaries having residence of registered office in another EEA member state)	Subject	7,513	8,022	7,833

Source: *Ivass*

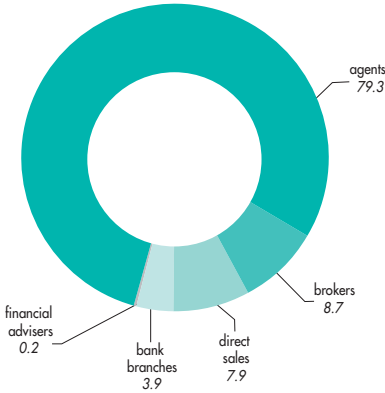
The Single Register for Intermediaries also includes a list concerning information on intermediaries – natural or legal persons – having residence or registered office in other EU member States or belonging to the European Economic Area allowed to take up insurance and reinsurance mediation activity in Italy in freedom of services or freedom of establishment. At the end of 2014, **7,833 EU intermediaries** were enrolled in this section of the Register (8,022 in 2013).

HOW CUSTOMERS PURCHASE AN INSURANCE COVER

In 2014, 79.3% of non-life policies were sold by agents; however, ANIA estimates that a considerable share, equal to 25.5% of premiums collected by agents, originated by brokers. Therefore, the agents' market share would drop to about 53.8%, while brokers would reach 34.2%.

Non-life distribution channels, year 2014

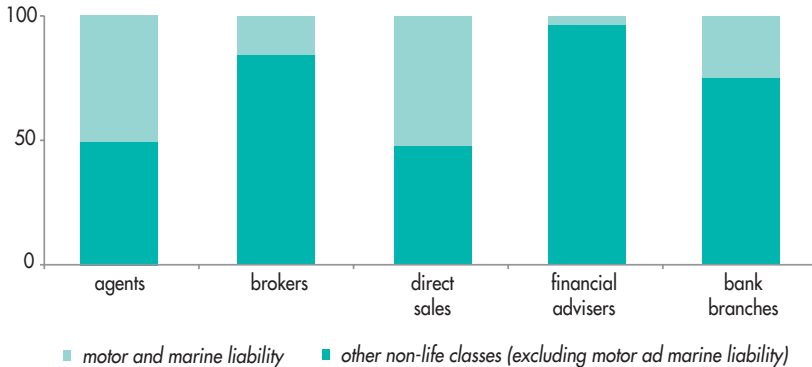
%



I.d.b.

Breakdown of non-life collection per sales channel, year 2014

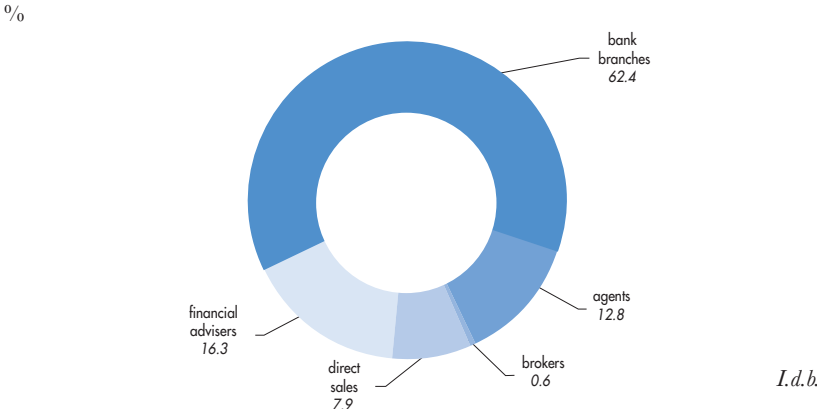
%



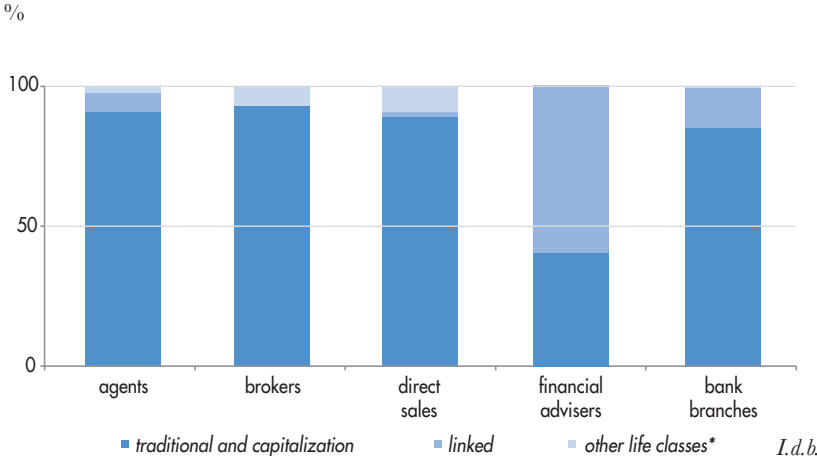
I.d.b.

In 2014, banks were still the main distribution channel for the life sector, recording a further increase in their market share (from 59.3% in 2013 to 62.4% in 2014). The second sales channel was represented by financial advisers who originated over 16% of the premiums written by the sector. Agents ranked third with a market share in slight decrease equal to 12.8%; direct sales (7.9%) and brokers (0.6%) were less used as distribution channels.

Life distribution channels, year 2014



Breakdown of life collection per sales channel, year 2014



* Other classes include class IV – LTC and permanent health insurance and class VI – pension funds.

ITALIAN INSURANCE IN FIGURES
Year 2015

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