

ITALIAN INSURANCE  
IN FIGURES

Year 2017

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 to 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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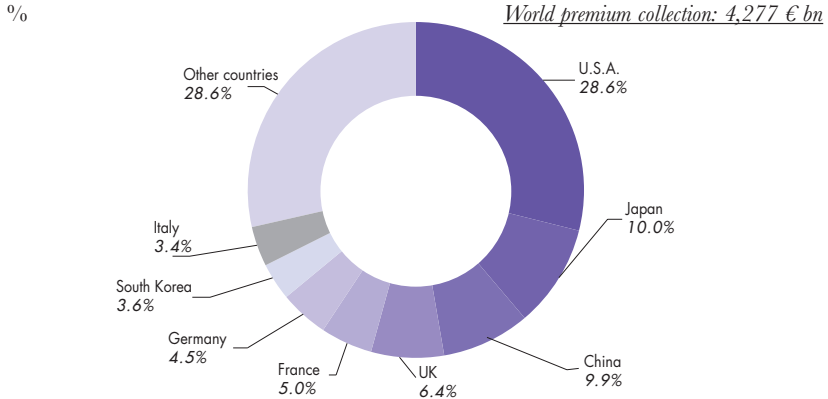
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The figures published have been collected using balance sheets of national companies and branches of foreign companies with registered offices in the European Economic Area; for the year 2016 data are estimates and thus shall be considered provisional. Figures indicating I.d.b. refer to the Italian direct business. The data shown in the brochure refer to local gaap balance sheets of Italian insurance companies except for data in the graph on “Solvency II ratio” at page 15.

# THE INSURANCE INDUSTRY WORLDWIDE

Italy ranks fourth in Europe and eighth in the world for premium collection, with 3.4% of market share (3.6% in 2015).

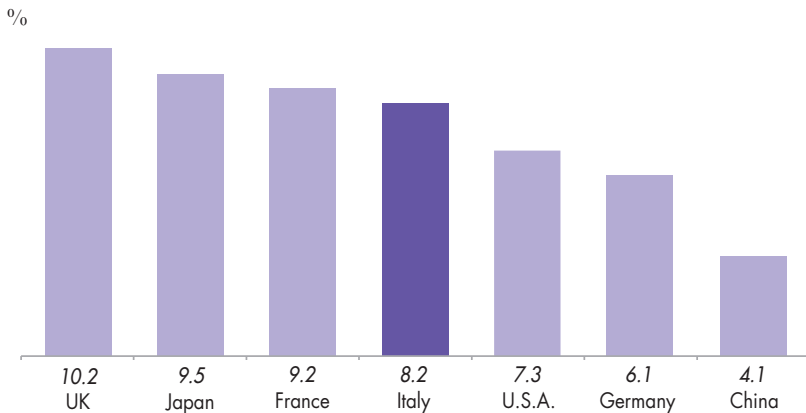
## Distribution of world premiums collected per country, year 2016



Source: Swiss Re, Sigma n° 3/2017 - 2016 data

In 2016, Italy registered a ratio of premiums (non-life and life) to gross domestic product (GDP) equal to 8.2%, decreasing compared to 2015 (9.0%).

## Non-life and life premiums to Gross Domestic Product, year 2016

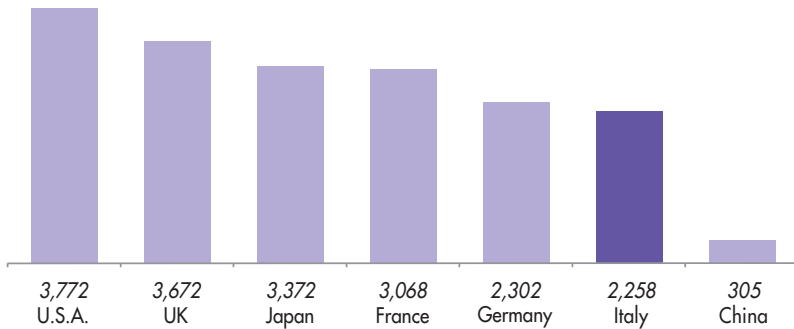


Source: Swiss Re, Sigma n° 3/2017 - 2016 data.

The average premium per inhabitant (non-life and life) in Italy was equal to 2,258 euros, lower than the one registered in the other main industrialized countries.

### Premiums (non-life and life) per inhabitant, year 2016

€

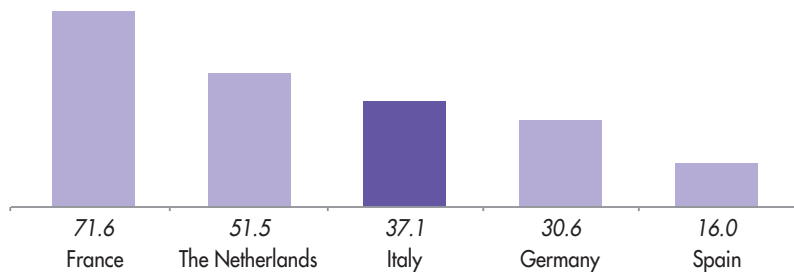


Source: Processing on Swiss Re data, Sigma n° 3/2017 - 2016 data

The ratio of technical reserves to GDP placed Italy in the first ranks among the main European countries.

### Life reserves to Gross Domestic Product, European comparison, year 2016

%



Source: Insurance Europe - 2016 data; 2014 data for Germany and the Netherlands

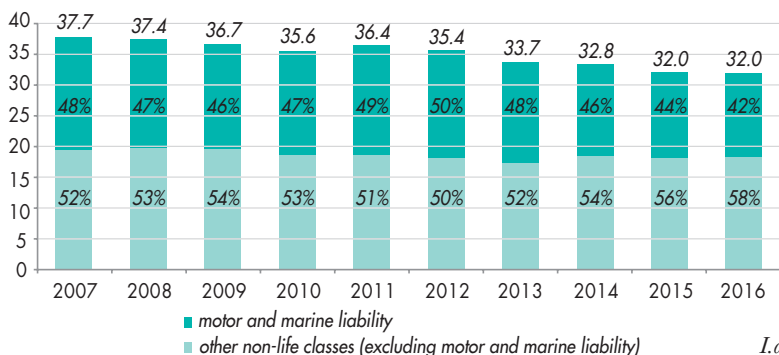
# NON-LIFE INSURANCE

In 2016 **non-life Italian direct business (I.d.b.) premiums** were equal to 32.0 billion (-1.0% compared to 2015):

Non-life classes	direct premiums (€ bn)	market share (%)	change 2016/2015** (%)
motor and marine liability	13.5	42.3	-5.6
accident and sickness	5.4	16.8	4.6
property*	5.1	16.1	0.6
general T.P.L.	2.9	9.1	-0.2
land vehicles	2.6	8.2	6.5
transport*	0.4	1.4	-1.6
credit and suretyship	0.5	1.4	5.9
other non-life classes*	1.5	4.7	1.6
<b>TOTAL</b>	<b>32.0</b>	<b>100.0</b>	<b>-1.0</b>
<b>EU branches***:</b>			
motor and marine liability	0.6	14.4	-3.6
other non-life classes (excl. motor and marine liability)	3.8	85.6	-0.3
<b>Total</b>	<b>4.4</b>	<b>100.0</b>	<b>-0.8</b>

## Italian non-life direct premiums per line of business, 2007-2016

€ bn



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

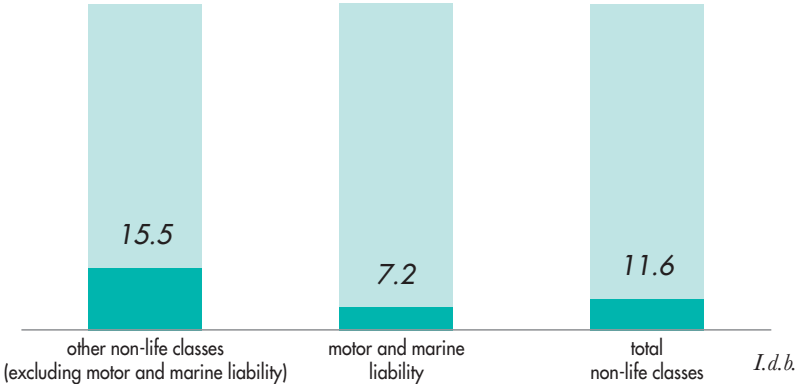
\*\* Changes in percentage are calculated in homogeneous terms.

\*\*\* 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 to reinsurance on the total premiums collected (direct and indirect), was equal to 11.6% in 2016, distributed as follows:

**Non-life ceded ratio (ceded and retroceded premiums/written premiums), year 2016**

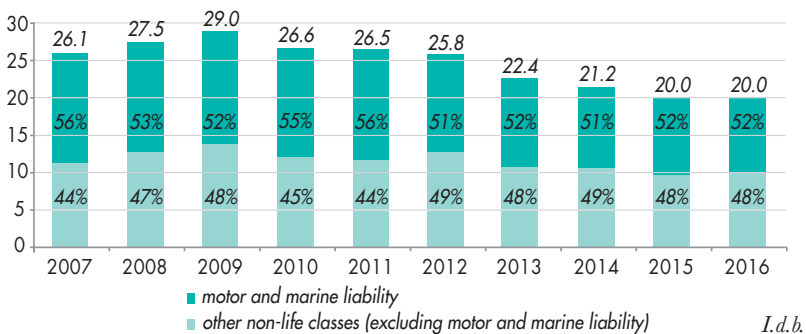
%



In 2016, **incurred claims cost**, representing cost for settlements, was equal to 20.0 billion, as in 2015.

**Non-life incurred claims cost, 2007-2016**

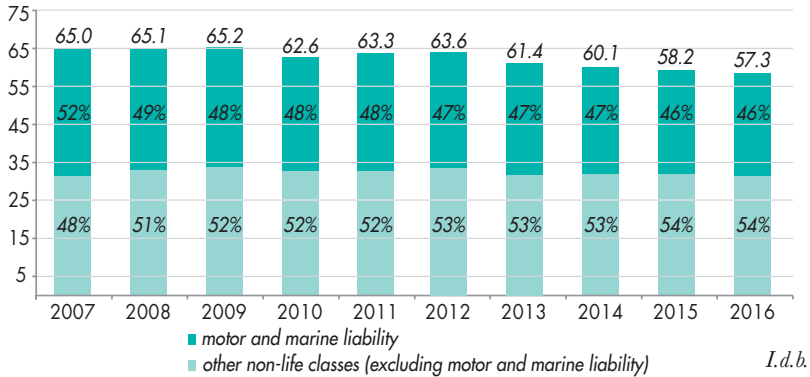
€ bn



**Technical reserves** (for claims and premiums), decreasing compared to 2015, were equal to 57.3 billion in 2016. About 26 billion (that is 46%) were relative to the motor and marine liability.

### Non-life technical reserves\*, 2007-2016

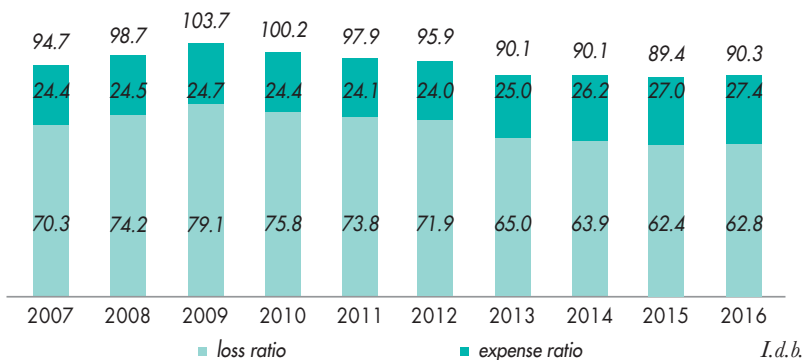
€ bn



The **combined ratio**, an indicator that compares claims cost and operating expenses to premiums, was equal in 2016 to 90.3% (89.4% in 2015); the ratio increased due to the drop in premiums (from 62.4% to 62.8%); also the impact of expenses on premiums increased, though in a more limited way (from 27.0% to 27.4%).

### Non-life combined ratio (loss ratio + expense ratio), 2007-2016

%

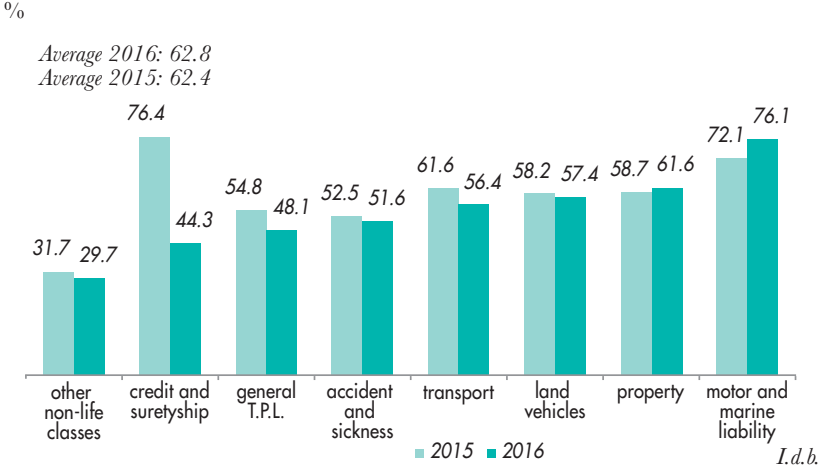


\* Technical reserves include both unearned premiums reserve and claims reserves.



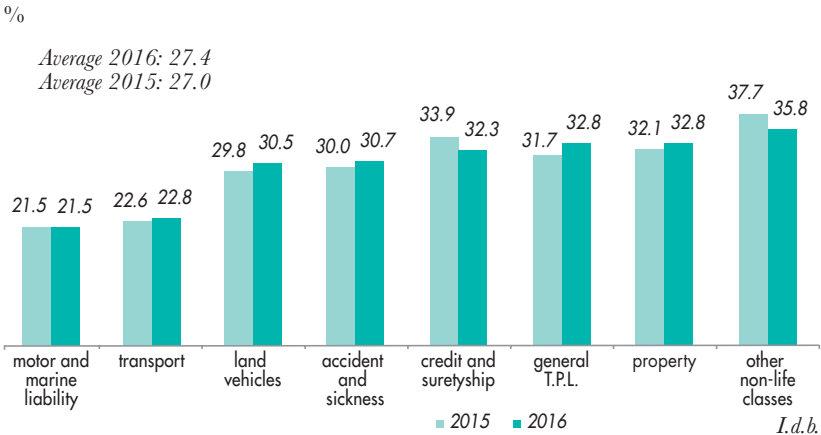
In 2016, the financial year's **loss ratio** of the total non-life business slightly worsened compared to 2015 (from 62.4% to 62.8%): the indicator showed improvements in all lines except for property and motor and marine liability.

**Loss ratio (claims cost/earned premiums) non-life classes 2015-2016**



The classes which recorded a lower **expense ratio** (operating expenses/written premiums) were motor and marine liability (21.5%) and transport (22.8%).

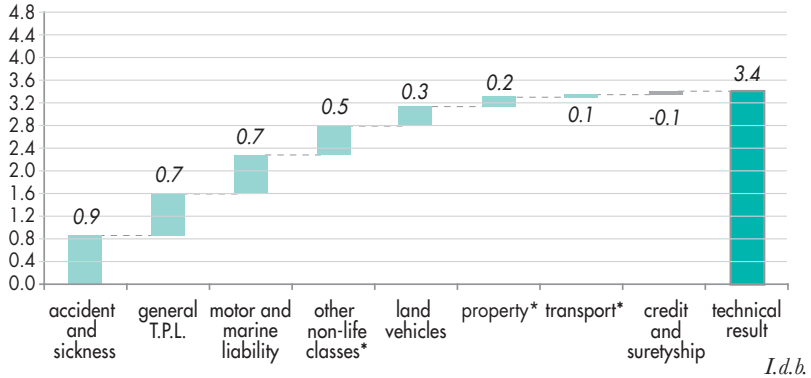
**Expense ratio (operating expenses/written premiums) non-life classes, 2015/2016**



The overall non-life **technical result** was positive for 3.4 billion; thanks to the result of accident and sickness (0.9), general liability (0.7) and motor and marine liability (0.7).

## Non-life insurance technical result breakdown, year 2016

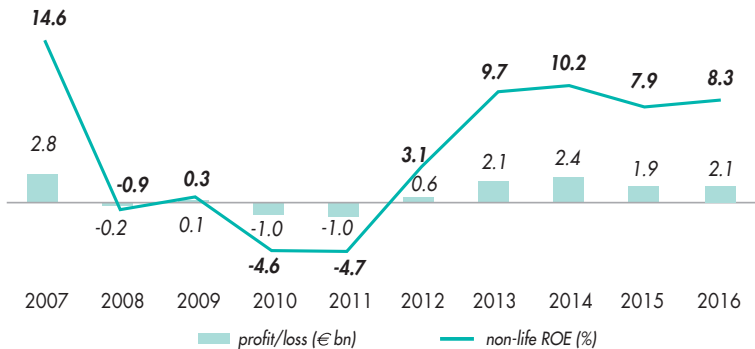
€ bn



Considering the technical and non technical results, the foreign portfolio, reinsurance and taxes, the non-life industry registered a 2.1 billion profit in 2016, increasing compared to 1.9 billion in 2015; this determined a positive Return on equity (**Roe**) equal to 8.3% (7.9% in 2015).

## Non-life net results and Roe, 2007-2016

€ bn, %



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

# LIFE INSURANCE

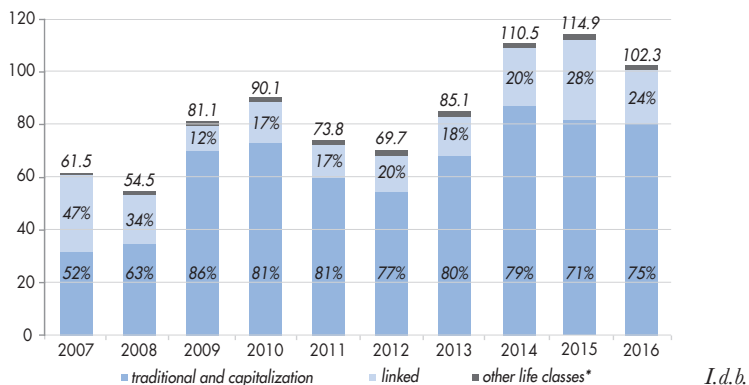
In 2016 **Italian life direct business (I.d.b.) premiums** were equal to 102.3 billion (-11.0% compared to 2015)

Life classes	direct premiums (€ bn)	market share (%)	change 2016/2015** (%)
class I - traditional	73.6	72.0	-5.4
class III - linked	24.0	23.5	-24.5
class V - capitalization	2.7	2.7	-21.8
other life classes*	1.8	1.7	6.9
<b>TOTAL</b>	<b>102.3</b>	<b>100.0</b>	<b>-11.0</b>
<b>EU branches***:</b>			
class III - linked	3.2	73.0	-9.8
other life classes	1.2	27.0	16.8
<b>Total</b>	<b>4.4</b>	<b>100.0</b>	<b>-3.9</b>

The decrease in written premiums concerned both Class I - traditional policies (-5.4% for a business volume equal to 73.6 billion) and, above all, Class III policies - linked (-24.5% for a business volume of 24.0 billion). Class V policies (capitalization) decreased by 21.8%, collecting premiums for 2.7 billion.

## Domestic direct life business premiums, 2007-2016

€ bn



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

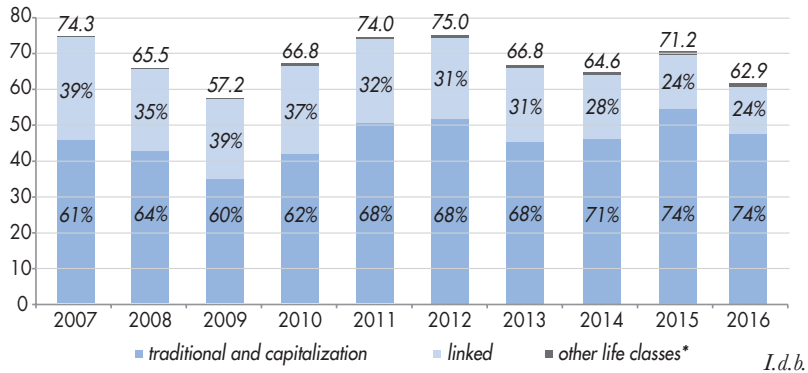
\*\* Changes in percentage are calculated in homogeneous terms.

\*\*\* The figure refers only to branches of insurers with registered offices in the European Economic Area that provide data to ANIA and that represent 80% of the total.

In 2016 **incurred claims cost**, including the amounts paid and the changes in the provisions for amounts to be paid, were equal to 62.9 billion, decreasing by over 11% compared to 2015.

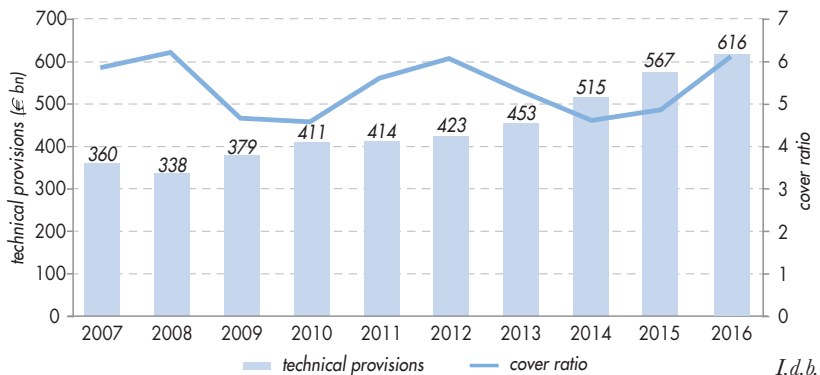
### Life incurred claims cost, 2007-2016

€ bn



In 2016 the **technical provisions** were equal to 616 billion, increasing by 8.6% compared to 2015; the relative cover ratio was equal to 6.0 (4.9 in 2015).

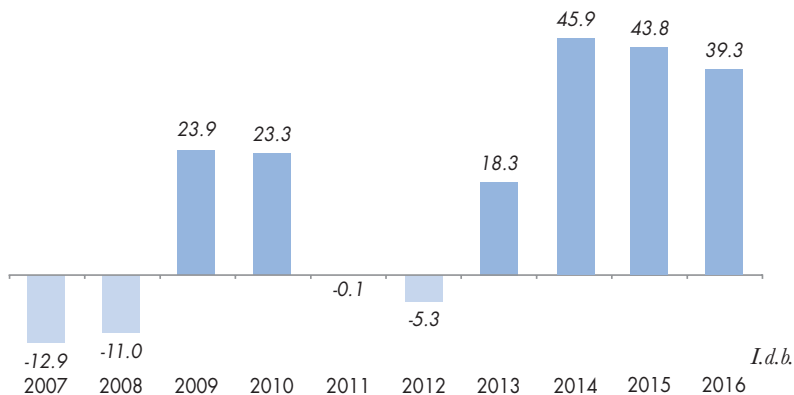
### Life technical provisions and cover ratio, 2007-2016



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 positive and equal to 39.3 billion in 2016 (it was positive and equal to 43.8 billion in 2015).

### Life net cash flow, 2007-2016

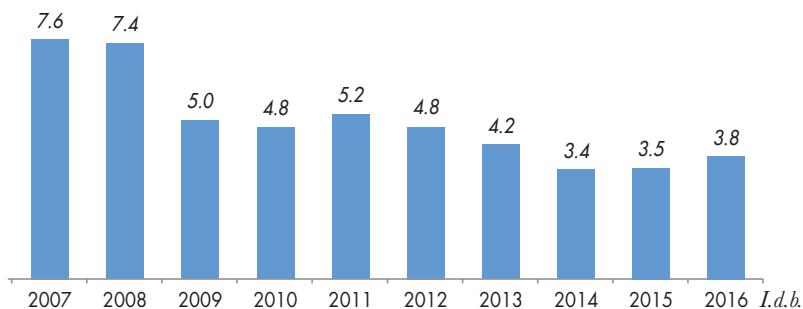
€ bn



The **life expense ratio** (the ratio between operating expenses and written premiums) was equal to 3.8% in 2016, in slight increase compared to 3.5% in 2015.

### Life expense ratio (operating expenses/written premiums), 2007-2016

%



Overall, in 2016 the life sector recorded a positive **technical account result** equal to 3.4 billion, mainly due to the positive result of traditional and capitalization policies.

### Life technical result breakdown, year 2016

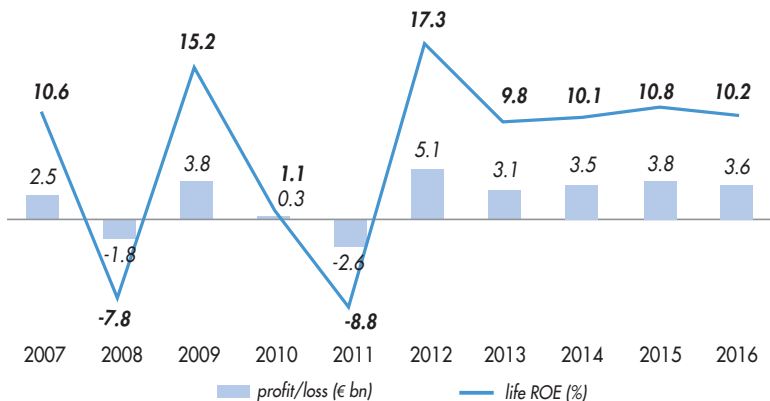
€ bn



Considering the technical and the non technical results, the foreign portfolio, reinsurance and taxes, the life sector recorded a nearly 3.6 billion profit, in slight decrease compared to 3.8 billion in 2015; this determined a Return on equity (**Roe**) equal to 10.2% (it was positive and equal to 10.8% in 2015).

### Life net profit and Roe, 2007-2016

€ bn, %



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

## BALANCE SHEET

In 2016, the **shareholders' funds** were equal to 66.3 billion and remained stable compared to 2015. They amounted to 8% of the total liabilities.

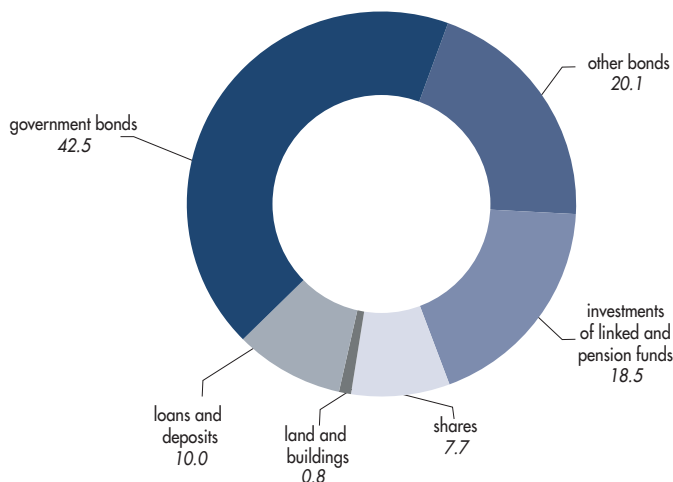
The **overall technical provisions** (direct and indirect, domestic and foreign business) were equal to 694 billion, increasing by 7.1% compared to 2015; **life provisions**, accounting for 78.1% of total liabilities, increased by 8.0%, while **non-life provisions** (claims reserves and unearned premiums reserves), accounting for 7.6%, decreased by about 1%.

The investments in the insurance sector were equal to 741 billion and account for over 90% of total assets.

### % investment breakdown, year 2016

%

*total investments (non-life and life): 741 € bn*

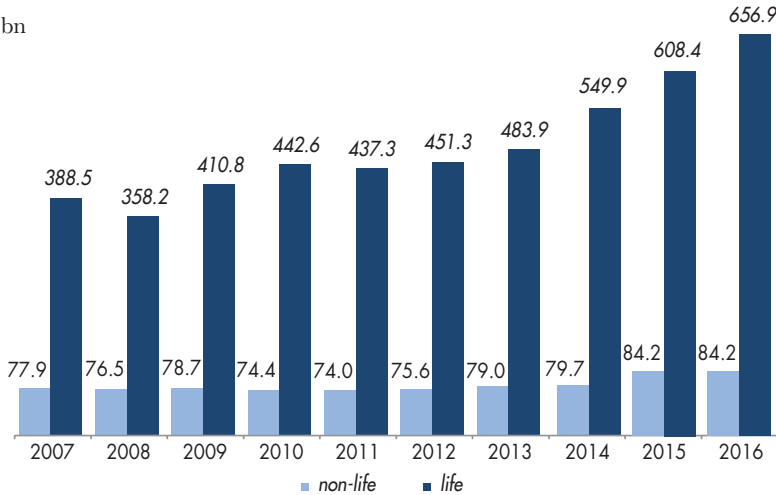


The main investment of the insurance sector is made up of government bonds (about 315 billion, nearly 45% of total investments); about 90% of these (nearly 280 billion) are Italian government bonds.

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

### Non-life and life investments, 2007-2016

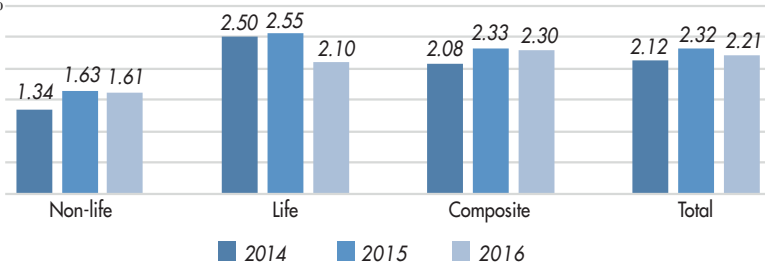
€ bn



In 2016 the Solvency II ratio was equal to 2.21, in slight decrease compared to 2015 (2.32) but increasing compared to 2014 (2.12). The analysis for business sector between 2015 and 2016 shows that, despite the indicator was substantially stable in all lines, there was a drop in the life sector (from 2.55 to 2.10), while the solvency ratio of the non-life business remained below the value of 2.00 during the three years considered, reaching the value of 1.61 in 2016 (in line with 2015); composite companies recorded a solvency ratio equal to 2.30 (2.33 in 2015).

### Solvency II ratio\*, 2014-2016

%



\* 2014 and 2015 data refer to the preliminary phase and to Day-one and come from a sample survey by ANIA; 2016 data are relative to the end of the fourth quarter

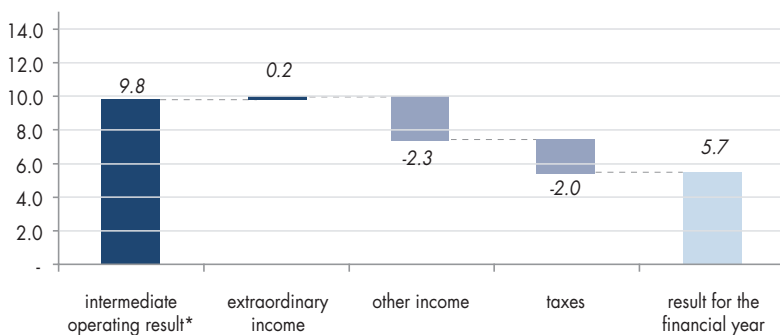


# THE RESULTS OF THE INSURANCE FINANCIAL YEAR

In 2016 the insurance sector recorded an overall profit (life and non-life) equal to 5.7 billion (as in 2015).

## Breakdown of the result for the financial year of the insurance sector, year 2016

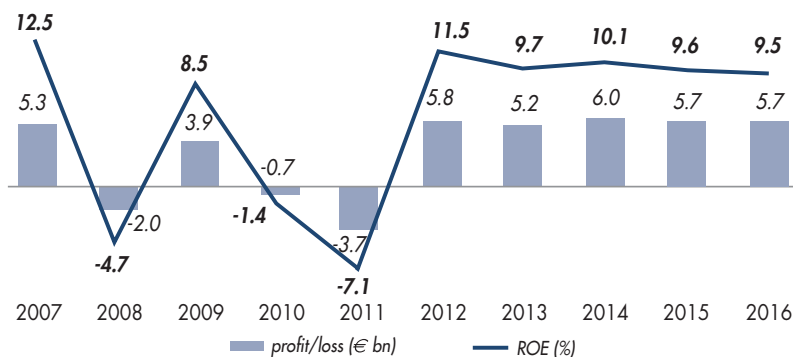
€ bn



Such result generated a return on equity (**Roe**) equal to 9.5% in 2016 (it was equal to 9.6% in 2015).

## Result for the financial year and Roe, 2007-2016

€ bn, %



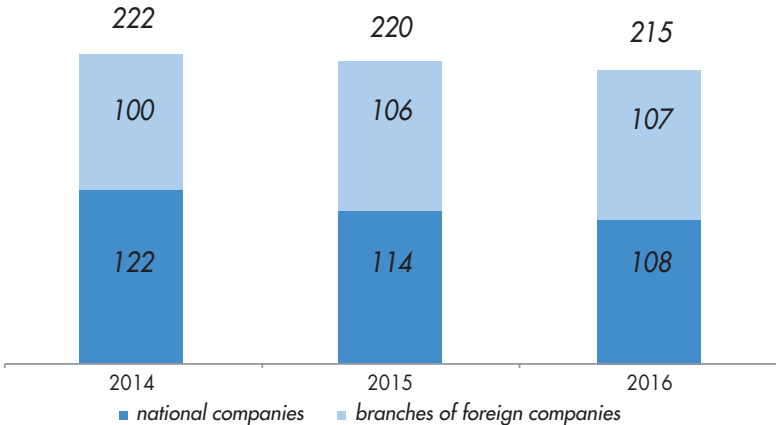
\* The intermediate operating result includes the technical result of the insurance business and the net income from investments not related to the technical part of the balance.

# THE ITALIAN INSURANCE COMPANIES AND THE HUMAN RESOURCES

At the end of 2016, **215 insurance companies** were operating in Italy, of which 108 had registered offices in Italy and 107 were legal representations of foreign companies, mainly (104) from EU member States. 61 companies operated in the life sector (20 of which were representations) and 120 companies operated in the non-life sector (65 of which were representations); 27 companies operated in both life and non-life sectors and 7 operated only in reinsurance. At the end of 2016, 146 companies were ANIA members.

There were about 1,000 companies operating in Italy in freedom of services, with registered offices in a EU member State.

## Number of insurance companies operating in Italy, 2014-2016



As at 31 December 2016, there were **46,850 employees in the insurance sector**. This figure is the sum of:

- **41,598 units of administrative staff** (including about 4,000 employees of bodies controlled by insurance companies which apply the national insurance collective agreement, 2,404 units of call center staff and 1,285 executives);
- **5,252 canvassers**.

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

In particular, according to the data coming from the Single Register of Intermediaries, as at 31 December 2016, **244,650 units** were enrolled in the following sections:

### Single Register of Intermediaries, 2014-2016

section	legal nature	2014	2015	2016
A (agents)	Natural person	25,533	25,011	20,568
	Legal Person	9,515	9,405	9,263
B (broker)	Natural person	4,015	4,136	4,017
	Legal Person	1,558	1,616	1,706
C (direct canvassers)	Natural person	7,252	6,121	5,115
D (banks, financial intermediaries, stock brokerage companies and Poste Italiane spa – Divisione servizi di bancoposta)	Legal Person	642	611	563
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	183,488	185,582	182,896
	Legal Person	12,232	12,206	12,469
Attached list: (intermediaries having residence of registered office in another EEA member state)	Subject	7,833	7,914	8,053
<b>TOTAL</b>		<b>252,068</b>	<b>252,602</b>	<b>244,650</b>

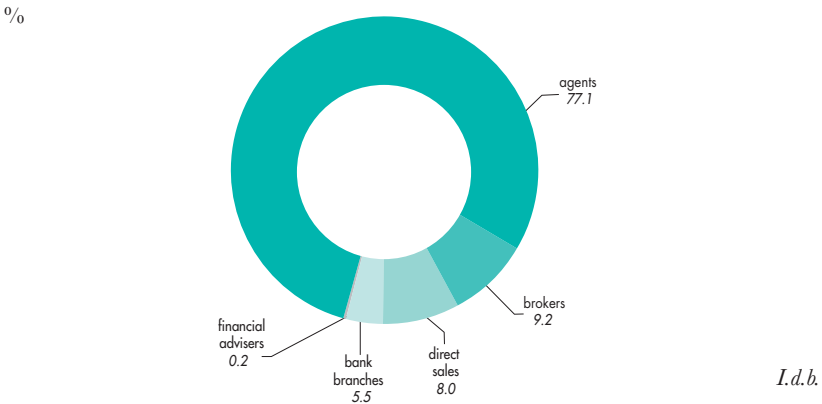
Source: *Ivass*

At the end of 2016 the number of Italian intermediaries enrolled was 236,597 (244,688 at the end of 2015). The Single Register of 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 2016, 8,053 EU intermediaries were enrolled in this section of the Register (7,914 in 2015).

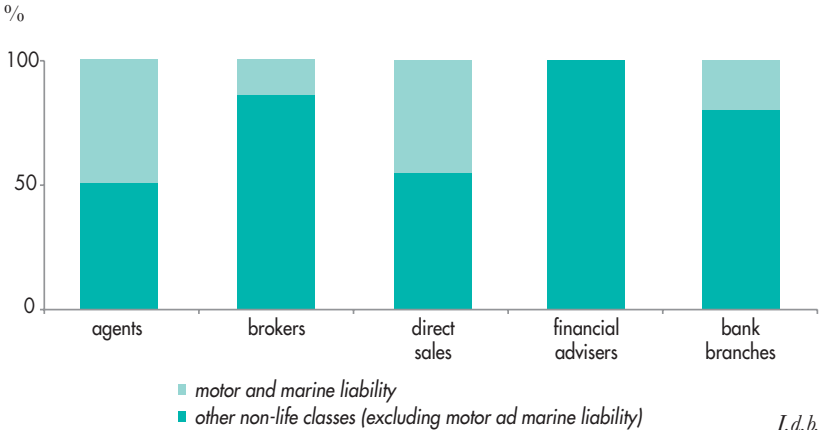
# HOW CUSTOMERS PURCHASE AN INSURANCE COVER

In 2016, 77.1% of non-life policies were sold by agents; however, ANIA estimates that a considerable share, equal to 25.8% of premiums collected by agents, is originated by brokers. Therefore, the agents' market share would drop to about 51.3%, while brokers would reach 35.0%. Bank branches are growing (5.5%), internet sales are in slight decrease (3.0%).

## Non-life distribution channels, year 2016

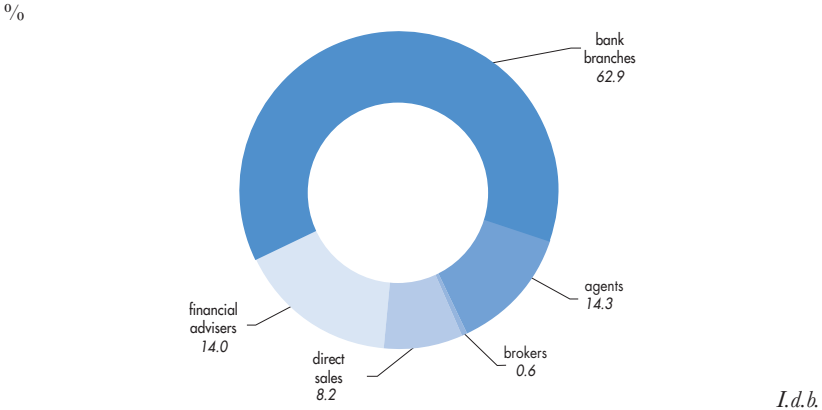


## Breakdown of non-life collection per sales channel, year 2016

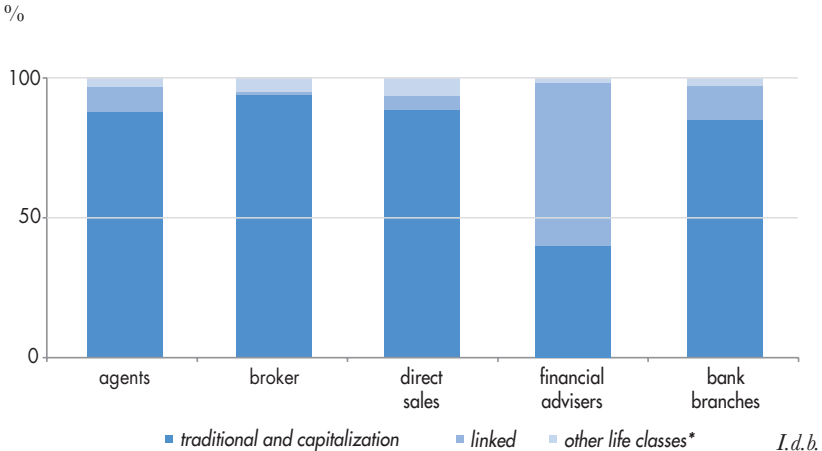


In 2016, banks were still the main distribution channel for the life sector, though they recorded a slight decrease in their market share (from 63.4% of 2015 to 62.9% of 2016). Then there are financial advisers and agents who both originated about 14% of the premiums written by the sector; direct sales (8.2%) and brokers (0.6%) were less used as distribution channels.

**Life distribution channels, year 2016**



**Breakdown of life collection per sales channel, year 2016**



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

ITALIAN INSURANCE IN FIGURES  
Year 2017

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