



## European Insurance — Key Facts

September 2010

## CEA member associations

**Austria (AT)** — Versicherungsverband Österreich (VVO)

**Belgium (BE)** — Assuralia

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

**Croatia (HR)** — Hrvatski ured za osiguranje

**Cyprus (CY)** — Insurance Association of Cyprus

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

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

**Estonia (EE)** — Eesti Kindlustusseltside Liit

**Finland (FI)** — Finanssialan Keskusliitto

**France (FR)** — Fédération Française des Sociétés d'Assurances (FFSA)

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

**Greece (GR)** — Hellenic Association of Insurance Companies

**Hungary (HU)** — Magyar Biztosítók Szövetsége (MABISZ)

**Iceland (IS)** — Samtök Fjármálafyrirtækja (SFF)

**Ireland (IE)** — Irish Insurance Federation (IIF)

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

**Latvia (LV)** — Latvijas Apdrošinātāju asociācija (LAA)

**Liechtenstein (LI)** — Liechtensteinischer Versicherungsverband

**Lithuania (LT)** — Lietuvos draudikų asociacija

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

**Malta (MT)** — Malta Insurance Association

**Netherlands (NL)** — Verbond van Verzekeraars

**Norway (NO)** — Finansnæringens Fellesorganisasjon (FNO)

**Poland (PL)** — Polska Izba Ubezpieczeń (PIU)

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

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

**Slovakia (SK)** — Slovenská asociácia poisťovní

**Slovenia (SI)** — Slovensko Zavarovalno Združenje (SZZ)

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

**Sweden (SE)** — Sveriges Försäkringsförbund

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

**Turkey (TR)** — Türkiye Sigorta ve Reasürans Şirketleri Birliği

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

Association of British Insurers (ABI)

International Underwriting Association of London (IUA)

Lloyd's

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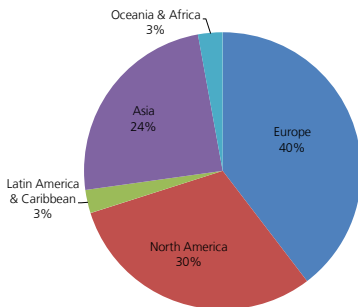
This booklet provides key facts about the European insurance market and the contribution of European insurance to society and the economy. All figures are the latest available, with 2009 data being provisional.

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

## I. European insurance in the world

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

### Distribution of insurance premiums — 2009



Source: Swiss Re, Sigma No.2/2010: “World insurance in 2009”

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

## II. Insurance in the economy

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

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

- Life insurers paid out around €530bn in benefits to insureds in 2009, providing them with capital, annuities, pension revenue and death benefits.
- Non-life insurers paid out almost €300bn in claims to insureds in 2009, of which about €100bn was for motor insurance, almost €80bn for health insurance and around €60bn for property insurance claims.
- Private health insurers accounted for around 12% of all current health expenditure in the European Union in 2008.
- European insurers invested more than €6 800bn in the global economy in 2009. This is equal to 53% of the GDP of the European Union.
- The European insurance industry employs more than 1 million people directly<sup>1</sup>.

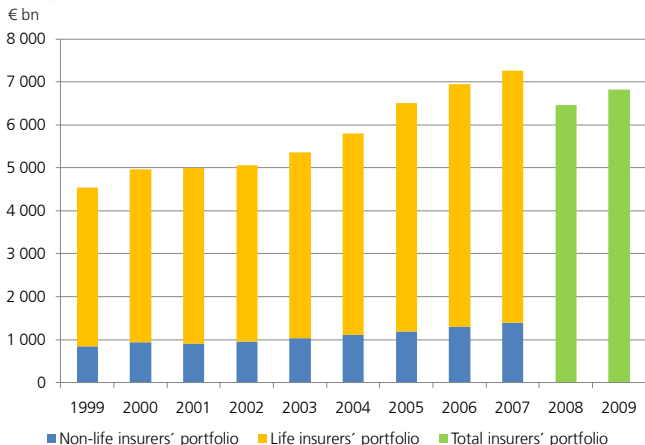
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<sup>1</sup> There are also around 1 million outsourced employees and independent intermediaries

### III. Insurers' investment portfolio

As at 31 December 2009, the European insurance industry had more than €6 800bn invested in company shares, bonds and other assets on behalf of millions of savers and non-life insurance customers.

#### European insurers' investments — 1999–2009 (€bn)



*NB: Health business is included in non-life*

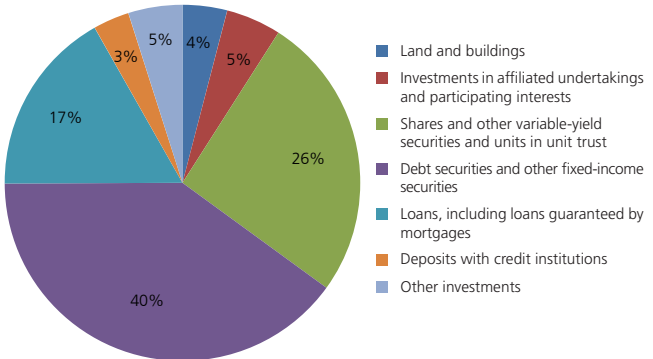
The growth expected in 2009 is for the most part explained by the recovery in the capital markets that began in late March 2009.

Developments in the total investment portfolio are mainly driven by life business, since the investment holdings of the life insurance industry account for more than 80% of the total.

The UK, France and Germany are the most significant market players as they jointly account for over 60% of all European life insurers' investments.

In 2008, the largest components of European insurers' investment portfolios were debt securities and other fixed income assets (40%), followed by shares and other variable-yield securities (26%). Loans represented 17% of the total.

### European insurers' investment portfolio — 2008



## IV. Premiums

Total gross written premiums for the whole European market have increased by an average of around 3% a year over the last decade and amounted to €1 057bn in 2009. The total breaks down as follows:

- Life 61%
- Property, casualty (P&C) and accident 29%
- Health 10%

However, this breakdown varies widely between countries.

In 2009, the average premium per capita amounted to €1 791 compared to €1 266 ten years earlier<sup>2</sup>. The 2009 figure breaks down as follows:

- Life €1 097
- Property, casualty (P&C) and accident €523
- Health €171

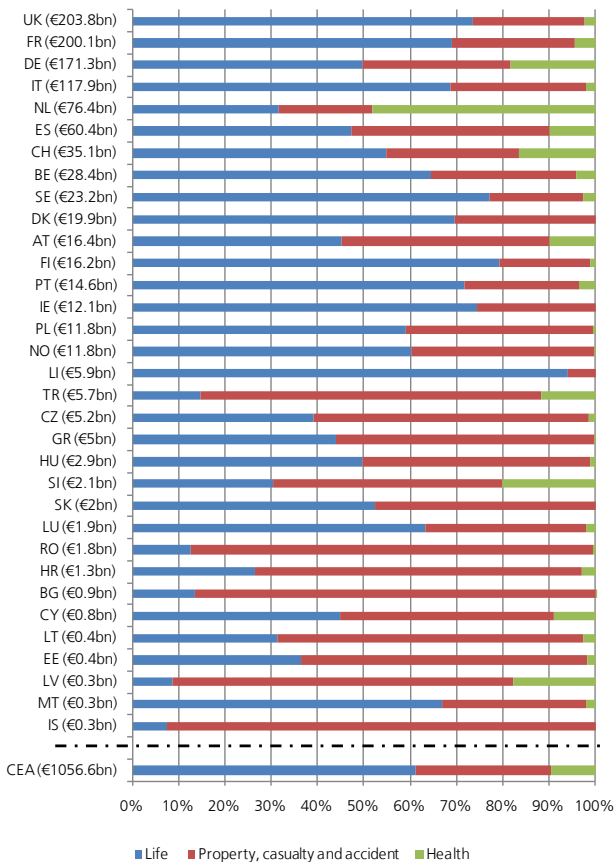
In 2009, the premium to GDP ratio rose to 8.1%, up from 7.5% ten years earlier<sup>3</sup>. This ratio varies considerably from country to country, ranging from 1.3% in Turkey to 13.3% in the Netherlands.

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2 In nominal terms

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

## European insurance premiums by country — 2009



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

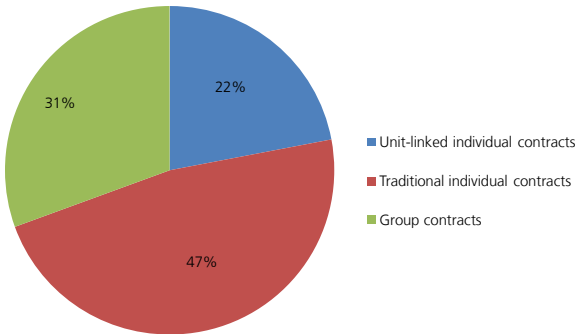
## IV.1 Life insurance products

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

In Europe in 2008:

- individual contracts accounted for almost 70% of life premiums;
- more than two thirds of individual premiums related to traditional life products, which offer capital and/or return guarantees, while the remaining individual life premium income stemmed from unit-linked products, in which the risk is borne by the policyholder.

### European life premiums by type of contract — 2008

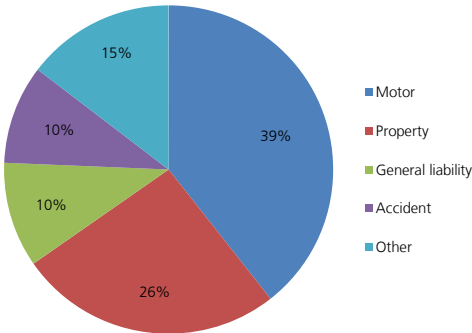


## IV.2 Property, casualty and accident insurance products

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

- With €121bn of premium income, motor insurance is the biggest class of P&C and accident business, accounting for 39% of premiums.
- The second largest class is property, with a 26% market share.
- The third largest classes are general liability and accident with a 10% market share each.
- Marine, aviation and transport (MAT) and legal expenses account respectively for 5% and 2% of P&C and accident premiums.

### European P&C and accident premiums by product — 2009



NB: "Other" includes MAT, legal expenses, credit insurance and travel insurance

## V. Companies

Over 5 000 insurance companies<sup>4</sup> were operating in Europe in 2009. The majority were joint stock companies and mutual insurance associations, but insurers can also be public institutions, cooperatives, etc.

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

## VI. Distribution channels

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

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

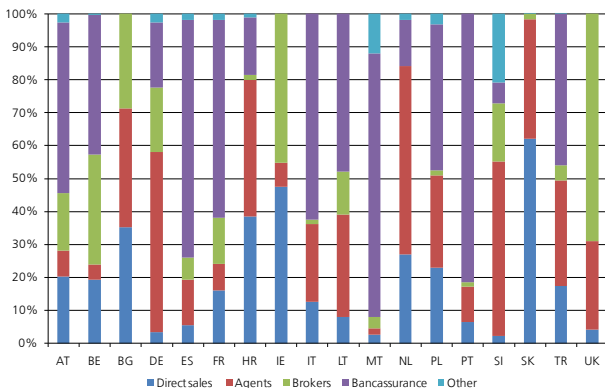
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<sup>4</sup> Not including the small regional German insurance associations, France's "Mutuelles 45", Belgium's "mutuelles" and Spain's regionally supervised insurers

## VI.1 Life insurance

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

### Life insurance distribution channels (gross written premiums) — 2008



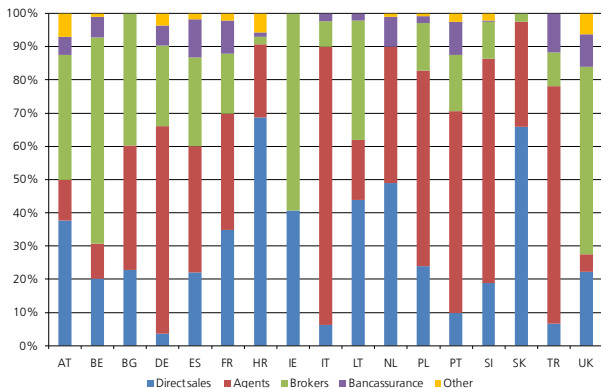
#### Notes:

1. Data for Germany and the UK refers to new business only
2. For the UK, bancassurance is included in all other channels
3. For the Netherlands, brokers are included with agents
4. Data for Spain and Lithuania is from 2007

## VI.2 Non-life insurance

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

### Non-life insurance distribution channels (gross written premiums) — 2008



Notes:

1. For the Netherlands, brokers are included with agents
2. Data for Spain and Lithuania is from 2007

“European Insurance – Key Facts” is available to download from the CEA website. Also available at [www.cea.eu](http://www.cea.eu) is the annual detailed statistical publication “European Insurance in Figures”.

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## About the CEA

*The CEA is the European insurance and reinsurance federation. Through its 33 member bodies — the national insurance associations — the CEA represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. The CEA represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of over €1 050bn, employ one million people and invest more than €6 800bn in the economy.*

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