

ITALIAN INSURANCE
IN FIGURES

Year 2016

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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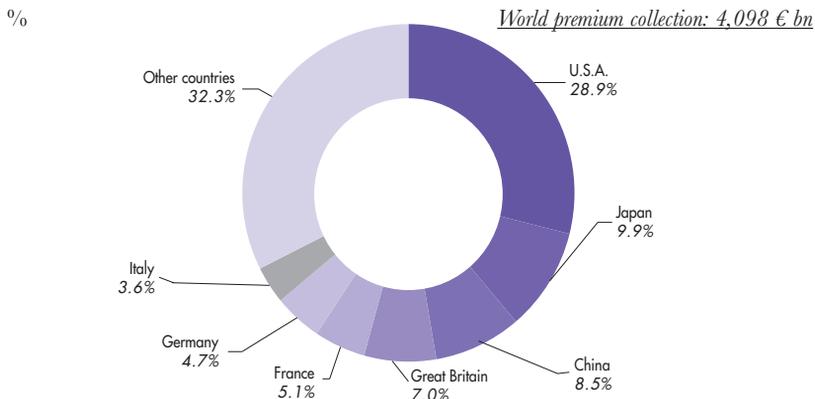
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The figures published have been collected using balance sheets of national companies and branches of foreign companies with registered offices in the European Economic Area; for the year 2015 data are estimates and thus shall be considered provisional. 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 as in 2015.

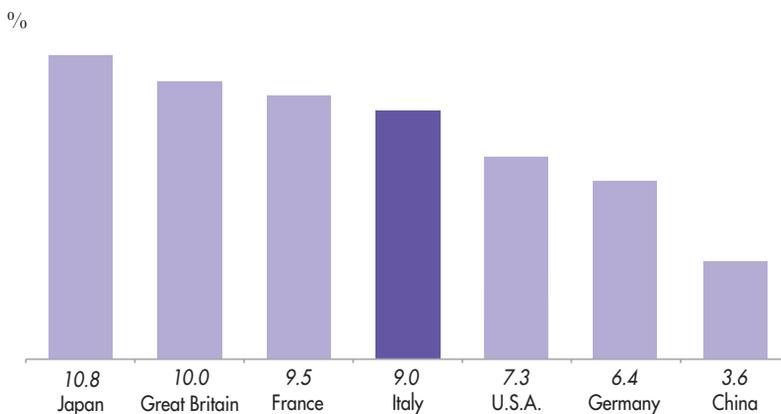
Distribution of world premiums collected per country, year 2015



Source: Swiss Re, Sigma n° 3/2016 - 2015 data

In 2015, Italy registered a ratio of premiums (non-life and life) to gross domestic product (GDP) equal to 9.0% in line with 2014 (8.9%).

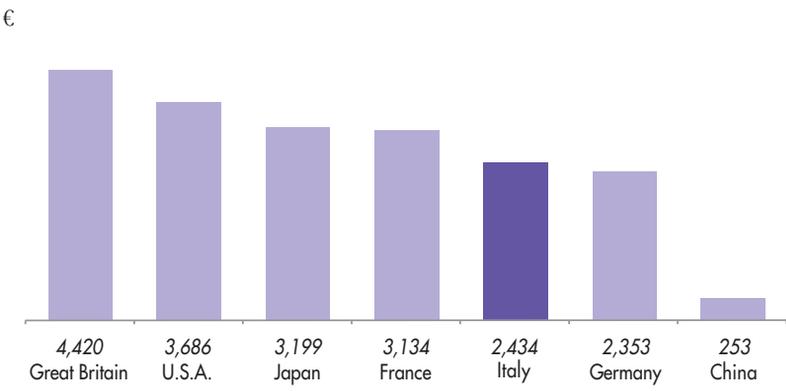
Non-life and life premiums to Gross Domestic Product, year 2015



Source: Insurance Europe and Eurostat - 2015 for France, Italy and Germany; Swiss Re, Sigma n° 3/2016 - 2015 data for China, Japan, U.S.A. and Great Britain.

The average premium per inhabitant (non-life and life) in Italy was equal to 2,434 euros, lower than the one registered in the other main industrialized countries but slightly higher than in Germany.

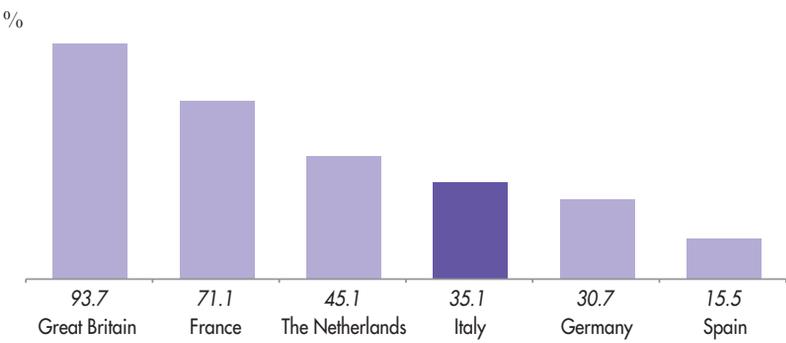
Premiums (non-life and life) per inhabitant, year 2015



Source: Swiss Re, Sigma n° 3/2016 - 2015 data

The ratio of technical reserves to GDP placed Italy fourth among the main European countries.

Life reserves to Gross Domestic Product, European comparison, year 2015



Source: Insurance Europe - 2015 data; 2014 data for the Netherlands and Germany, 2013 data for Great Britain.

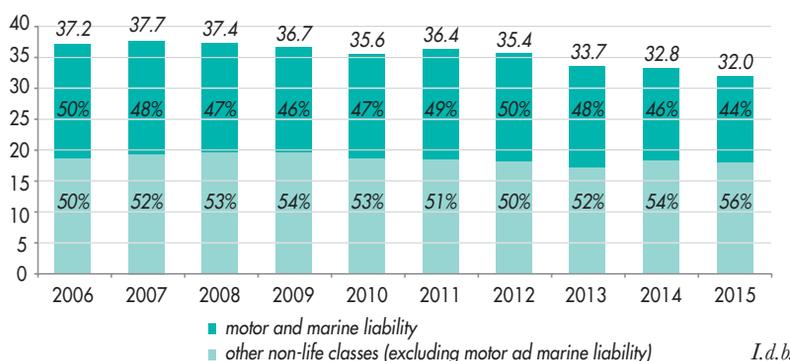
NON-LIFE INSURANCE

In 2015 **non-life Italian direct business (I.d.b.) premiums** were equal to 32.0 billion (-2.4% compared to 2014):

Non-life classes	direct premiums (€ bn)	market share (%)	change 2015/2014** (%)
motor and marine liability	14.2	44.4	-6.5
accident and sickness	5.1	16.0	1.5
property*	5.0	15.7	-1.0
general T.P.L.	2.9	9.0	1.4
land vehicles	2.5	7.7	2.9
transport*	0.4	1.3	-4.1
credit and suretyship	0.4	1.3	-7.0
other non-life classes*	1.5	4.6	8.3
TOTAL	32.0	100.0	-2.4
EU branches***:			
motor and marine liability	0.8	16.2	-5.4
other non-life classes (excl. motor and marine liability)	3.9	83.8	8.2
Total	4.7	100.0	5.8

Italian non-life direct premiums per line of business, 2006-2015

€ 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.

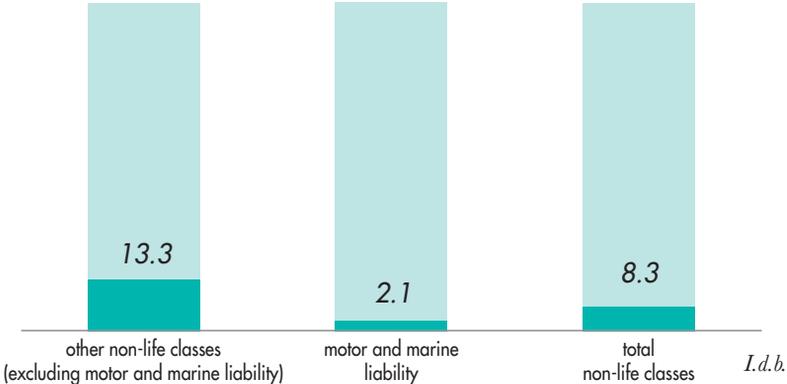
** Changes in percentage are calculated in homogeneous terms.

*** 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 in reinsurance on the total premiums collected (direct and indirect), was equal to 8.3% in 2015, distributed as follows:

Non-life ceded ratio (ceded and retroceded premiums/written premiums), year 2015

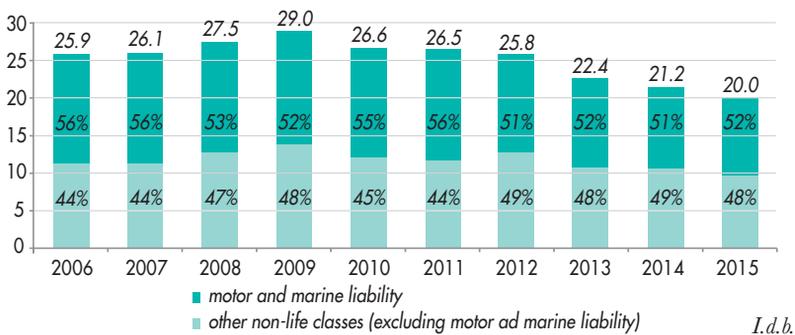
%



In 2015, **incurred claims cost**, representing costs for settlements, were equal to 20.0 billion, decreasing by 5.6% compared to 2014.

Non-life incurred claims cost, 2006-2015

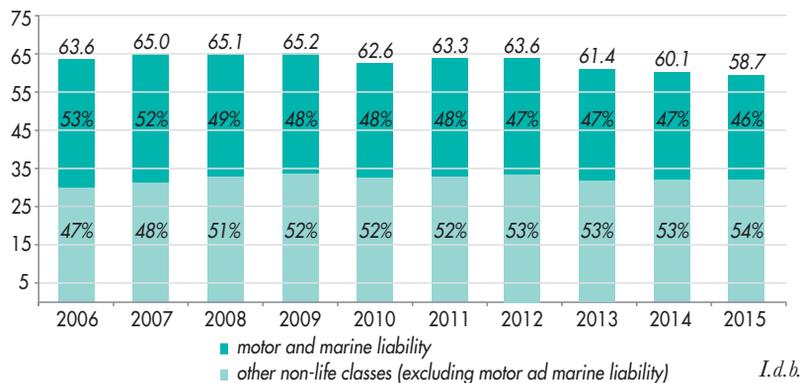
€ bn



Technical reserves (for claims and premiums), decreasing compared to 2014, were equal to 58.7 billion in 2015. About 27 billion were relative to the motor and marine liability.

Non-life technical reserves*, 2006-2015

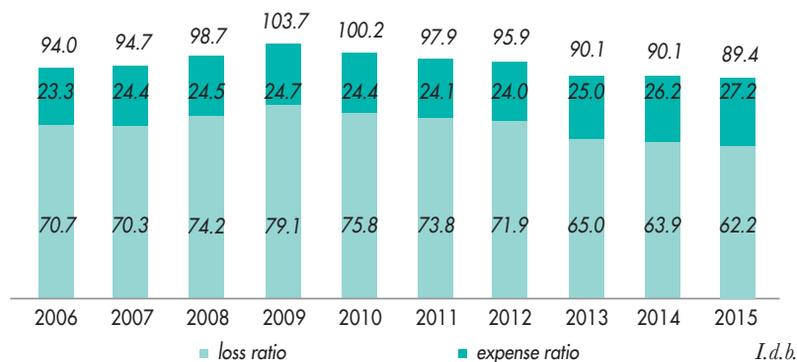
€ bn



The **combined ratio**, an indicator that compares claims cost and operating expenses to premiums, was equal to 89.4% in 2015 (90.1% in 2014); the impact of the incurred claims cost on premiums (from 63.9% to 62.2%) contributed to this result, whose advantages were partly nulled by the increase of the impact of expenses on premiums (from 26.2% to 27.2%).

Non-life combined ratio (loss ratio + expense ratio), 2006-2015

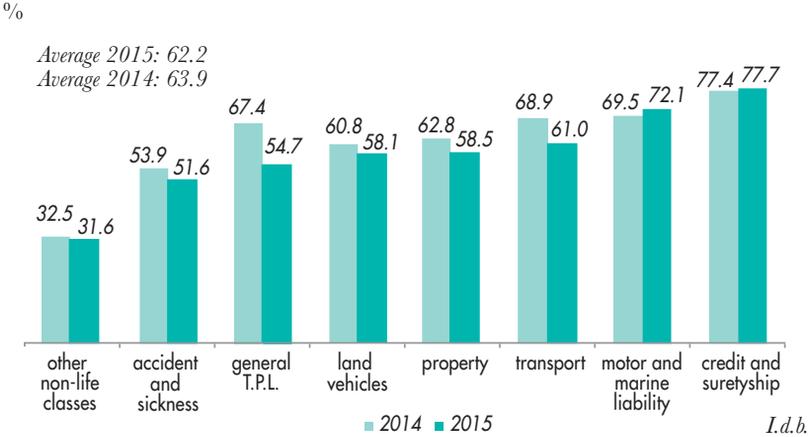
%



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

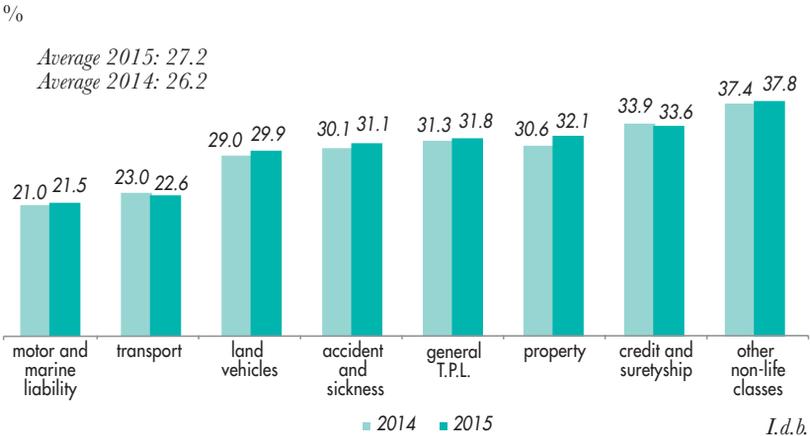
In 2015, the financial year's **loss ratio** of the total non-life business improved compared to 2014 (from 63.9% to 62.2%), even though in certain classes there was an impairment of the indicator: in particular for motor and marine liability (from 69.5% to 72.1%), for credit and suretyship (from 77.4% to 77.7%).

Loss ratio (claims cost/earned premiums) non-life classes 2014-2015



The classes which recorded a lower **expense ratio** (operating expenses/written premiums) were motor and marine liability (21.5%) and transport (22.6%).

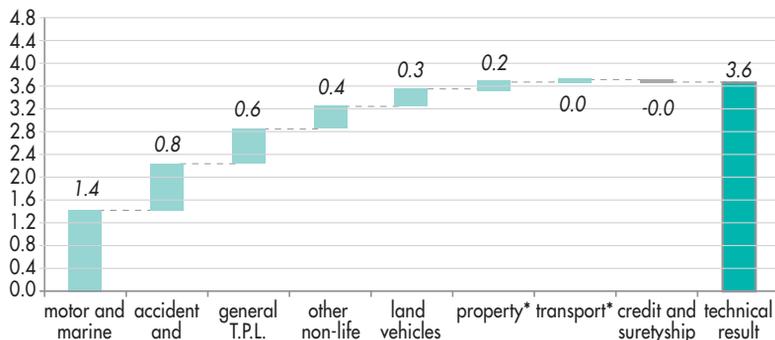
Expense ratio (operating expenses/written premiums) non-life classes, 2014/2015



The overall non-life **technical result** was positive for 3.6 billion; in particular owing to the motor liability and marine liability class (1.4) and to the accident and sickness class (0.8). The credit and suretyship results were slightly negative (about -30 million).

Non-life insurance technical result breakdown, year 2015

€ bn

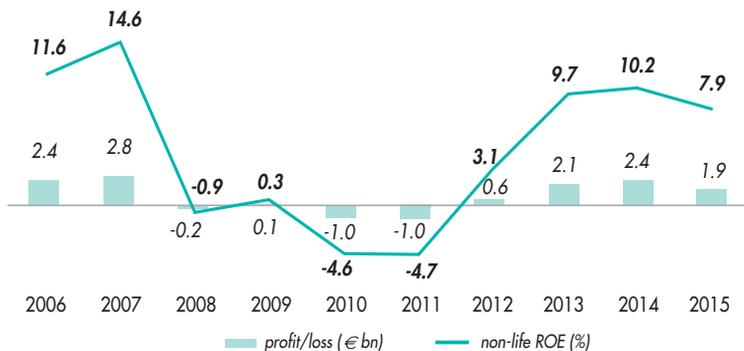


I.d.b.

Considering both the technical and the non-technical results and also the taxes, in 2015 the non-life industry registered a 1.9 billion profit (2.4 in 2014) which determined a positive Return on Equity (**ROE**), equal to 7.9% (10.2 in 2014).

Non-life net results and ROE, 2006-2015

€ 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

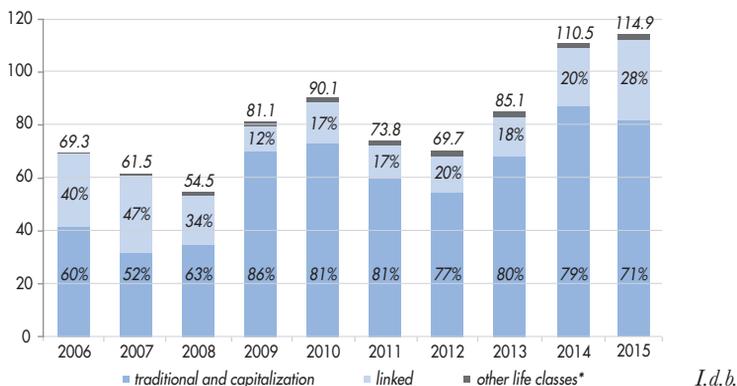
In 2015, **Italian life direct business (I.d.b.) premiums** were equal to 114.9 billion (+4.0% compared to 2014):

Life classes	direct premiums (€ bn)	market share (%)	change 2015/2014** (%)
class I - traditional	77.9	67.7	-5.7
class III - linked	31.8	27.7	45.8
class V - capitalization	3.5	3.1	-24.1
other life classes*	1.7	1.5	16.6
TOTAL	114.9	100.0	4.0
EU branches***:			
class III - linked	3.3	88.0	25.8
other life classes	0.5	12.0	4.7
Total	3.8	100.0	22.8

The decrease in written premiums relative to Class I traditional policies (77.9 billion) was equal to -5.7% while Class III policies (linked) had a 45.8% increase (for a business volume of 31.8 billion). Class V policies (capitalization) collected 3.5 billion of premiums, decreasing by 24.1%.

Domestic direct life business premiums, 2006-2015

€ bn



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

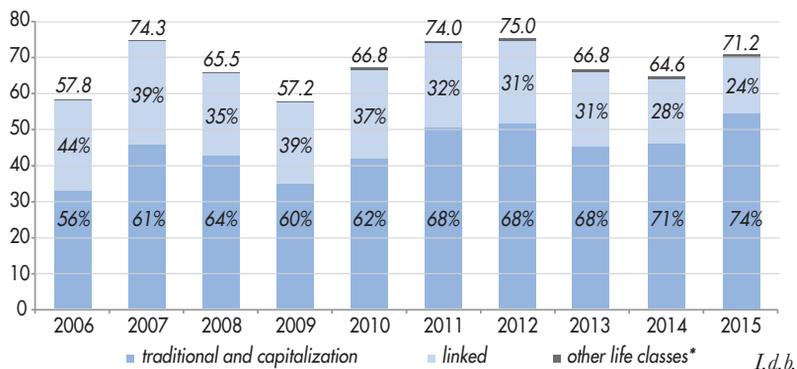
** Changes in percentage are calculated in homogeneous terms.

*** The figure refers only to branches of insurers with registered offices in the European Economic Area that provide data to ANIA and that represent 65% of the total.

In 2015, **incurred claims cost**, including the amounts paid and the changes in the provisions for amounts to be paid, were equal to 71.2 billion, increasing by about 10% compared to 2014.

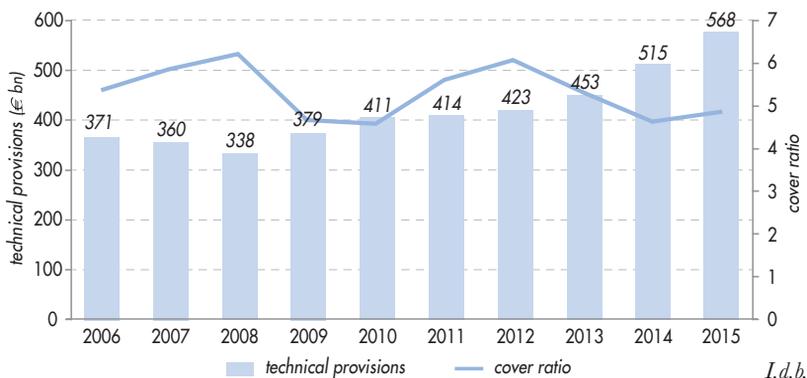
Life incurred claims cost, 2006-2015

€ bn



In 2015, the **technical provisions** were equal to 568 billion, increasing by 10.3% compared to 2014. In 2015, the cover ratio was equal to 4.9 (4.7 in 2014).

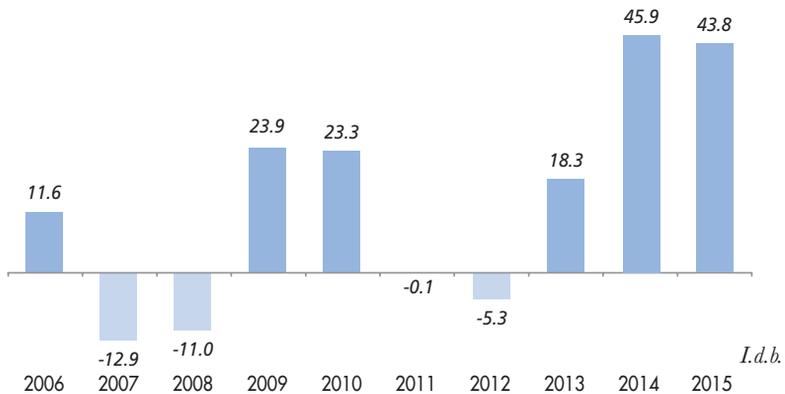
Life technical provisions and cover ratio, 2006-2015



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 2015 and equal to 43.8 billion (it was positive and equal to 45.9 billion in 2014).

Life net cash flow, 2006-2015

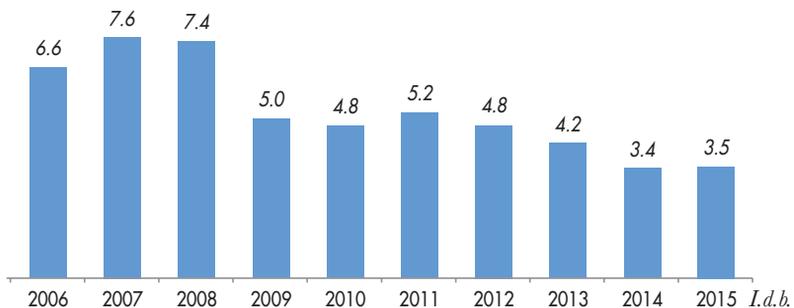
€ bn



The **life expense ratio** (the ratio between operating expenses and written premiums) was equal to 3.5% in 2015, in slight increase compared to 3.4% in 2014.

Life expense ratio (operating expenses/written premiums), 2006-2015

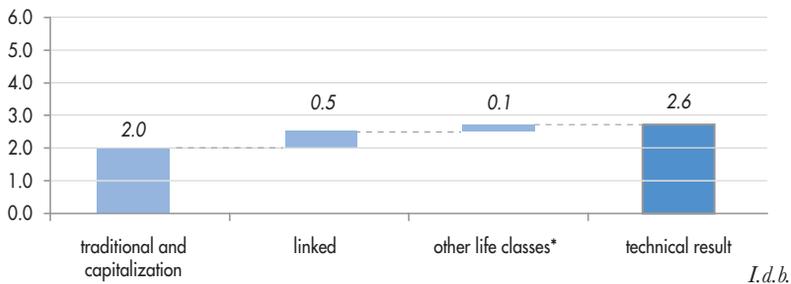
%



Overall, in 2015 the life sector recorded a positive **technical account result** equal to 2.6 billion. The positive result of the traditional and capitalisation policies was the main factor contributing to this positive result.

Life technical result breakdown, year 2015

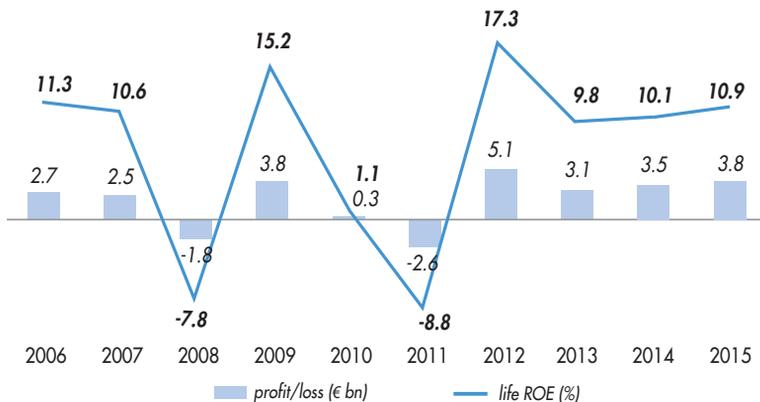
€ bn



Considering the technical and non-technical account results and also the taxes, in 2015 the life sector recorded a 3.8 billion profit (3.5 in 2014) determining a **ROE** equal to 10.9% (it was equal to 10.1% in 2014).

Life net profit and ROE, 2006-2015

€ bn, %



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

BALANCE SHEET

In 2015, the **shareholders' funds** were equal to 66.1 billion and increased by 2.7%. They amounted to 9% of the total liabilities.

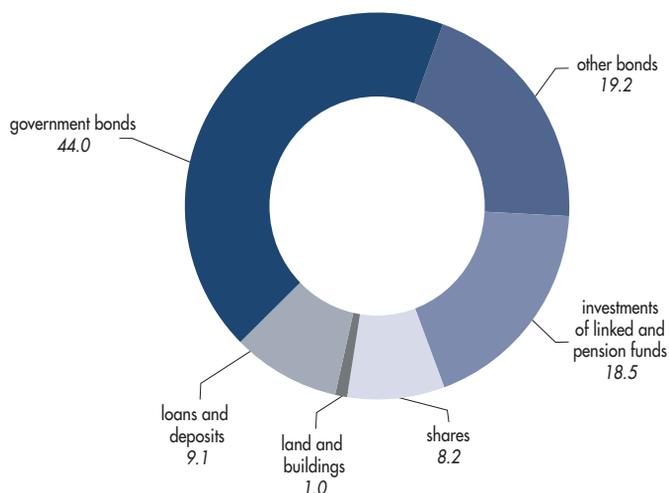
The **overall technical provisions** (direct and indirect, domestic and foreign business) were equal to 647 billion, increasing by 9.4% compared to 2014; **life provisions**, accounting for 76.8% of total liabilities, increased by 10.9%, while **non-life provisions** (claims reserves and unearned premiums reserves), accounting for 8.1%, decreased by about 3%.

The **investments** in the insurance sector were equal to 693 billion and account for 90% of total assets.

% investment breakdown, year 2015

%

total investments (non-life and life): 693 € bn

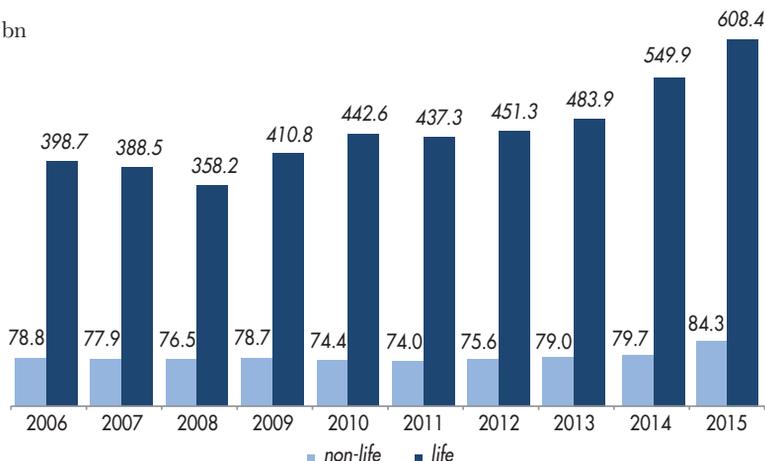


The main investment of the insurance sector is made up of government bonds (over 300 billion, about 45%); over 90% of these (about 280 billion) are Italian government bonds.

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

Non-life and life investments, 2006-2015

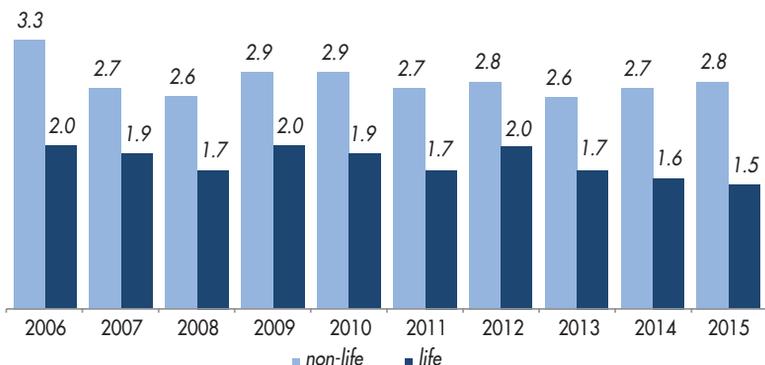
€ bn



At the end of 2015, the insurance companies had a **solvency margin** (Solvency I) of 47.5 billion; the margin owned compared to the minimum to be owned (the so-called coverage ratio) was equal to 1.5 in the life sector and 2.8 in the non-life sector (2.7 in non-life and 1.6 in life in 2014). Overall, the coverage ratio of the Italian insurance sector was equal to 1.8. Vice versa, if we consider the new Solvency II regulatory regime, this ratio would turn out to be slightly higher and equal to 2.3: 1.6 for non-life companies, 2.6 for life companies and 2.3 for composite companies.

Solvency – coverage ratio, 2006-2015

%

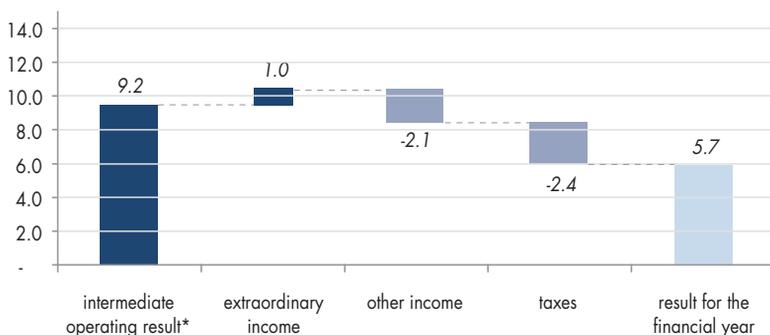


THE RESULT OF THE INSURANCE FINANCIAL YEAR

In 2015 the insurance sector recorded an overall profit (life and non-life) equal to 5.7 billion (6 billion in 2014).

Breakdown of the result for the financial year of the insurance sector, year 2015

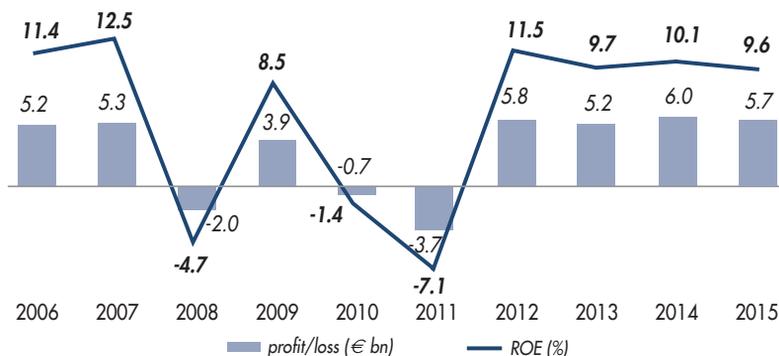
€ bn



Such result generated a **ROE** equal to 9.6% in 2015 (it was equal to 10.1% in 2014).

Result for the financial year and ROE, 2006-2015

€ bn, %



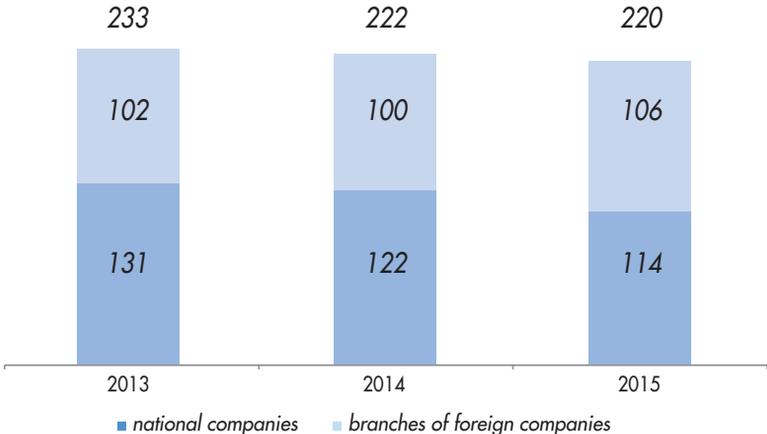
* The intermediate operating result includes the technical result of the insurance business and the net income from investments not related to the technical part of the balance.

THE ITALIAN INSURANCE COMPANIES AND THE HUMAN RESOURCES

At the end of 2015, **220 insurance companies** were operating in Italy, of which 114 had registered offices in Italy and 106 were legal representations of foreign companies (103 from EU member States). 67 companies operated in the life sector (23 of which were representations) and 121 companies operated in the non-life sector (63 of which were representations); 25 companies operated in both life and non-life sectors and 7 operated only in reinsurance. At the end of 2015, 160 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, 2013-2015



As at 31 December 2015, there were **46,754 employees in the insurance sector**. This figure is the sum of:

- **41,536 units of administrative staff** (including about 4,000 employees of bodies controlled by insurance companies which apply the national insurance collective agreement, 2,323 units of call center staff and 1,243 executives);
- **5,218 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 Register of Intermediaries, as at 31 December 2015, **252,602 units** were enrolled in the following sections:

Single Register of Intermediaries, 2013-2015

section	legal nature	2013	2014	2015
A (agents)	Natural person	26,331	25,533	25,011
	Legal Person	9,611	9,515	9,405
B (broker)	Natural person	3,822	4,015	4,136
	Legal Person	1,463	1,558	1,616
C (direct canvassers)	Natural person	8,563	7,252	6,121
D (banks, financial intermediaries, stock brokerage companies and Poste Italiane spa – Divisione servizi di bancoposta)	Legal Person	653	642	611
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	180,706	183,488	185,582
	Legal Person	12,350	12,232	12,206
Attached list: (intermediaries having residence of registered office in another EEA member state)	Subject	8,022	7,833	7,914
TOTALE		251,521	252,068	252,602

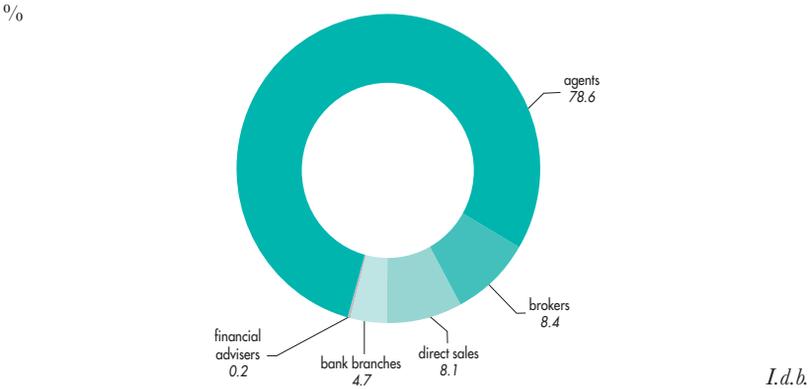
Source: *Ivass*

At the end of 2015 the number of Italian intermediaries enrolled was 244,688 (244,235 at the end of 2014). 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 2015, 7,914 EU intermediaries were enrolled in this section of the Register (7,833 in 2014).

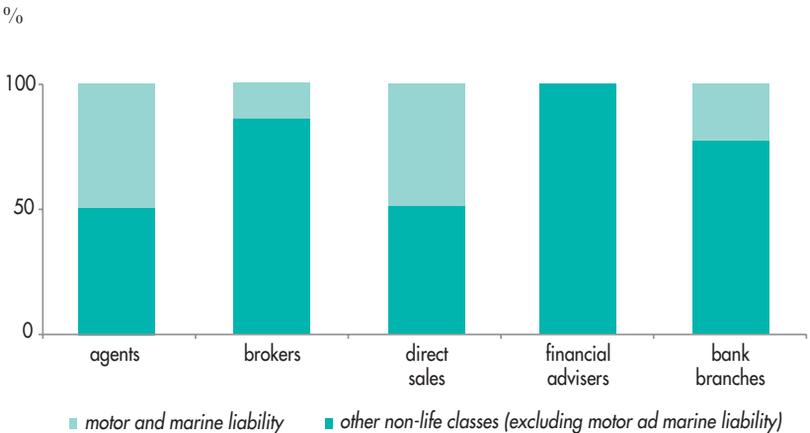
HOW CUSTOMERS PURCHASE AN INSURANCE COVER

In 2015, 78.6% of non-life policies were sold by agents; however, ANIA estimates that a considerable share, equal to 24.9% of premiums collected by agents, is originated by brokers. Therefore, the agents' market share would drop to about 53.7%, while brokers would reach 33.3%. Bank branches are growing (4.7%), stable internet sale (3.2%).

Non-life distribution channels, year 2015

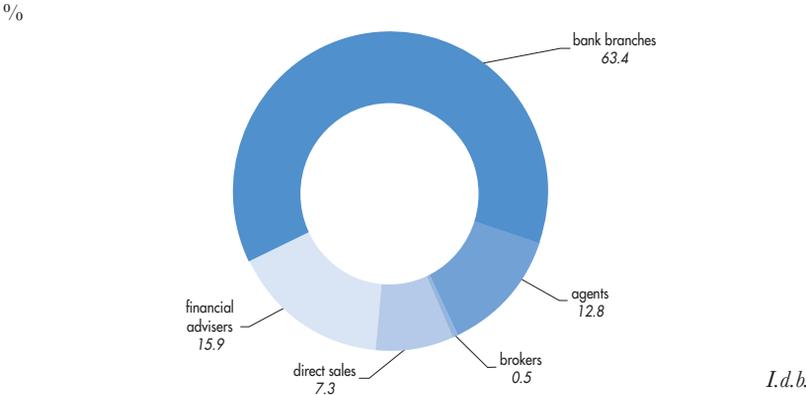


Breakdown of non-life collection per sales channel, year 2015

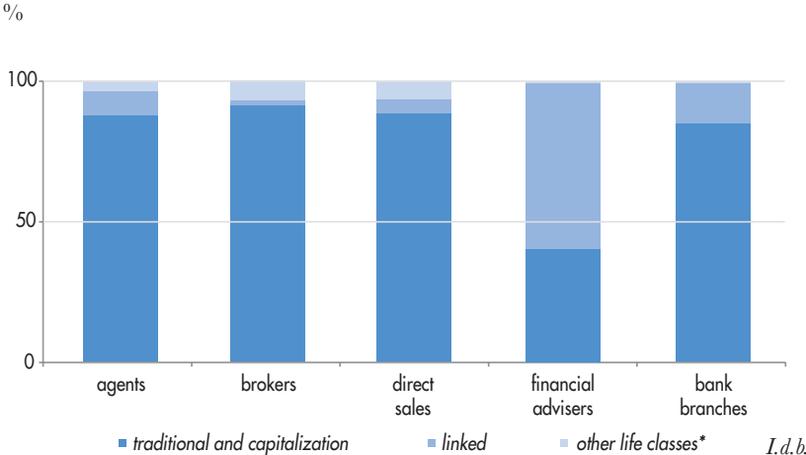


In 2015, banks were still the main distribution channel for the life sector, recording a further increase in their market share (from 62.4% in 2014 to 63.4% in 2015). The second sales channel was represented by financial advisers who originated over 16% of the premiums written by the sector. Agents ranked third with a stable market share equal to 12.8%; direct sales (7.3%) and brokers (0.5%) were less used as distribution channels.

Life distribution channels, year 2015



Breakdown of life collection per sales channel, year 2015



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

ITALIAN INSURANCE IN FIGURES
Year 2016

Ania

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