



# Insurance Markets in Figures

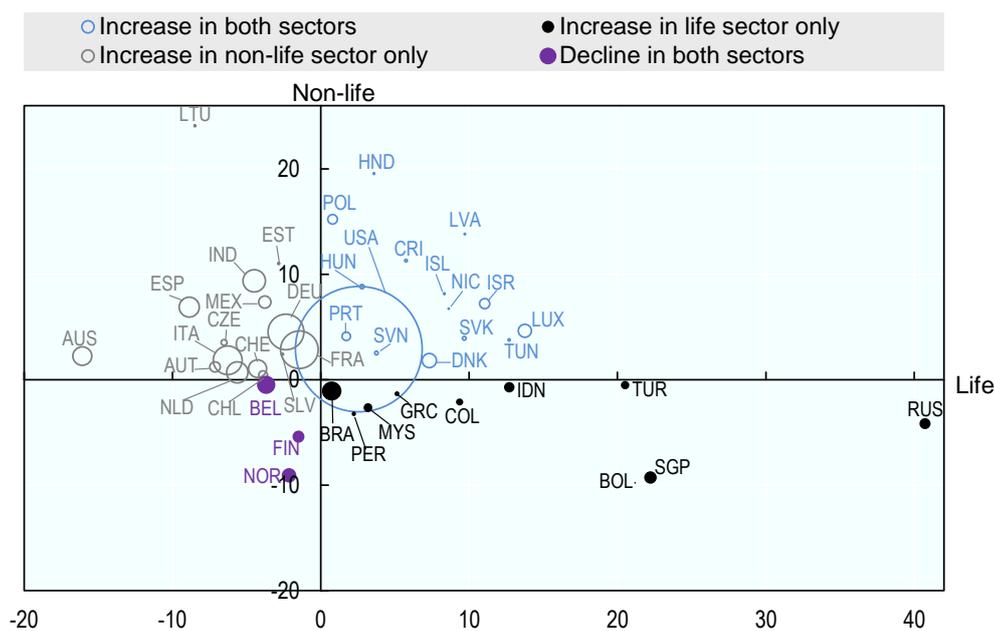


June 2018

## Most countries experienced a positive premium growth in life and/or non-life insurance in 2017

Preliminary data for 2017 show an increase in life and/or non-life gross premiums of domestic insurance companies in 40 out of the 43 reporting countries, compared to 2016 (see full list of participants in the methodological notes at the end of this note). Gross premiums of domestic insurance companies rose in real terms in 15 countries in both life and non-life sectors (e.g. in the United States), in 10 other countries in the life sector only and in 15 other countries in the non-life sector only (Figure 1). Belgium, Finland and Norway were the only three countries in the sample where premiums declined in both sectors in real terms. The downward trend in non-life premiums in Finland is due to a change in the reporting population as a major non-life insurance company became a branch of its parent company in Sweden (and is therefore not considered a domestic company anymore in 2017).

**Figure 1. Annual real growth rates (%) of direct gross premiums of domestic insurance companies by sector, 2017 (preliminary)**



Notes: The circles show the size of total direct gross premiums (in the life and non-life sectors combined) of domestic insurance companies in US dollar in 2017. See the end of this factsheet for more methodological notes.

Source: OECD Global Insurance Statistics.

**Insurance Markets in Figures** provides a short preview of the latest trends in the insurance sector in a selection of OECD and non-OECD countries. This second issue shows indicators based on preliminary data and early estimates for 2017. An Excel file of the underlying data is available at <http://www.oecd.org/finance/insurance/globalinsurancemarkettrends.htm>. This factsheet was made possible by close cooperation between the OECD, the Association of Latin American Insurance Supervisors (ASSAL) and the various national bodies that provided data and comments.

A more developed analysis based on the final data collected for 2017 will be published in the 2018 edition of **Global Insurance Market Trends** (forthcoming).

For more information, please contact Romain Despalins ([romain.despalins@oecd.org](mailto:romain.despalins@oecd.org)) or Mamiko Yokoi-Arai ([mamiko.yokoi-arai@oecd.org](mailto:mamiko.yokoi-arai@oecd.org)).

Real growth rates of life premiums varied widely across countries. The largest increase occurred in Russia (40.7%), followed by Singapore (22.2%) and Bolivia (21.2%). Five additional countries experienced a real growth rate above 10%: Indonesia, Israel, Luxembourg, Tunisia and Turkey. By contrast, life gross premiums declined the most in Australia in 2017 (-16.1%), as a result of a fall in deposits for investment-linked products.

Likewise, trends were diverse in the non-life sector. Lithuania recorded the strongest growth of non-life gross premiums in real terms in 2017 (24.1%), driven by prices of motor third-party liability policies rising. By contrast, non-life gross premiums decreased the most in Bolivia in 2017 among reporting countries (-9.8%).

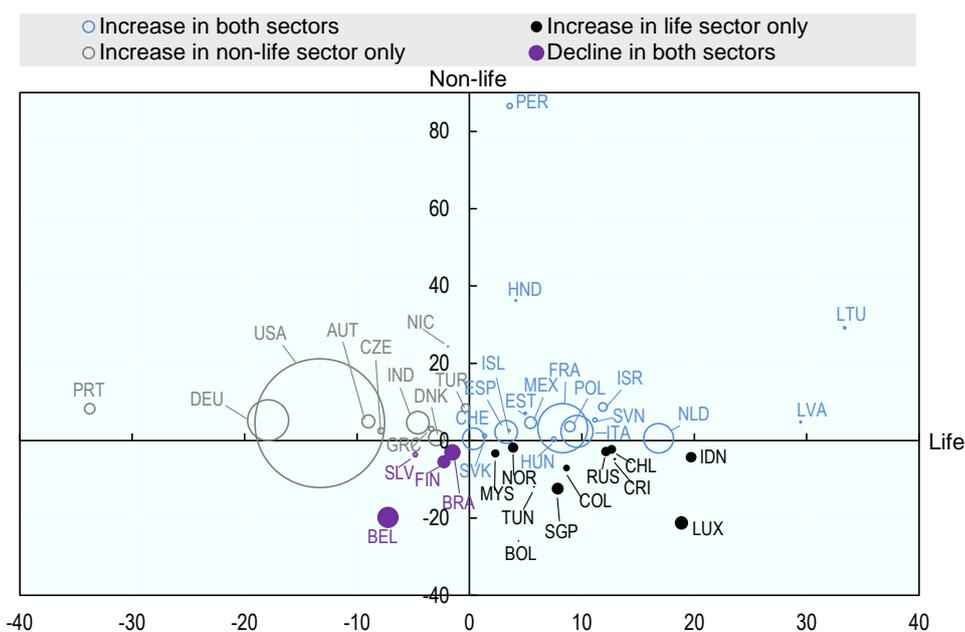
The largest amounts of premiums were recorded in France, Germany (USD 0.2 trillion each) and the United States (USD 2.8 trillion). However, the highest growth rates were achieved by countries with lower total premiums (e.g. Costa Rica, Honduras, Israel, Latvia).

### Diverse trends in claims payments in 2017

Insurers engaged in life insurance activities paid more claims in 2017 than in 2016 in 28 out of the 42 reporting countries (Figure 2). The largest increase in gross claims payments in the life sector occurred in two European countries: Lithuania (33.4%) and Latvia (29.5%). In both countries, this trend may be attributed to the expiration of insurance contracts (e.g. expiration of 15-year contracts concluded in 2002 in Lithuania).

Conversely, two other European countries experienced the largest decline in gross claims payments: Portugal (-33.8%) and Germany (-17.9%). In Germany, life insurance policies that were contracted in 2004, as a result of the Retirement Income Act, usually had a 12-year maturity, to be acceptable for tax purposes, and expired in 2016, leading to larger amount of claims paid that year. The trend observed in Portugal may partly be due to a decline in surrenders.

**Figure 2. Annual real growth rates (%) of direct gross claims paid by domestic insurance companies by sector, 2017 (preliminary)**



Notes: The circles show the size of total direct gross claims paid (in the life and non-life sectors combined) by domestic insurance companies in US dollar in 2017. The larger the circle, the larger the amount of direct gross claims paid in the reporting country. The size of the circles in this chart is not comparable with the circles in Figure 1. See the end of this factsheet for more methodological notes.

Source: OECD Global Insurance Statistics.

Almost two thirds of the reporting countries recorded an increase in gross claims paid in the non-life sector. This increase was the largest in Peru (over 85%), as a result of heavy rains and floods in 2017. Claims payments increased by more than 20% in real terms in 2017 in three additional countries: Honduras, Lithuania and Nicaragua. In 23 other reporting countries, gross claims payments increased, but by less than 10%. In 15 countries, claims payments declined in real terms, especially in Bolivia (-26.0%) and Luxembourg (-21.3%).

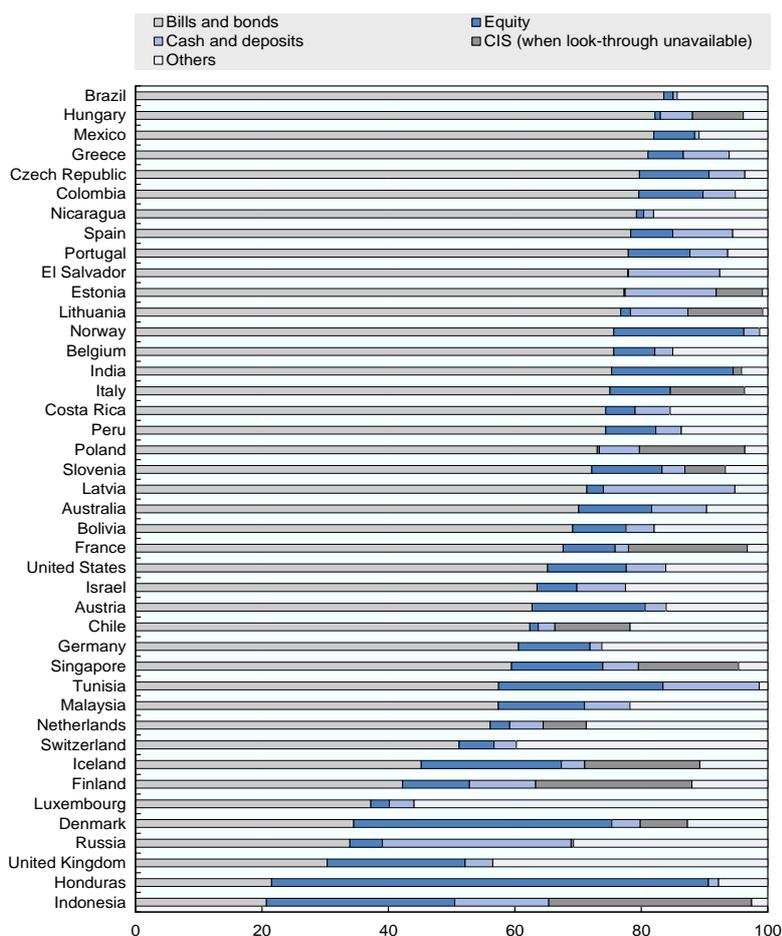
The United States was the country with the largest amount of gross claims paid in 2017 (USD 1.6 trillion, all sectors combined).

### Bills and bonds represented the largest proportion of investments of insurers

Bills and bonds accounted for more than half of the investments of insurance companies in 34 out of the 42 reporting countries in 2017 (Figure 3). They exceeded 80% of the investments in Brazil (83.5%), Hungary (82.2%), Mexico (82.0%) and Greece (81.1%).

Insurers in a few countries have however favoured investments in equities, such as in Denmark and Indonesia where equities represented 40.8% and 29.8% of investments respectively (compared to 34.5% and 20.7% for bills and bonds respectively).

**Figure 3. Asset allocation of domestic insurance companies (all sectors), 2017 (preliminary)**  
As a percentage of total investment



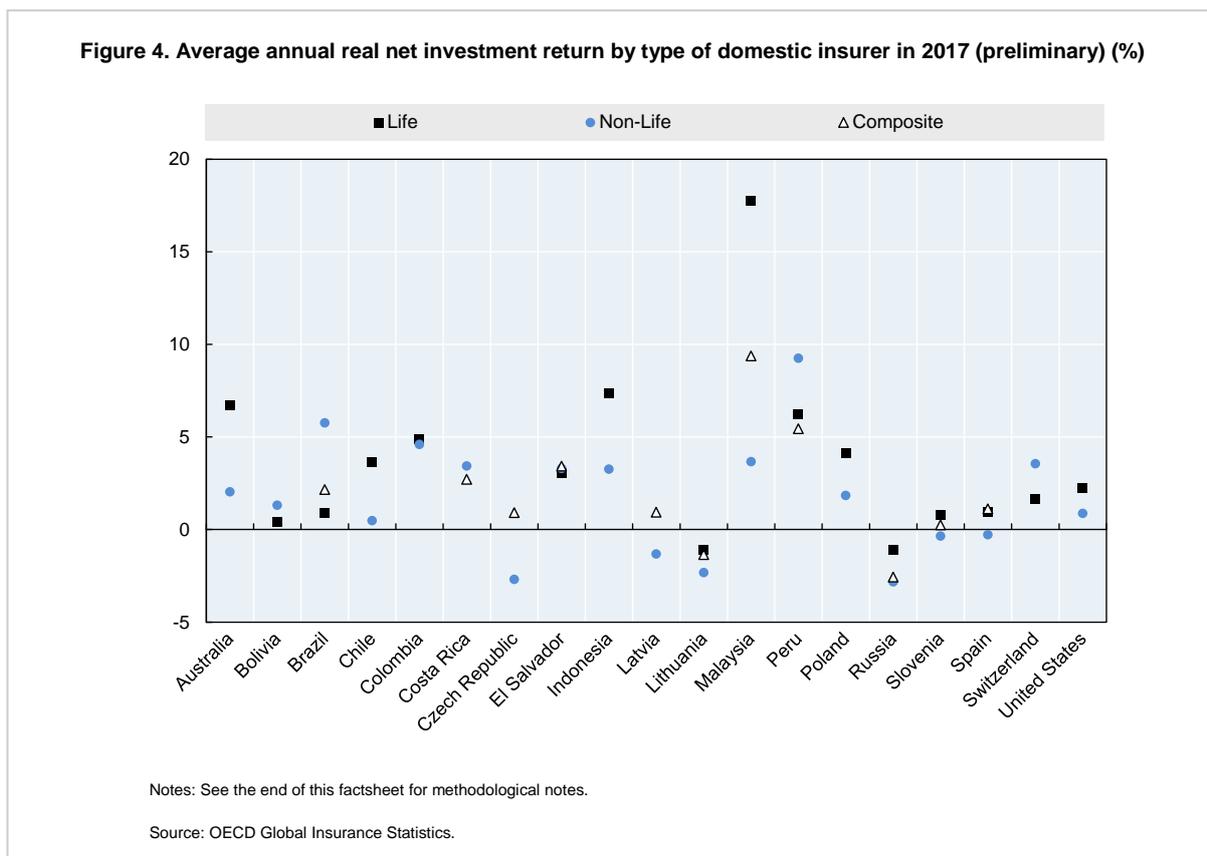
Notes: See the end of this factsheet for methodological notes.

Source: OECD Global Insurance Statistics.

### Positive real investment rates of return in 2017 in most reporting countries

Insurers experienced positive real positive investment rates of return in 2017 - irrespective of whether they engaged in life insurance activities only (i.e. life insurers), non-life insurance only (i.e. non-life insurers) or both (i.e. composite companies) – in 13 out of the 19 reporting countries (Figure 4). Life insurers in Malaysia achieved the highest real investment rate of return (17.8%) thanks to the strong performance of the Malaysian equity market in 2017.

By contrast, all types of insurer failed to achieve positive real returns in Lithuania (where the share of investments in equities is relatively low) and in Russia.



## METHODOLOGICAL NOTES TO BE TAKEN INTO CONSIDERATION WHEN INTERPRETING THE DATA

**General:** Data are collected within the framework of the OECD Global Insurance Statistics (GIS) project. Data in this note are preliminary and may be revised in the 2018 edition of the report *Global Insurance Market Trends* (forthcoming). This note focuses mainly on the direct insurance business of domestically incorporated undertakings (i.e. incorporated under national law) in reporting countries, and includes data for the following participating countries among:

- OECD Members: Australia, Austria, Belgium, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, Italy, Latvia, Luxembourg, Mexico, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Switzerland, Turkey, United Kingdom, United States;
- ASSAL (non-OECD) Members: Bolivia, Brazil, Colombia, Costa Rica, El Salvador, Honduras, Nicaragua, Peru;
- Other countries: India, Indonesia, Lithuania, Malaysia, Russia, Singapore and Tunisia.

Insurance companies may carry out life insurance activities only (i.e. life insurers), non-life insurance activities (i.e. non-life insurers) or both (i.e. composite insurers). In some countries, some insurance companies that are considered as life insurers (respectively non-life insurers) can carry out some specific non-life (respectively life) activities on an ancillary basis.

Data for Estonia include business abroad from branches of Estonian insurance companies. Data for Iceland do not cover the State Natural Catastrophe insurance undertaking. Data for Indonesia cover conventional and sharia insurance. Data on premiums, claims and investment performance for Lithuania are based on IFRS while data on asset allocation follow the Solvency II reporting template. Data for Lithuania include business abroad. Data for Luxembourg exclude marine insurers but include business abroad from branches of Luxembourg companies. Data for Malaysia cover both traditional insurance and Takaful insurance. Data for Mexico cover insurance and surety institutions. Data for the Netherlands include basic health insurance.

For some countries, data cover insurance companies subject to Solvency II quarterly reporting requirements and exclude the smallest insurance companies (e.g. France, the Netherlands). Data for the Netherlands also exclude one insurance undertaking with the end of financial year in April.

Countries in some charts are labelled with their ISO code. ISO codes are available on the United Nation Statistics Division internet page at the following address: <http://unstats.un.org/unsd/methods/m49/m49alpha.htm>.

**Figure 1:** Life premiums for Belgium include some elements that are reported as non-life insurance in the statutory accounts (e.g. health). Calculations of growth rates do not take into account composite companies for El Salvador. Annual growth rates for India, Israel and Spain are OECD estimates based on the amount of premiums reported for the period April - Dec 2017 for India, and Jan - Sept 2017 for Israel and Spain.

**Figure 2:** Australia recorded a high level of claims in the life sector in 2016 due to a transfer of insurance policies from the Universal Super Scheme to the MLC Super Fund, distorting the trend between 2016 and 2017 (not shown in the chart). Real gross claims paid in the non-life sector in Australia increased by 5.7% in 2017. The overall amount of gross claims paid in Australia in 2017 (life and non-life insurance combined) was worth USD 54,253 million. Calculations of growth rates do not take into account composite companies for El Salvador. Data for Estonia and Greece refer to growth rates of claims incurred. Annual growth rates for India, Israel and Spain are OECD estimates based on the amount of gross claims paid reported for the period April - Dec 2017 for India, and Jan - Sept 2017 for Israel and Spain.

**Figure 3:** Data refer to end-2017 for all countries, except Spain (end Q3 2017). The GIS database gathers information on investments of insurance companies in collective investment schemes (CIS) and the look-through of these investments in equities, bills and bonds, cash and deposits and other. Data on asset allocation in this figure show both direct investments of insurance companies in equities, bills and bonds and cash and deposits, and their indirect investments in these categories through CIS when the look-through of CIS investments is available. When the look-through is not available, investments by insurance companies in CIS are shown in a separate category and data in the figure for the countries in this case only show direct investments of insurance companies in equities, bills and bonds and cash and deposits. Investments of insurance companies related to unit-linked products are excluded from the calculations of the asset allocation, except for Indonesia and the United Kingdom where they are combined with investments from non-unit-linked insurance in the main investment categories. The category "equity" includes holdings in related undertakings for the Czech Republic. Data for Germany are estimates; the breakdown of investments of insurance companies through CIS has not been approved by external auditors. The category "equity" includes investments in shares of subsidiary companies for Peru.

**Figure 4:** Average annual real net investment rates of return are calculated based on the nominal annual net investment rates of return reported by countries for the period Dec 2016 - Dec 2017 and the variation of the consumer price index over the same period.