

European Non-Life insurance groups' 2010 RANKING



One more year, FUNDACIÓN MAPFRE issues the report «European Non-Life Insurance Groups' Ranking 2010», based on the premium volume of each group, with a complete analysis of economic figures and its comments. The ranking is a very useful tool to monitor the yearly development of this business segment in Europe.

FUNDACIÓN MAPFRE
CENTRO DE ESTUDIOS

For the seventh consecutive year, FUNDACIÓN MAPFRE issues its report «European Non-Life Insurance Groups' Ranking», this time for 2010. It is based on the premium volume that each group achieved in 2010 in this line of business in all of the countries where they operate. The data come from yearly reports published by the companies themselves. The study also provides information on the groups' combined ratio, comments on the year's highlights and a table with the results posted by each group in Non-Life branches.

METHODOLOGY

1. The ranking was prepared using gross premium volumes (direct insurance plus accepted reinsurance) in Non-Life branches.

It should be noted that the ranking does not include Health insurance premiums that are assigned to the Life¹ branch, but it does feature those which are classified as part of Non-Life or explicitly differentiated.

2. Due to application of IFRS8, some groups have varied the operating segments about which they provide separate information, causing difficulty in obtaining some of the figures analyzed in earlier editions of this ranking. However, whenever

Millions of euros

EUROPE'S LARGEST NON-LIFE GROUPS IN 2010 Ranking by gross premium volume

Nº	GROUP	COUNTRY	Non-life premiums		% ▲	Combinado Ratio* %		RANK 2009
			2009	2010		2009	2010	
1	ALLIANZ	GERMANY	42.523	43.895	3,2	97,4	97,2	1
2	AXA	FRANCE	29.015	30.314	4,5	99,0	99,1	2
3	ZURICH	SWITZERLAND	24.534	25.080	2,2	96,8	97,9	3
4	GENERALI	ITALY	21.636	22.090	2,1	98,3	98,8	4
5	EUREKO	NETHERLANDS	14.647	16.281	11,2	95,9	95,7	5
6	MAPFRE	SPAIN	11.900	12.768	7,3	95,7	95,8	6
7	AVIVA	UK	11.207	12.239	9,2	99,0	96,8	8
8	ERGO	GERMANY	11.182	11.982	7,2	93,5	97,0	9
9	GROUPAMA	FRANCE	10.331	10.756	4,1	105,9	104,9	10
10	RSA	UK	8.706	9.876	13,4	94,6	96,4	-

Total first 5	132.354	137.659	4,0
Total all 10	185.681	195.280	5,2

Source: done by FUNDACIÓN MAPFRE with data from consolidated financial reports. (under NIIF criteria).

¹The combined ratio is the one provided by each company in its earnings report. In those cases where the Non-Life ratio and the Health ratio are given separately, we have used the Non-Life ratio.



¹In general, in those cases in which Health insurance generates mathematical provisions, this branch is classified as part of Life.

possible, the criterion used in previous years has been retained. In the case of Groupama, which has stopped publishing information on the Life and Non-Life segments, premiums from the Property-Casualty segment have been added to those of Health insurance. Also, because of the new configuration of its operating segments, the Talanx group does not publish the total volume of its Non-Life premiums. For this reason the group is not included in this edition of the ranking.

3. Groups whose main line of business is reinsurance are not included in the ranking. We have maintained the criterion of including accepted reinsurance premiums from groups that have reinsurance units but do not rely on them as their main line of business.

4. The earnings figures refer to the Non-Life sector, before taxes and minority interests.

5. The report uses the term «operating result» to refer to earnings from insurance activities, including revenue from investments linked to this line of business. Losses or gains from other investments are included under the heading non-operating result.

6. The information on solvency levels that appears in some tables refers to all of the operations carried out by each group. The figure refers to the number of times the group has met the mandatory solvency requirement.

7. For comparative purposes, we have updated revenue and earnings figures for 2009 that were published by the groups in their annual reports for 2010.

8. Average exchange rates used:

EURO/1 UNIT	2009	2010
Pound sterling (GBP)	1,124	1,169
Dollar (US)	0,718	0,758

GENERAL COMMENTS

Highlights of the ranking for 2010:

- From an economic standpoint, the year was characterized by moderate recovery of the more advanced economies and strong growth in emerging ones. In this context, the 10 European insurance groups that make up this ranking consolidated their recovery, with all of them posting growth in premium revenue and excellent results.

- The rise in premium volume was due in general to portfolio growth, higher rates, and increased revenue from international business. As seen in earnings reports from the insurers themselves, the sector involving Personal lines performed better than Commercial lines, which was more affected by a selective underwriting policy. As for international markets, those of Latin America and Asia registered significant growth, which in some cases was double-digit. This was in contrast to more moderate rises in domestic markets and in Europe.

- The Automobile branch of the insurance sector continues to be the one hardest hit by stiff competition and the effects of the economic crisis.

- Bad weather that affected Europe and a large number of natural disasters –especially the earthquakes in Chile and New Zealand, and winter storm Xynthia– were some of the causes of a worsening of the claims ratio and, therefore, of the combined ratio. Here one must note the important work done by the insurance and reinsurance industry, which helped mitigate the effects of natural disasters, which claim more victims and cause more damage each year.

In 2010, premium revenue for the 10 largest European Non-Life insurance groups was 195,280



million euros, an increase of 5.2% from the previous year. The top five groups accounted for 70% of all premiums, and none of them saw their ranking change compared to the 2009 listing. Allianz led the ranking for the seventh year in a row, with premium volume of 43,895 million euros and a 22.5% share of the premium revenue of the top 10 groups.

For this edition of the ranking it was not possible to obtain total Non-Life premium volume of the Talanx group² (it was seventh in the ranking in 2009), and for this reason it is not included in the list. So there was movement in the last four spots in the ranking: Aviva, Ergo and Groupama moved up one notch and RSA joined the ranking in the 10th spot. Without this change, the ranking would have remained the same.

All the groups saw their premium volume increase, led by RSA (13.4%) and Eureko (11.2%). In the case of the British group, several factors helped fuel the rise: new acquisitions, an increase in business volume and rates, and the positive effect of exchange rates. As for Eureko, the increase stemmed from Health insurance, due in large part to an increase in contributions from the Dutch Government as it foresaw higher claims in basic Health insurance.

The combined ratio fell for six of the 10 groups, in most cases because of a rise in claims as a result of adverse weather that affected Europe last year and because of natural disasters. In some cases, this effect was offset by a rise in rates or better technical results in international markets. The expense ratio rose for five groups and fell in the other five.

Group	% Claims ratio		% Expense ratio		% Combined ratio	
	2009	2010	2009	2010	2009	2010
EUREKO	67,8	68,1	28,1	27,6	95,9	95,7
MAPFRE	70,8	70,6	24,9	25,2	95,7	95,8
RSA	65,0	68,0	29,6	28,4	94,6	96,4
AVIVA	66,7	64,5	32,3	32,3	99,0	96,8
ERGO	59,8	62,5	33,7	34,5	93,5	97,0
ALLIANZ	69,5	69,1	27,9	28,1	97,4	97,2
ZURICH	70,9	71,1	25,9	26,8	96,8	97,9
GENERALI	71,1	71,3	27,2	27,5	98,3	98,8
AXA	70,9	71,1	28,1	28,0	99,0	99,1
GROUPAMA	n.d.	n.d.	n.d.	n.d.	105,9	104,9

Source: done by FUNDACIÓN MAPFRE with data from yearly reports.

Note: in ascending order by combined ratio for 2010.

The year 2010 was the second worst since 1980 in terms of the number of natural disasters, especially earthquakes, such as those in Haiti, Chile, China and New Zealand, which caused huge economic losses and claimed many lives. As for insured losses³, the single most costly loss event was the quake in Chile (27 February), with damaging totaling \$8,000 million, followed by the earthquake in New Zealand (4 September), at a cost of more than \$4,000 million. The groups affected by the quake in Chile, be they insurers or reinsurers, were

Allianz, Generali, MAPFRE, RSA and Zurich.

In Europe the most costly event for the insurance industry was winter storm Xynthia, which battered France and northwest Europe in February, with damage totaling \$2,700 million. Summer floods in France and Central and Eastern Europe caused additional damage. What is more, the cold wave that affected Europe towards the end of the year cost insurers \$262 million.

After an across-the-board fall in earnings in 2008, an improvement that began the following year

Millions of euros

Non Life results* 2009-2010			
Group	2009	2010	% Var. 2010/2009
ALLIANZ	4.142	4.320	4,3
AXA	2.692	2.905	7,9
ZURICH	1.878	2.028	8,0
MAPFRE	1.149	1.223	6,4
GENERALI	841	889	5,8
AVIVA	1.078	852	-21,0
EUREKO	601	663	10,3
RSA**	623	554	-11,0
GROUPAMA***	88	96	9,1
TOTAL	13.092	13.531	3,4

Source: done by FUNDACIÓN MAPFRE with data from yearly reports.

*Results before taxes and minority interests.

**Result of continuing operations.

***Property Casualty segment result.

² See Methodology.

³ Source: Swiss Re. Sigma 1/2011.

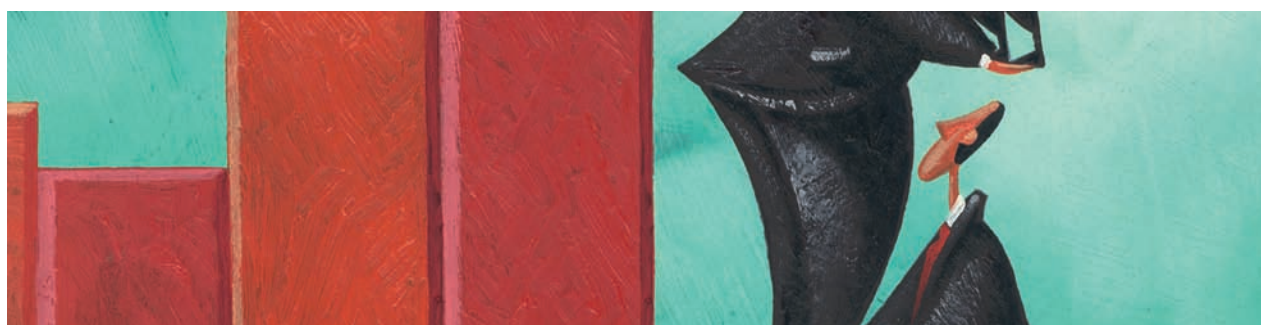


continued in 2010, with growth in almost every group except Aviva and RSA. In the case of Aviva, the cause was a drop in the performance of long-term investments. This reflected a small decline in average asset levels compared to the previous year. RSA's earnings fell because of a worsening of the technical result.

With earnings not available from Ergo⁴, the

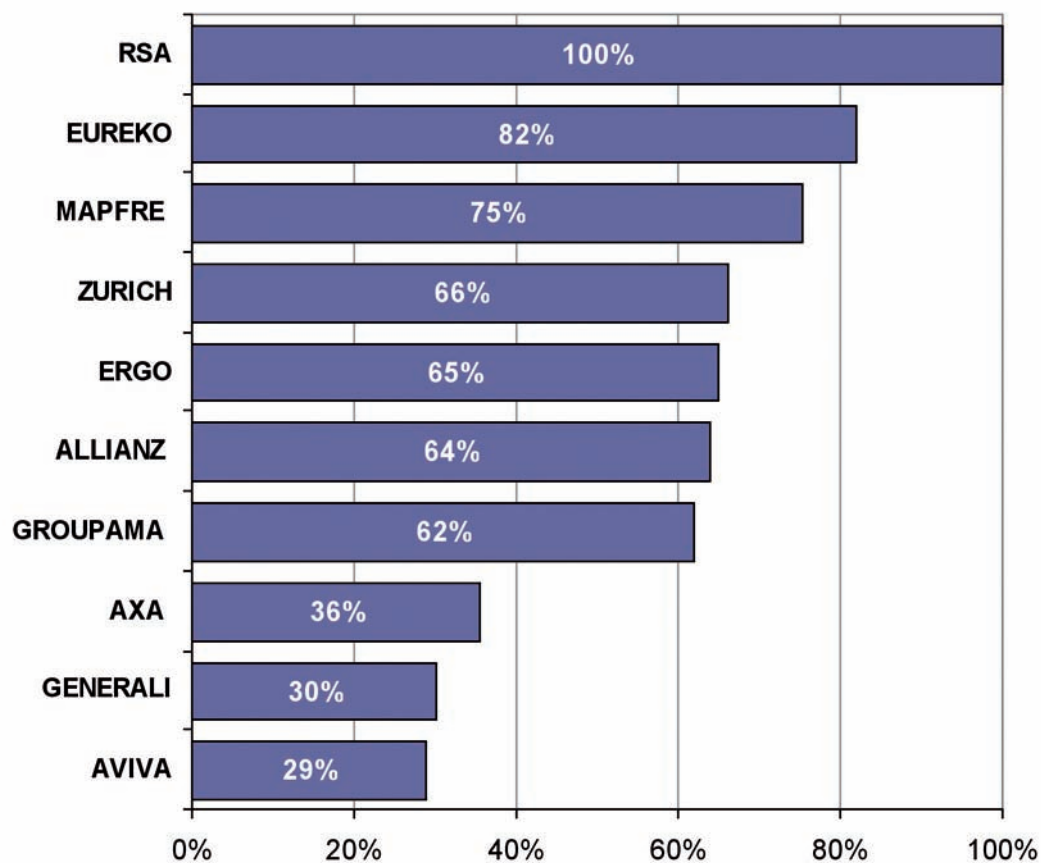
sum of results of the rest of the groups was 13,531 million euros, a rise of 3.4% compared to 2009. This improvement was due mainly to higher investment yields combined with a smaller fall in asset values.

⁴The group's segmentation does not allow for calculation of results in Non-Life branches.

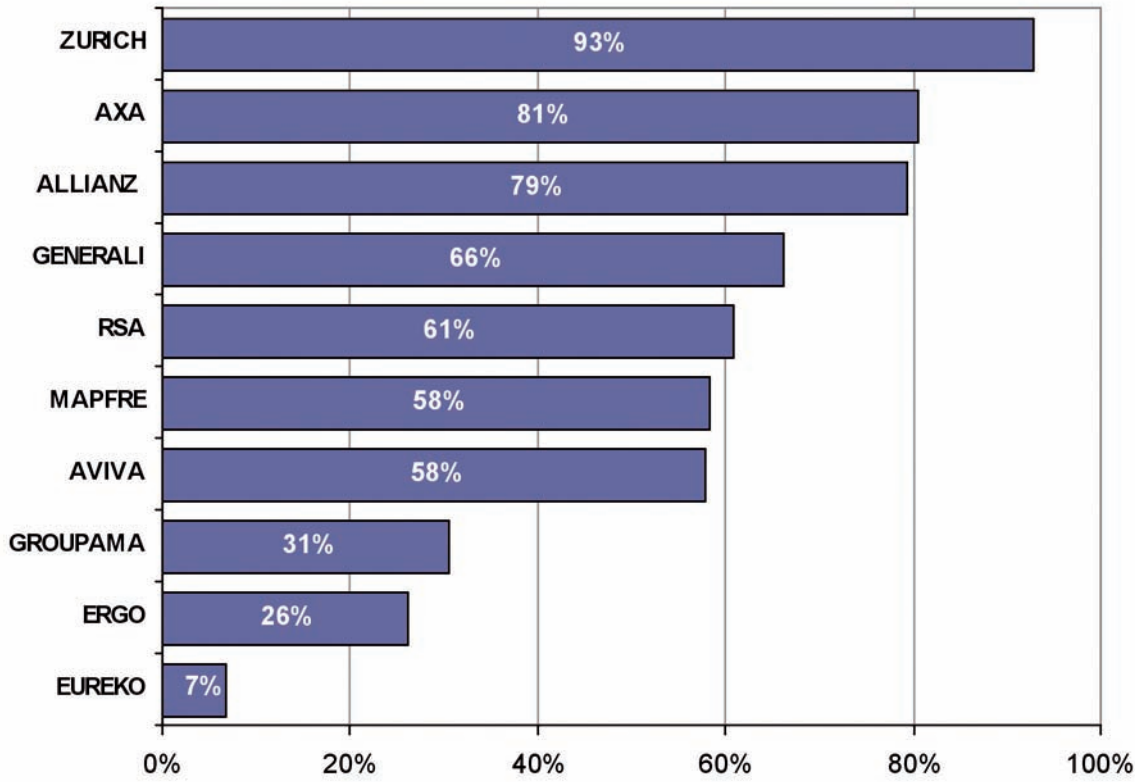


ANNEX 1. PERCENTAGE OF NON-LIFE INSURANCE

NON-LIFE BUSINESS AS A PERCENTAGE OF TOTAL PREMIUMS



PERCENTAGE OF NON-LIFE BUSINESS ABROAD



ANNEX 2. SOLVENCY

To complement the figures on Non-Life lines, we have added information on solvency levels. It is important to note:

- It has not been possible to give this figure for all of the insurance companies in the ranking. The information was taken from the insurance groups' annual reports, and this figure is not included in all of them.
- The information refers to the level of solvency for all the operations carried out by each group.
- The information is not homogenous because the specific way of determining mandatory capital depends on the laws in each country.

The figures provided show the number of times the group has attained the mandatory solvency capital. In 2010, the solvency level of all the groups

from which it was possible to obtain information improved, confirming for another year the financial soundness of Europe's major insurance groups. |

EUROPE'S LARGEST NON-LIFE GROUPS IN 2010		
Solvency Level		
Group	2009	2010
MAPFRE	2,85	2,86
ZURICH	1,95	2,43
RSA	2,40	2,30
EUREKO	2,16	2,20
AXA	1,71	1,82
ALLIANZ	1,64	1,73
AVIVA	1,70	1,60
GENERALI	1,28	1,32
GROUPAMA	1,80	1,30