Fundación MAPFRE

# 2019 RANKING OF THE LARGEST EUROPEAN INSURANCE GROUPS

MAPFRE Economics

# 2019 ranking of the largest European insurance groups

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# MAPFRE Economics

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# Presentation

As in previous editions, the *Ranking of the largest European insurance groups* offers an analysis by premium volume and of growth dynamics over the past decade. The report therefore presents the changes in premium volume over the last ten fiscal years of all the insurance groups that comprise the 2019 ranking. This process has allowed us to identify key changes for each group, as well as trends common among competitors as a whole and the convergence of said competitors.

In this edition, it should be noted that despite the political and economic uncertainties experienced in 2019, the global insurance industry maintained growth in premium revenue. In this context, the 15 largest European insurance groups increased their premiums by 5.2% and their results by 26.4%, which were boosted by good operating and financial performance. The premium volume of the 15 groups that comprise the Non-Life ranking grew 10.5%, while that of the Life ranking groups grew 2.7%. In particular, fewer losses from natural disasters in 2019 led to an improvement in combined ratios for most Non-Life groups.

The set of insurance groups analyzed confirm the start of an upward trend with an increase of 3.1%, which is above the average annual variation. It should be noted that 33% of the total premiums stem from the set of groups with convergent characteristics. In the Life segment, all insurance groups analyzed in this report grew above the trend, while 15% of the premiums stem from the set of groups with convergent characteristics. In the Non-Life segment, the premiums for the set of groups with a convergent trend represent 60%, which implies a 7% drop in the last decade and confirms a certain replacement process in which large groups are growing at a slower rate than smaller groups.

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# 1. Rankings

## 1.1. Total ranking

### Growth performance

The global economy experienced modest growth in 2019, influenced by several factors that hindered manufacturing activity and investment: trade tensions between the United States and China, the prospect of increased tariffs on other US trade partners, the uncertainty of Brexit and, from a structural perspective, the point in the economic cycle where the global economy stood. In this environment of weakening economic activity and declining inflation expectations, the majority of the central banks around the world changed their stance on monetary policy by lowering interest rates at the pace allowed by the decrease in US Federal Reserve interest rates, the level of inflation, and exchange rates against the dollar.

The US economy gradually slowed in 2019, growing at 2.3% due to the stimulus in private consumption that remained robust, but with a level of investment that showed some weakness. The eurozone also experienced an economic slowdown, putting its annual growth rate at 1.2%. The Chinese economy grew to 6.2% during 2019, thereby demonstrating a certain degree of resilience in the global environment. Financial markets, for their part, saw a strong upturn in 2019, with high returns across the equity and fixed income markets.

From a global governance perspective, 2019 was notable due to demonstrations of discontent and social tensions in various countries in Latin America (notably Chile and Bolivia), and in Asia (Hong Kong). Likewise, in Europe, new symptoms of political disaffection in Italy or the new outbreak of yellow vests protests in France continue to hamper the progress of the region's governance. As for geopolitical tensions in 2019, the rapid escalation of tensions between the US and Iran, and between Saudi Arabia and Iran, should be noted.

Despite the political and economic uncertainties experienced in 2019, the global insurance industry maintained growth in revenue. Non-Life insurance grew above Life insurance, and increases were greater in emerging countries than in developed countries. Among developed markets, the greatest growth took place in North America and the Asia-Pacific region, while growth was most notable among emerging markets in China and India. Latin American insurance markets showed moderate growth.

Life insurance also performed well in 2019, despite a difficult environment characterized by persistently low interest rates. Growth in this segment of the insurance market was moderate in developed countries, while premiums once again experienced strong increases in emerging countries after the drop in 2018. Asia and Latin America were therefore the driving force of growth in emerging markets. With regard to Latin America in particular, almost every country performed very well, most notably the nominal increase in local currency of 17% in Brazil and 11.4% in Mexico, the largest markets in the region.

In Europe, the slowdown in economic growth limited the increase in Non-Life businesses, while sustained low interest rates slowed the growth of Life and Life Savings insurance. However, the stock market boom has been a stimulus for Life insurance products in which the policyholder assumes investment risk, creating a movement toward unit-linked products.

In the Property & Casualty insurance segment in the United States, rates have gone from strength to strength in 2019 due to two consecutive years of severe loss and a low-interest-rate environment. With regard to health insurance in the US market, growth was mainly due to public protection programs (Medicare and Medicaid), and annuities in the Life segment performed very well. It is worth noting that one phenomenon impacting the US casualty market is so-called "social inflation" (increased insurance claim costs as a result of increased litigation, broader definitions of liability, more favorable legal decisions for the plaintiffs, and larger compensatory allowances for juries), whereby the significant increase in indemnification is causing an increase in the costs of claims in some lines of business.

Also worth noting are some regulations that have introduced significant changes for insurers. In this regard, in 2019, Law No. 2019-486 on the Action Plan for Business Growth and Transformation, known as "*Loi Pacte*," was enacted in France and its main purpose is to reform retirement savings. An important consequence of this reform is the simplification of individual retirement savings products, which savers consider to be rigid and complex, by creating a new product, the Retirement Savings Plan (*Plan épargne retraite* — PER), which has been available since October 1, 2019. At the fiscal level, the advantage of the Retirement Savings Plan is rooted in its ability to deduct annual payments from the taxable income tax base within the maximum limits established by law. Savings can be transferred to other Life insurance contracts within the same company or to a Retirement Savings Plan. The regulation of investment in "socially responsible," "green" or "public utility" funds is another development introduced by this law.

In the United Kingdom, in July 2019 the Lord Chancellor announced a change to the way in which compensation payments are calculated for personal injury, setting the discount rate at -0.25% (compared to -0.75% in 2017), which has led to an increase in claims reserves.

On the other hand, with regard to the impact that natural disasters have had on the accounts of European insurers, the economic damage caused by disasters in 2019 was lower than in the previous two years, which was largely due to the absence of damage caused by major hurricanes in the United States. Hurricane Dorian in the United States and the Bahamas was the most intense of the 2019 North Atlantic hurricane season and the most expensive in history for the Bahamas. Despite this, insurance-covered hurricane damage was below the annual average of the previous ten years. Typhoons Hagibis and Faxai, which struck Japan, were the most damaging natural disasters in the world. Events relating to meteorological phenomena decreased following two consecutive years of major damage. For its part, forest fire damage decreased in 2019 after reaching unprecedented levels in 2017 and 2018, although high temperatures and low rainfall triggered extensive, prolonged fires in Australia, which were the most destructive in country's history[1].

In Europe, severe natural phenomena occurred, such as the winter storm Dragi-Eberhard, which hit the United Kingdom, Germany and Belgium, floods in southern France in the fourth quarter of 2019, as well as the flooding caused by isolated depressions in high levels (cold drops) that developed in Spain in the second half of the year.

## The largest European insurance groups

The premium volume of the 15 largest European insurance groups increased by 5.2% in 2019 to 599.46 billion euros. Since 2009, the premiums of the groups that comprise the 2019 ranking have increased by 22.8%, with an average annual

Table 1.1-a
Total: 2019 ranking of the largest European insurance groups
Ranking by premium volume

| | Group | Country | Premiums (millions of euros) | | | | | %Δ premium 2009-2019 | % YoY premium 2009–2019 (annual average) | % YoY premium 2018–2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2009 | 2018 | 2019 | Δ 2009–2018 | Δ 2018–2019 | | | |
| 1 | AXA | France | 84,646 | 96,309 | 99,852 | 11,663.0 | 3543.0 | 18.0% | 1.6% | 3.7% |
| 2 | ALLIANZ | Germany | 65,090 | 77,824 | 82,919 | 12,734.0 | 5095.0 | 27.4% | 2.5% | 6.5% |
| 3 | GENERALI | Italy | 70,530 | 66,691 | 69,785 | -3838.7 | 3094.0 | -1.1% | -0.1% | 4.6% |
| 4 | ZURICH | Switzerland | 38,655 | 39,874 | 42,932 | 1219.6 | 3057.9 | 11.1% | 1.0% | 7.7% |
| 5 | PRUDENTIAL | United Kingdom | 22,822 | 38,667 | 40,259 | 15,845.0 | 1592.0 | 76.4% | 6.9% | 4.1% |
| 6 | TALANX | Germany | 20,923 | 34,885 | 39,494 | 13,962.0 | 4609.0 | 88.8% | 8.1% | 13.2% |
| 7 | CRÉDIT AGRICOLE ASSURANCE | France | 24,216 | 33,534 | 36,968 | 9318.0 | 3434.0 | 52.7% | 4.8% | 10.2% |
| 8 | AVIVA | United Kingdom | 39,001 | 32,396 | 35,632 | -6605.3 | 3236.3 | -8.6% | -0.8% | 10.0% |
| 9 | CNP | France | 32,523 | 32,315 | 33,436 | -208.2 | 1121.5 | 2.8% | 0.3% | 3.5% |
| 10 | BNP PARIBAS CARDIF | France | 17,039 | 24,000 | 23,884 | 6961.0 | -116.0 | 40.2% | 3.7% | -0.5% |
| 11 | MAPFRE | Spain | 15,607 | 22,537 | 23,044 | 6930.1 | 506.8 | 47.7% | 4.3% | 2.2% |
| 12 | AEGON | Netherlands | 19,473 | 19,316 | 18,138 | -157.0 | -1178.0 | -6.9% | -0.6% | -6.1% |
| 13 | POSTE VITA | Italy | 7112 | 16,797 | 17,972 | 9684.6 | 1175.0 | 152.7% | 13.9% | 7.0% |
| 14 | ERGO | Germany | 17,470 | 17,779 | 17,650 | 309.5 | -129.0 | 1.0% | 0.1% | -0.7% |
| 15 | COVÉA | France | 12,997 | 17,011 | 17,492 | 4013.8 | 480.7 | 34.6% | 3.1% | 2.8% |
| | First 5 total | | 281,742 | 319,365 | 335,747 | 37,622.9 | 16,381.9 | 19.2% | 1.7% | 5.1% |
| | First 15 total | | 488,104 | 569,935 | 599,457 | 81,831.4 | 29,522.2 | 22.8% | 2.1% | 5.2% |

Source: MAPFRE Economics (based on data from the annual reports of the groups specified)

growth of 2.1% (see Table 1.1-a). The Axa, Allianz, and Generali groups have led the ranking during this period and accounted for 42% of the premiums of all the groups that make up the ranking in 2019. It is worth noting that the groups that comprise the 2019 ranking are the same as the previous year, with little variation in their ranked positions. In addition, all groups, with the exception of BNP Paribas Cardif, Aegon, and Ergo, showed increases in their premiums.

Axa remains the largest European insurance group by premium volume for 2019, with a revenue of 99.85 billion euros, up 3.7% from the previous year. The group showed growth in all its markets in terms comparable to the previous year, due to both increased sales and to the effect of prices. Another positive factor was the acquisition in 2018 of one of the largest commercial line insurers, the US-based XL Group, the purchase of which was completed in September that year.

The next group in the 2019 ranking is Allianz with a revenue of 82.92 billion euros in premiums, which equates to an increase of 6.5% compared to 2018. The Life and Health segment recorded a significant increase in sales of single-premium efficient capital products[2] in Germany, as well as a rise in sales of non-traditional variable annuity in the United States. The Property & Casualty segment also recorded significant premium growth, mainly from Allianz Global Corporate & Specialty (AGCS) and Allianz Partners in Germany. As part of its strategic progress, the group made several acquisitions in 2019: in the United Kingdom, it acquired 51% of the unheld capital in Liverpool Victoria General Insurance Group and acquired 100% of Legal & General Insurance's general insurance division; and in Brazil, it purchased the Automobile and Property insurance operations of Sul America in order to become one of the country's main insurers in this line.

Generali retained third place in the 2019 ranking, with 69.79 billion euros in premiums, performing well in both business segments: 4.7% in the Life segment thanks to a particularly strong fourth quarter, and 4.5% in the Non-Life segment due to good performance in the two business lines, Automobiles and Non-Automobiles.

The first changes in the ranking occurred in fourth and fifth place whereby Zurich and Prudential swapped. Both groups present their accounts in US dollars, which, for the purposes of this report, were favored by the appreciation of the dollar against the euro in 2019. The Swiss group increased its gross premiums by 7.7% (2.2% in dollars), boosting it to fourth place in the ranking ahead of Prudential. Zurich's gross premiums grew both in Life (8.5%) and in Non-Life (7.5%), with increases in all regions except Europe, the Middle East and Africa (EMEA). Prudential reported a slight decrease in premiums of 1.2% in dollars, which equates to an increase of 4.1% in euros. In October 2019, Prudential successfully completed M&G plc's spin-off from the group, months after announcing the spin-off of its British and European businesses from other international operations, resulting in two independent companies. Following this change, M&G will encompass investment and savings operations in the United Kingdom and the rest of Europe, while Prudential plc will group together its business in Asia, the United States and Africa, and will focus on Life insurance and asset management. The Hong Kong Insurance Authority will be the new supervisor of the group, which is transitioning toward a new supervisory framework.

There were no changes from the 2018 ranking from sixth place through twelfth place, though growth was notable for Talanx (13.2%), Crédit Agricole Assurance (10.2%), and Aviva (10%). Thanks to growth in all its segments—though mainly in reinsurance—Talanx's gross premiums rose 13.2% to 39.49 billion euros, with a reinsurance weighting of more than 50%. Crédit Agricole Assurance's increase in premiums was driven by growth of Life insurance and Casualty insurance in France, as well as by dynamism in international activity. As for Aviva, growth was mainly driven by the Life insurance segment. Conversely, Aegon's drop in premiums (-6.1%)

must also be mentioned, which was mainly due to a reduction in Life policies on its retirement choices platform in the United Kingdom.

With regard to the groups occupying the last three spots in the 2019 ranking, Poste Vita jumped from fifteenth place to thirteenth place, which caused Ergo and Cóvea to drop one place each. Poste Vita premiums increased by 7.0% in 2019 thanks to a rebalancing of production in favor of more flexible products supported by multi-line (or hybrid) products, insurance not guaranteed with a moderate risk profile, but with a more attractive return on investment.

With regard to 2020, the pandemic caused by COVID-19 has affected all trend forecasts for the insurance industry. At the moment, it is difficult for insurers to assess the impact that the pandemic will have on the results of 2020, although some European groups—including the two largest groups—have put forward an estimate of the cost that the pandemic will have on their income statement for this year, which will depend on the final duration and severity of the crisis. Axa's estimate of the impact of COVID-19-related claims on underlying earnings amounts to a total cost of 1.2 billion in Property & Casualty. It does not expect any deviations in Life and Health claims[3]. For its part, the board of management of the Allianz Group does not believe that the group can reach an operating profit target range of 12 billion euros, plus or minus 500 million euros[4].

In general, European insurers' main response to the COVID-19 pandemic has been ensuring the safety and health of their employees, striving for business continuity, and meeting their contractual obligations, thereby providing clients with the best service and advice. In addition to meeting the responsibilities assumed with their stakeholders, they have also implemented exceptional measures, such as handling coverage claims that may be considered excluded in the event of a pandemic, or offering more flexible payment measures. The European insurance industry has also used its solidarity to mitigate the health, economic and human impact of the pandemic through multiple initiatives, such as donating health materials, helping less fortunate classes of society by providing them with food or essential items, participating in solidarity funds to support micro, small and medium-sized enterprises, or contributing to research into COVID-19, etc.

In the European Union, the European Insurance and Occupational Pensions Authority (EIOPA) has published a series of measures aimed at mitigating the impact of COVID-19 on insurance, some of which are aimed at the industry and others are aimed at consumer guidance. These measures include recommendations on supervisory flexibility with regard to the deadlines to submit supervisory reports and public disclosure for insurers. By providing operational relief in allowing delays in reporting and public disclosure, insurers can focus on monitoring and evaluating the impact of the pandemic and maintaining operations.

In addition, under the Solvency II regulatory framework, European Union insurance companies are obligated to maintain eligible shareholders' equity on a continuous basis to cover their solvency capital requirement. The risk-based solvency capital requirement allows insurance companies to absorb significant losses and assure policyholders and beneficiaries that payments will be made as they become due. The Solvency II framework also includes a number of tools that can be used to mitigate risks and impacts on the industry. Within this framework, EIOPA has asked insurance companies to take measures to keep their capital position balanced with the protection of the policyholder, following prudent dividend policies and other distribution policies, including variable remuneration.

## Results and balance sheet

As illustrated in Table 1.1-b, all 15 of the largest European insurance groups considered in the 2019 ranking had positive net results. Overall, net results reached 34.85 billion euros, up 26.4%

Table 1.1-b
Total: 2019 net result of European insurance groups
(millions of euros)

| Group | Country | Net result (millions of euros) | | % y/y 2018–2019 | Attributable to controlling company (millions of euros) | | % y/y 2018–2019 |
|---|---|---|---|---|---|---|---|
| | | 2018 | 2019 | | 2018 | 2019 | |
| AXA | France | -373 | 4181 | 1,220.9% | 2140 | 3857 | 80.2% |
| ALLIANZ | Germany | 7703 | 8302 | 7.8% | 7462 | 7914 | 6.1% |
| GENERALI | Italy | 2497 | 2939 | 17.7% | 2309 | 2670 | 15.6% |
| PRUDENTIAL | United Kingdom | 3410 | 708 | -79.3% | 3407 | 700 | -79.5% |
| ZURICH | Switzerland | 3371 | 3917 | 16.2% | 3150 | 3705 | 17.6% |
| CNP | France | 1670 | 1736 | 3.9% | 1367 | 1412 | 3.3% |
| TALANX | Germany | 1359 | 1671 | 23.0% | 703 | 923 | 31.3% |
| AVIVA | United Kingdom | 1907 | 3037 | 59.3% | 1772 | 2906 | 64.0% |
| CRÉDIT AGRICOLE ASSURANCE | France | 1341 | 1522 | 13.5% | 1331 | 1518 | 14.0% |
| AEGON | Netherlands | 744 | 1528 | 105.4% | 744 | 1528 | 105.4% |
| MAPFRE | Spain | 878 | 955 | 8.9% | 529 | 609 | 15.2% |
| BNP PARIBAS CARDIF | France | 694 | 2308 | 232.6% | 686 | 2293 | 234.3% |
| POSTE VITA | Italy | 1004 | 730 | -27.3% | 1004 | 730 | -27.3% |
| COVÉA | France | 954 | 875 | -8.3% | 940 | 858 | -8.6% |
| ERGO | Germany | 412 | 440 | 6.8% | N/A | N/A | N/A |
| Total | | 27,570 | 34,848 | 26.4% | 27,543 | 31,622 | 14.8% |

Source: MAPFRE Economics (based on data from the annual reports of the groups specified)

Table 1.1-c
Total: 2019 balance sheet of European insurance groups
(billions of euros)

| Group | LIABILITIES | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shareholders' equity | | | | | | Technical provisions | | | | Other | | Total liabilities | |
| | Capital and reserves | | Non-controlling interests | | Total | | Technical provisions | | Policyholder/ insured party risk | | | | | |
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| AXA | 62.4 | 69.9 | 10.8 | 4.7 | 73.3 | 74.6 | 476.1 | 412.4 | 160.6 | 73.2 | 220.8 | 220.7 | 930.7 | 780.9 |
| ALLIANZ | 61.2 | 74.0 | 2.5 | 3.4 | 63.7 | 77.4 | 602.7 | 665.6 | 115.4 | 132.2 | 115.8 | 136.1 | 897.6 | 1,011.2 |
| GENERALI | 23.6 | 28.4 | 1.0 | 1.5 | 24.6 | 29.9 | 314.7 | 343.8 | 63.2 | 75.4 | 113.4 | 65.5 | 515.8 | 514.6 |
| PRUDENTIAL | 19.2 | 17.4 | 0.0 | 0.2 | 19.2 | 17.5 | 285.6 | 152.6 | 186.6 | 195.6 | 73.6 | 39.4 | 565.0 | 405.1 |
| ZURICH | 26.3 | 31.2 | 1.4 | 1.4 | 27.7 | 32.6 | 167.3 | 178.7 | 94.9 | 112.0 | 54.9 | 37.7 | 344.8 | 360.9 |
| CNP | 17.8 | 19.4 | 1.7 | 1.8 | 19.5 | 21.2 | 301.4 | 312.9 | 56.2 | 65.5 | 38.4 | 40.9 | 415.5 | 440.4 |
| TALANX | 8.7 | 10.2 | 5.6 | 6.5 | 14.3 | 16.6 | 117.0 | 125.6 | 10.0 | 11.8 | 20.9 | 23.6 | 162.2 | 177.6 |
| AVIVA | 19.5 | 20.9 | 1.1 | 1.2 | 20.5 | 22.1 | 235.5 | 259.1 | 150.0 | 180.2 | 71.8 | 82.7 | 477.7 | 544.0 |
| CRÉDIT AGRICOLE ASSURANCE | 14.9 | 16.2 | 0.1 | 0.1 | 15.0 | 16.3 | 264.6 | 287.3 | 59.9 | 69.3 | 43.0 | 52.5 | 382.5 | 425.4 |
| AEGON | 22.8 | 25.0 | 0.0 | 0.0 | 22.9 | 25.1 | 133.4 | 142.1 | 197.2 | 229.5 | 39.6 | 44.5 | 393.0 | 441.1 |
| MAPFRE | 8.0 | 8.9 | 1.2 | 1.3 | 9.2 | 10.1 | 46.5 | 48.5 | 2.2 | 2.5 | 9.4 | 11.4 | 67.3 | 72.5 |
| BNP PARIBAS CARDIF | 4.6 | 5.8 | 0.3 | 0.3 | 4.9 | 6.1 | 145.0 | 157.8 | 64.8 | 74.5 | 23.9 | 24.2 | 238.7 | 262.6 |
| POSTE VITA | 4.0 | 4.3 | - | - | 4.0 | 4.4 | 122.5 | 136.3 | 2.7 | 3.9 | 2.2 | 1.6 | 131.3 | 146.3 |
| COVÉA | 15.1 | 15.9 | 0.1 | 0.1 | 15.2 | 16.0 | 82.4 | 84.0 | 5.6 | 6.4 | 5.6 | 6.0 | 108.8 | 112.4 |
| ERGO[1] | N/A | N/A | N/A | N/A | 7.2 | 7.3 | 128.6 | 133.3 | 7.9 | 8.2 | 10.1 | 10.7 | 153.8 | 159.4 |

Source: MAPFRE Economics (based on data from the annual reports of the groups specified)
1/ Figure calculated as the sum of its three segments: Life and Health Germany, Property & Casualty Germany, and International

Table 1.1-c (continued)
Total: 2019 balance sheet of European insurance groups
(billions of euros)

| Group | ASSETS | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Investments | | | | Cash | | Other | | Total assets | |
| | Investments | | Policyholder/ insured party risk | | | | | | | |
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| AXA | 588.1 | 540.5 | 160.2 | 72.7 | 31.3 | 21.9 | 151.1 | 145.8 | 930.7 | 780.9 |
| ALLIANZ | 550.9 | 625.7 | 115.4 | 132.2 | 17.2 | 21.1 | 214.0 | 232.2 | 897.6 | 1,011.2 |
| GENERALI | 346.4 | 385.5 | 65.8 | 78.5 | 6.7 | 6.9 | 96.9 | 43.8 | 515.8 | 514.6 |
| PRUDENTIAL | 312.8 | 166.2 | 186.6 | 195.6 | 13.5 | 6.2 | 52.2 | 37.1 | 565.0 | 405.1 |
| ZURICH | 159.3 | 172.4 | 95.3 | 112.6 | 7.5 | 7.0 | 82.6 | 68.9 | 344.8 | 360.9 |
| CNP | 324.1 | 337.9 | 56.0 | 65.9 | 1.3 | 1.8 | 34.2 | 34.8 | 415.5 | 440.4 |
| TALANX | 122.8 | 134.1 | 10.0 | 11.8 | 3.4 | 3.5 | 26.0 | 28.1 | 162.2 | 177.6 |
| AVIVA | 239.5 | 261.1 | 169.2 | 203.8 | 51.7 | 55.1 | 17.3 | 23.9 | 477.7 | 544.0 |
| CRÉDIT AGRICOLE ASSURANCE | 309.8 | 344.8 | 59.6 | 69.1 | 1.4 | 1.0 | 11.8 | 10.5 | 382.5 | 425.4 |
| AEGON | 139.0 | 146.8 | 194.4 | 226.4 | 8.7 | 12.3 | 50.9 | 55.7 | 393.0 | 441.1 |
| MAPFRE | 44.0 | 47.4 | 2.2 | 2.5 | 2.2 | 2.5 | 18.9 | 20.1 | 67.3 | 72.5 |
| BNP PARIBAS CARDIF | 161.5 | 176.1 | 64.5 | 74.3 | 2.4 | 2.1 | 10.2 | 10.0 | 238.6 | 262.6 |
| POSTE VITA | 125.1 | 140.9 | 2.6 | 3.7 | 1.6 | 1.2 | 2.0 | 0.5 | 131.3 | 146.3 |
| COVÉA | 88.4 | 90.7 | 5.6 | 6.4 | 3.6 | 3.3 | 11.3 | 12.0 | 108.8 | 112.4 |
| ERGO[1] | 132.1 | 137.7 | 7.6 | 7.8 | N/A | N/A | 14.1 | 13.9 | 153.8 | 159.4 |

Source: MAPFRE Economics (based on data from the annual reports of the groups specified)
1/ Figure calculated as the sum of its three segments: Life and Health Germany, Property & Casualty Germany, and International

from the previous year, boosted by good operating and financial results. It it worth noting that these benefits are impacted considerably by the result of groups that, in addition to the insurance business, manage a significant volume of assets.

Allianz had the highest attributable net result of 7.91 billion euros, which equates to growth of 6.1% compared to the previous year. This result was mainly due to growth of the Life and Health insurance divisions, as well as a higher margin in the result of investments, a unique benefit in the United States, and an increase in its operational volumes. The asset management division also increased its operating profit through an increase in assets managed for third parties, particularly in PIMCO, and positive exchange rate effects. In contrast, the operating result in the Property & Casualty segment decreased due to the strengthening of reserves in Allianz Global Corporate & Specialty (AGCS) and a lower investment result.

Moreover, BNP Paribas Cardif, Aegon, and Axa achieved the largest increases in net attributable profit in 2019. In the case of BNP Paribas Cardif, the result amounted to 2.29 billion euros in 2019, which equates to an increase of 234.3% compared to 2018. This good performance was influenced by a result of 1.45 billion euros from selling shares in the Indian subsidiary SBI Life. In the case of Aegon, the increase of 105.4% was mainly due to the increase in investment gains and the decrease in other charges. In the case of the Axa Group, net profits attributable to the controlling company amounted to 3.86 billion euros, with an increase of 1.72 billion euros (80.2%), driven mainly by the non-repetition of the impairment of the value of the 2018 Equitable Holdings goodwill, as well as by the increase in underlying earnings, partly offset by the negative impacts of the announced sale of Axa Bank Belgium, the deconsolidation of Equitable Holdings, and the change in the fair value of derivatives.

On the contrary, decreases were observed in the attributable result in 2019 by Prudential (-79.5%), Poste Vita (-27.3%), and Covéa (-8.6%). Prudential's yearly after-tax earnings amounted to 792 million dollars in 2019 (708 million euros) compared to 4.02 billion dollars in 2018 (3.41 million euros). This decrease reflected a decline in the results from discontinued operations in the United Kingdom and Europe, and a decline in the results of ongoing operations after taxes. As previously mentioned, Prudential successfully completed M&G's spin-off from the group in October 2019.

Moreover, although Poste Vita increased its gross result by 11.8% in 2019, the attributable result decreased by -27.3% due to the fact that it benefited from a positive impact in 2018 as a result of deferred taxes. Finally, for Covéa, in addition to the decrease in the attributable result by -8.6%, the 2019 fiscal year was characterized by improved technical foundations and by a lower level of capital gains in the share portfolio.

As a supplement, Table 1.1-c shows basic information on the balance sheets of the insurance groups included in the 2019 ranking.

## 1.2. Non-Life ranking

### Size and growth

All of the insurance groups that comprise the 2019 Non-Life ranking performed well during the year in terms of business generation, with some groups experiencing two-digit increases, as shown in Table 1.2-a. Premium revenue for all 15 insurance groups considered amounted to 290.9 billion euros, up 10.5%. The main stimulus came from the ranking's top five groups (Allianz, Axa, Zurich, Talanx and Generali), which earn 64% of the premiums and which grew 14.8%. When looking at the trend in premiums for all groups during the 2009–2019 period, it becomes apparent that there was an increase of 42.7% with an average annual growth of 3.9%; only the premiums of RSA and (marginally) Generali showed a decrease during this period.

The Allianz Group leads the 2019 Non-Life ranking with a premium volume of 57.21 billion euros, an increase of 6.7% from 2018. This performance has been influenced by both portfolio growth and price increases, in addition to favorable effects on currency conversion. In 2019, the German group made a series of purchases in order to strategically rebalance its portfolio. It is expanding its presence in Brazil to become one of the country's leading insurance companies in Property & Casualty by acquiring Sul América's Automobile and Property business. It made two purchases in the United Kingdom to become the second largest Non-Life insurer on the market: it acquired 51% of unheld capital in Liverpool Victoria General Insurance Group and 100% of Legal & General Insurance's general insurance division.

The second group in the ranking is Axa, which reported the highest increase in premiums in the 2019 ranking (35.8%), to reach a total of 52.42 billion euros. This growth came from both increased volume and price increases, and was strongly boosted by commercial lines. It should be noted that in 2018, Axa acquired of one of the largest commercial line insurers, the US-based XL Group, the purchase of which was completed in September that year.

The next eight groups retained the same places as in the 2018 ranking, though growth was notable for Talanx (16.7%) with 25.25 billion euros in premiums. The German group saw premium increases in all its lines of business, mainly in Non-Life reinsurance, where gross premiums increased 23.4% to 14.78 billion euros, with moderate improvements in prices and conditions. North America, Asia, Germany and structured reinsurance enjoyed strong growth. Also among the top ten European Non-Life groups is Spain's MAPFRE, which holds sixth place, with a premium volume of 17.56 billion euros. The group's premiums in this segment increased by 2.9% in 2019 due, among other factors, to the effect of issuing the Petróleos Mexicanos (PEMEX) policy in Mexico.

The only change in position of the different groups in the 2019 Non-Life ranking occurred in eleventh place, which is now occupied by R+V, bumping RSA down to twelfth place. In 2019, the German company R+V once again experienced positive performance in the direct Property and Casualty insurance segment, with considerable growth in gross premiums written of 5.7% (6.23 billion euros), highlighting the positive performance of the Automobile, Third-Party Liability, Condominium Multirisk, Personal Accidents, and Surety and Credit Insurance lines. In addition, the accepted reinsurance business saw a strong increase in gross premiums written of 21%, up to 2.84 billion euros. Reinsurance growth was distributed geographically across all continents, with Europe continuing to account for most of the portfolio. The largest premium increases were achieved in the Automobile and Fire lines.

Finally, the last three spots of the 2019 ranking are still occupied by Unipol, Sampo Group, and Mutua Madrileña.

## Combined ratio

In 2019, the insurance industry recorded losses due to natural disasters below the historical average of the past ten years. The large losses recorded in the first half of 2019 were very moderate, and the loss ratio increased in the second half of the year as a result of natural disasters, particularly in Japan and the United States. As such, events related to meteorological phenomena decreased after two consecutive years of major damage.

Fewer losses from natural disasters resulted in improved combined ratios for eight of the groups in the 2019 Non-Life ranking. While this indicator remained unchanged in two of the groups, combined ratio increased for four groups (see Table 1.2-b).

Table 1.2-a
Non-Life: 2019 overall ranking of European insurance groups
Ranking by premium volume

| | Group | Country | Premiums (millions of euros) | | | | | %Δ premium 2009–2019 | % YoY premium 2009–2019 (annual average) | % YoY premium 2018–2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2009 | 2018 | 2019 | Δ 2009–2018 | Δ 2018–2019 | | | |
| 1 | ALLIANZ | Germany | 42,523 | 53,636 | 57,210 | 11,113.0 | 3,574.0 | 34.5% | 3.1% | 6.7% |
| 2 | AXA | France | 29,015 | 38,595 | 52,422 | 9580.0 | 13,827.0 | 80.7% | 7.3% | 35.8% |
| 3 | ZURICH | Switzerland | 24,534 | 28,402 | 30,539 | 3868.6 | 2136.9 | 24.5% | 2.2% | 7.5% |
| 4 | TALANX | Germany | 11,600 | 21,628 | 25,248 | 10,028.0 | 3620.0 | 117.7% | 10.7% | 16.7% |
| 5 | GENERALI | Italy | 21,636 | 20,607 | 21,526 | -1,028.6 | 919.0 | -0.5% | 0.0% | 4.5% |
| 6 | MAPFRE | Spain | 11,900 | 17,061 | 17,559 | 5,160.9 | 498.2 | 47.6% | 4.3% | 2.9% |
| 7 | ERGO | Germany | 11,182 | 13,722 | 14,040 | 2,539.2 | 318.4 | 25.6% | 2.3% | 2.3% |
| 8 | COVÉA | France | 8927 | 12,432 | 12,906 | 3,504.8 | 474.4 | 44.6% | 4.1% | 3.8% |
| 9 | AVIVA | United Kingdom | 11,207 | 11,891 | 12,440 | 683.8 | 549.8 | 11.0% | 1.0% | 4.6% |
| 10 | GROUPAMA | France | 8482 | 9610 | 9751 | 1,128.0 | 141.0 | 15.0% | 1.4% | 1.5% |
| 11 | R+V | Germany | 4784 | 8235 | 9065 | 3,451.0 | 830.0 | 89.5% | 8.1% | 10.1% |
| 12 | RSA | United Kingdom | 8706 | 8441 | 8509 | -265.8 | 68.5 | -2.3% | -0.2% | 0.8% |
| 13 | UNIPOL | Italy | 4285 | 8161 | 8451 | 3,875.6 | 290.5 | 97.2% | 8.8% | 3.6% |
| 14 | SAMPO GROUP | Finland | 3888 | 5737 | 5947 | 1,849.0 | 210.0 | 53.0% | 4.8% | 3.7% |
| 15 | MUTUA MADRILEÑA | Spain | 1252 | 5069 | 5281 | 3,817.1 | 211.1 | 321.7% | 29.2% | 4.2% |
| | First 5 total | | 129,307 | 162,868 | 186,945 | 33,561.0 | 24,076.9 | 44.6% | 4.1% | 14.8% |
| | First 15 total | | 203,921 | 263,226 | 290,895 | 59,304.7 | 27,668.9 | 42.7% | 3.9% | 10.5% |

Source: MAPFRE Economics (based on data from the annual reports of the groups specified)

Table 1.2-b
Non-Life: 2018–2019 combined ratios
(%)

| Group | Country | Combined ratio | | | Expense ratio | | | Loss ratio | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2018 | 2019 | %Δ | 2018 | 2019 | %Δ | 2018 | 2019 | %Δ |
| ALLIANZ | Germany | 94.0 | 95.5 | 1.5 | 28.0 | 27.5 | -0.5 | 66.0 | 68.0 | 2.0 |
| AXA[1] | France | 97.0 | 96.4 | -0.6 | 27.3 | 27.3 | 0.0 | 69.7 | 69.1 | -0.6 |
| ZURICH | Switzerland | 97.8 | 96.4 | -1.4 | 32.4 | 32.1 | -0.3 | 65.4 | 64.3 | -1.1 |
| TALANX | Germany | 98.2 | 98.3 | 0.1 | 28.7 | 28.8 | 0.1 | 69.5 | 69.5 | 0.0 |
| GENERALI | Italy | 93.0 | 92.6 | -0.4 | 27.9 | 28.4 | 0.5 | 65.1 | 64.2 | -0.9 |
| MAPFRE | Spain | 97.6 | 97.6 | 0.0 | 27.8 | 28.6 | 0.8 | 69.8 | 69.0 | -0.8 |
| ERGO[2] | Germany | 96.0 | 92.3 | -3.7 | 33.4 | 32.0 | -1.4 | 62.5 | 60.3 | -2.2 |
| COVÉA | France | 98.5 | 97.3 | -1.2 | N/A | N/A | N/A | N/A | N/A | N/A |
| AVIVA | United Kingdom | 97.2 | 97.5 | 0.3 | 31.2 | 33.1 | 1.9 | 66.0 | 64.4 | -1.6 |
| GROUPAMA | France | 99.3 | 97.0 | -2.3 | 38.5 | 37.1 | -1.4 | 60.8 | 59.9 | -0.9 |
| RSA | United Kingdom | 96.2 | 94.6 | -1.6 | 27.7 | 27.6 | -0.1 | 68.5 | 67.0 | -1.5 |
| R+V[3] | Germany | 99.4 | 101.1 | 1.7 | 26.9 | 28 | N/A | 72.5 | 73.1 | N/A |
| UNIPOL | Italy | 94.2 | 94.2 | 0.0 | 27.4 | 27.9 | 0.5 | 66.8 | 66.3 | -0.5 |
| SAMPO GROUP[4] | Finland | 85.2 | 84.5 | -0.7 | 16.4 | 16.1 | -0.3 | 68.8 | 68.4 | -0.4 |
| MUTUA MADRILEÑA | Spain | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Source: MAPFRE Economics (based on data from the annual reports of the groups specified)

1/ The combined ratio refers to the Property & Casualty segment, and does not include Health or "Lifestyle protection" insurance
2/ Property & Casualty Germany.
3/ Gross combined ratio.
4/ The combined ratio is that of its subsidiary, If, whose premiums account for 92% of the group's Property and Casualty premiums.

Among the combined ratios that showed the greatest decline, the most notable are Ergo (-3.7%age points (pp)) and Groupama (-2.3 pp). It should be clarified that Ergo's combined ratio (92.3%) refers to the German Property & Casualty segment. This was achieved thanks to the decrease in the costs of major losses due to natural disasters and to the positive loss experience in the main business. Groupama's net Non-Life combined ratio stood at 97% in 2019 compared to 99.3% in 2018. This variation is the result of a change in the estimation techniques of IFRS accounting—which is equivalent to extending the discount of the Non-Life income provision—based on a prudently estimated rate of return on assets. In addition, a decrease in the non-catastrophic loss ratio and a reduction in the proportion of serious claims must be noted, together with an increase in the costs of weather-related claims.

On the contrary, R+V and Allianz experienced the greatest increases in their combined ratio, with +1.7 pp +1.5 pp respectively. The net combined ratio of R+V's direct insurance business improved in 2019 by six tenths, up to 99.3% thanks to the decrease in the loss ratio. This occurred even though natural disaster events around the world had a negative impact on the results of the accepted reinsurance segment, which reached a net combined ratio of 103.3% (101.3% the previous year). The ratio in Table 1.2-b therefore refers to the group's gross combined ratio.

For its part, the combined ratio of the Allianz Group's Property & Casualty segment deteriorated 1.5 pp to 95.5%, affected by a lower reserve release (due to the strengthening of the reserves in AGCS), slightly offset by a lower expense ratio, which benefited from growth in premiums and productivity initiatives.

Finally, it is worth noting the excellent combined ratio of the company If—a subsidiary of Sampo that holds 92% of the group's Non-Life premiums—which was 84.5%, the best combined ratio of the Non-Life ranking in 2019.

## 1.3. Life ranking

### Size and growth

The premium volume of the 15 largest European insurance groups in the 2019 Life segment stood at 377.49 billion euros, implying a 2.7% increase in 2019, while the premiums of the top five dropped by -1.3%. This decline was heavily influenced by Axa's premium decrease (-17.8%), which led this insurance group to lose its leading position in the Life ranking and drop to second place (see Table 1.3).

In addition, premium revenue from the 15 insurance groups included in the 2019 Life ranking represented a 25.1% growth compared to the revenue recorded in 2009, with an average annual growth of 2.3%. All of the groups, excluding Axa, Aegon, and M&G, showed premium growth in 2019, four of which were in the double digits: Swiss Life (35.2%), Legal & General (19.4%), Sogecap (15.6%), and Aviva (13.1%).

The insurance group Generali leads the 2019 Life ranking, ahead of Axa and Prudential, who placed first and second respectively in the 2018 ranking. Its premium volume amounted to 48.26 billion euros, 4.7% more than the previous year, thanks to strong operational performance in the second half of the year. Premiums for protection and savings products performed very well in 2019, while unit-linked products fell -2.8% throughout the year, despite the recovery recorded in the last quarter.

Axa holds second place in the ranking with a premium volume of 47.43 billion euros which, as indicated above, represents a decrease of -17.8% compared to the previous year. The French group indicates that it has transformed its risk profile from financial risks to insurance risks, completing the transfer of its US asset management and Life company, and acquiring the XL Group. Axa is focusing on the Property & Casualty and Health & Protection lines, as these segments are less sensitive to financial market developments.

Table 1.3
Life: 2019 overall ranking of European insurance groups
Ranking by premium volume

| | Group | Country | Premiums (millions of euros) | | | | | %Δ premium 2009–2019 | % YoY premium 2009–2019 (annual average) | % YoY premium 2018–2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2009 | 2018 | 2019 | Δ 2009–2018 | Δ 2018–2019 | | | |
| 1 | GENERALI | Italy | 48,894 | 46,084 | 48,260 | -2810.1 | 2176.0 | -1.3% | -0.1% | 4.7% |
| 2 | AXA | France | 55,954 | 57,714 | 47,430 | 1760.0 | -10,284.0 | -15.2% | -1.4% | -17.8% |
| 3 | PRUDENTIAL | United Kingdom | 22,822 | 38,667 | 40,259 | 15,845.0 | 1592.0 | 76.4% | 6.9% | 4.1% |
| 4 | CRÉDIT AGRICOLE ASSURANCE[1] | France | 21,725 | 29,291 | 32,056 | 7566.0 | 2764.7 | 47.6% | 4.3% | 9.4% |
| 5 | CNP | France | 29,929 | 29,561 | 30,731 | -368.8 | 1170.6 | 2.7% | 0.2% | 4.0% |
| 6 | ALLIANZ | Germany | 22,591 | 24,315 | 25,820 | 1724.0 | 1505.0 | 14.3% | 1.3% | 6.2% |
| 7 | AVIVA | United Kingdom | 27,795 | 20,505 | 23,192 | -7289.1 | 2686.5 | -16.6% | -1.5% | 13.1% |
| 8 | BNP PARIBAS CARDIF[1] | France | 15,404 | 21,551 | 22,190 | 6146.8 | 639.3 | 44.1% | 4.0% | 3.0% |
| 9 | POSTE VITA | Italy | 7,089 | 16,610 | 17,732 | 9521.3 | 1122.0 | 150.1% | 13.6% | 6.8% |
| 10 | LEGAL & GENERAL | United Kingdom | 5,624 | 14,518 | 17,339 | 8894.1 | 2821.2 | 208.3% | 18.9% | 19.4% |
| 11 | AEGON | Netherlands | 16,903 | 16,969 | 15,926 | 66.0 | -1043.0 | -5.8% | -0.5% | -6.1% |
| 12 | SWISS LIFE | Switzerland | 7,861 | 11,071 | 14,968 | 3210.1 | 3896.7 | 90.4% | 8.2% | 35.2% |
| 13 | SOGECAP[1] | France | 8,887 | 12,730 | 14,716 | 3842.9 | 1985.3 | 65.6% | 6.0% | 15.6% |
| 14 | TALANX | Germany | 10,182 | 13,257 | 14,246 | 3075.0 | 989.0 | 39.9% | 3.6% | 7.5% |
| 15 | M&G | United Kingdom | - | 14,764 | 12,630 | - | -2134.3 | - | - | -14.5% |
| | First 5 total | | 179,325 | 201,317 | 198,736 | 21,992.1 | -2580.6 | 10.8% | 1.0% | -1.3% |
| | First 15 total | | 301,660 | 367,607 | 377,494 | 65,947.3 | 9886.9 | 25.1% | 2.3% | 2.7% |

Source: MAPFRE Economics (based on data from the annual reports of the groups specified)

1/ The premium volume for this segment is as stated in its SFCR report.

Furthermore, Prudential dropped one place down to third in the 2019 ranking, with 40.26 billion euros in premiums. Despite the increase in premiums, this drop in the ranking was influenced by M&G's spin-off from the group. Another effect of this spin-off is the M&G group's entry into fifteenth place of the ranking, with a premium volume of 12.63 billion euros in 2019.

Crédit Agricole Assurance's stronger growth (9.4%) compared to CNP (4.0%) led to the former's rise to fourth place and latter's drop to fifth place. In 2019, Crédit Agricole Assurance's premium revenue reached 32.06 billion euros, with growth across all lines of business. Aviva's strong premium increase (13.1%) ranks this group in seventh place, ahead of BNP Paribas Cardif, which takes eighth place.

With a premium growth of 6.8% in 2019, Poste Vita jumped up one place to ninth, followed by Legal & General. The latter group increased its premium volume by 67.1% in 2018 after completing a number of major transactions during the year. It closed four of the top five pension risk transfers in the UK market, including the agreement reached with British Airways to insure the historic pensions liabilities of its employees. In 2019, the group once again significantly increased its revenue (19.4%) to 17.34 billion euros, thanks to pension risk transfers both in Europe and in the Americas.

The next spot in the ranking is held by the Aegon group, with a premium volume of 15.93 billion euros, 6.1% less than in 2018. This drop was mainly due to a decrease in Life policies on its retirement choices platform in the UK. By contrast, Swiss Life recorded the largest increase in premiums within the 2019 ranking of insurance groups (35.2%), up to 14.97 billion euros, placing it in twelfth place. This increase is due to the activity of collective Life insurance in Switzerland and the withdrawal of a competitor from this market segment.

Another group that performed well in 2019 was Sogecap, the insurance company of the Société Générale group. This performance, which enabled it to achieve a premium volume of 14.72 billion euros and an annual growth of 15.6%, was the result of a development strategy based on two complementary axes: integrated bancassurance and partnerships. In 2019, activity in Life savings and protection insurance was sound with all its distributors, both in the Société Générale group's networks in France and overseas, and in its non-controlling distribution interests.

Finally, Talanx and M&G held the last two places of the 2019 ranking The German group's Life premiums increased (7.5%) in all segments of its business, while M&G's premium fell by -14.5%. In this regard, it should be noted that M&G separated from its parent company Prudential plc in October 2019 and established itself as an independent company.

# 2. Solvency ratios

With regard to solvency levels, it should be noted that all groups featured in the 2019 ranking show a sound financial situation: twelve insurance groups have eligible own funds of more than twice the required solvency capital requirement. As shown in Table 2, the Covéa group's 406.1% solvency ratio in 2019 was the highest of all the groups analyzed.

Table 2
2019 solvency ratios of the European insurance groups featured in the ranking

| Group | Country | 2018 | 2019 |
|---|---|---|---|
| COVÉA | France | 384.0% | 406.1% |
| MUTUA MADRILEÑA | Spain | 350.0% | 322.0% |
| POSTE VITA | Italy | 211.2% | 311.7% |
| GROUPAMA | France | 297.0% | 300.9% |
| PRUDENTIAL PLC[1] | United Kingdom | 356.0% | 309.0% |
| CRÉDIT AGRICOLE ASSURANCES | France | 188.0% | 262.7% |
| TALANX | Germany | 252.0% | 246.4% |
| SOGECAP | France | 160.0% | 240.6% |
| CNP ASSURANCES | France | 187.0% | 226.8% |
| GENERALI | Italy | 216.6% | 224.2% |
| ALLIANZ | Germany | 229.0% | 212.4% |
| AEGON | Netherlands | 211.0% | 201.4% |
| BNP PARIBAS CARDIF | France | 152.0% | 198.4% |
| AXA | France | 193.0% | 198.4% |
| UNIPOL | Italy | 163.0% | 187.0% |
| MAPFRE | Spain | 189.5% | 186.8% |
| SWISS LIFE[2] | Switzerland | 180.0% | 185.0% |
| AVIVA | United Kingdom | 180.0% | 183.4% |
| LEGAL & GENERAL | United Kingdom | 189.0% | 179.0% |
| RSA | United Kingdom | 170.0% | 177.9% |
| SAMPO GROUP | Finland | 139.7% | 167.0% |
| R+V | Germany | 177.0% | 158.9% |
| M&G | United Kingdom | 141.0% | 143.0% |
| ZURICH[3] | Switzerland | 125.0% | 129.0% |
| ERGO[4] | Germany | N/A | N/A |

Source: MAPFRE Economics (based on data from the SFCRs of the groups specified)

1/ Local Capital Summation Method (LCSM), in accordance with the competent Hong Kong Insurance Authority (IA).
2/ Swiss Life presents a solvency ratio as per the internal model compliant with the Swiss Solvency Test authorized by FINMA on January 1, 2018 and January 1, 2019.
3/ The solvency ratio published by Zurich derives from the Z-ECM internal model in accordance with the Swiss Solvency Test authorized by Swiss supervisor FINMA.
4/ ERGO does not report its own solvency ratio as it belongs to the Munich Re Group.

In addition, the groups that experienced the greatest increases in their solvency ratios during 2018–2019 were Poste Vita (+100.5 pp), Sogecap (+80.6 pp), Crédit Agricole Assurances (+74.7 pp), BNP Paribas (+46.4 pp), and CNP Assurances (+39.8 pp).

# 3. Convergence and market trend analyses

## 3.1 Convergence analysis

The convergence and divergence processes in the insurance market inform us of developments in the structure about the main insurance groups over time. In this context, there have been significant economic events during the last ten years that have led to changes in both the development of the market and in the composition of the ranking[5]. To this end, the convergence analysis distinguishes, as in previous years[6], three sets of insurance groups: *convergent*, *divergent*, and *neutral*. It should be noted that this classification is based on deviation from the overall market trend[7].

### Life segment

First, in the case of the Life segment (Chart 3-a), the *convergent* set consists of the insurance groups Prudential and Talanx. This is a positive convergence: in 2009, it showed greater trend growth compared to the market total, but by the end of the period in 2019, it stood just below the market total.

The *divergent* group is the largest, formed by Axa, Crédit Agricole Assurances, Aegon, Poste Vita, Aviva, Legal & General, Swiss Life, and Sogecap. This case is a positive divergence: in 2009, it showed a trend growth closer to the market total, but at the end of the period in 2019, it exceeded and moved away from the market total.

Finally, the *neutral* set (formed by Generali, CNP Assurances, Allianz, and BNP) maintains a relatively constant differential compared to the market, falling below the market total trend during the 2010–2019 period.

Since 2015, the share of the convergent set's premiums in the total amount of premiums has fallen by -3%, while that of the divergent set has risen by 4%. The trend behavior of both sets of insurance groups has confirmed this fact.

### Non-Life segment

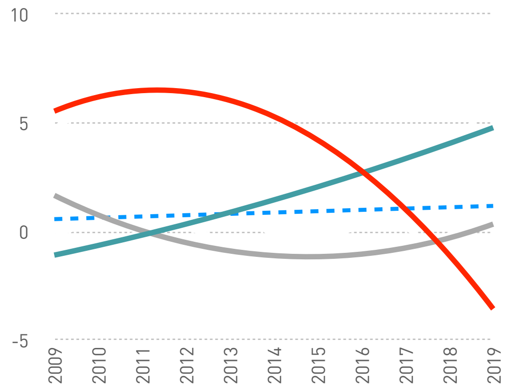
In the case of the Non-Life segment (Chart 3-b), in 2019 the *divergent* set (formed by Axa and Talanx) began by growing above the market and continued to separate itself further from the market trend, especially during the last years of the period.

On the other hand, there are two types of convergence in the *convergent* set—one positive and the other negative—with opposing trend forces that can offset each other, especially at the beginning of the analyzed period. As a matter of fact, near-zero values can be observed in the chart[8].

With regard to the set of positive-convergent insurance groups, the clearest examples are Aviva or Sampo Group, which are approaching the market trend from negative differentials. The trend difference from the market goes from less to more. On the other hand, the set of negative-convergent insurance groups would include Mutua Madrileña, Unipol, and MAPFRE, which approach the market trend from positive differentials; the trend difference from the market therefore goes from more to less.

Finally, the members of the *neutral* group (Ergo, Covéa, and R+V) maintain individual growth trends that orbit around the market trend throughout the period. However, analyzed as a whole, the trend moves almost parallel to the market, i.e. they have a constant trend differential[9].

**Chart 3-a**
**Life: analysis of market convergence**




**Convergent:**

PRUDENTIAL, TALANX

**Divergent (positive):**

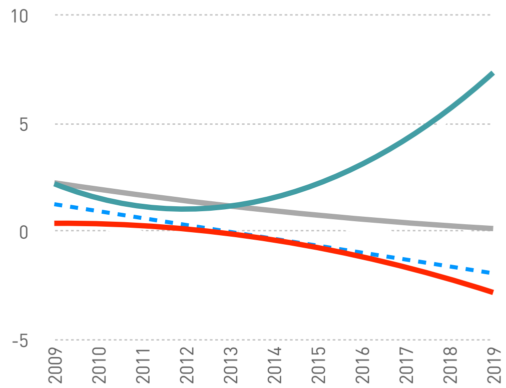
AXA, CAA, AEGON, POSTE VITA, AVIVA, L&G, SWISS LIFE, SOGECAP

**Neutral:**

GENERALI, CNP, ALLIANZ, BNP

**Market**

**Chart 3-b**
**Non-Life: analysis of market convergence**




**Convergent:**

ALLIANZ, ZURICH, GENERALI, MAPFRE, AVIVA, GROUPAMA, RSA, UNIPOL, SAMPO, MUTUA MADRILEÑA

**Divergent (positive):**

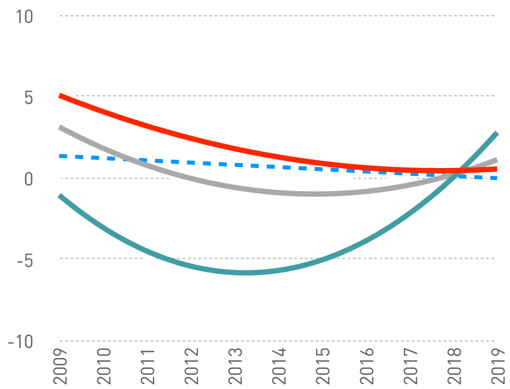
AXA, TALANX

**Neutral:**

ERGO, COVÉA, R+V

**Market**

**Chart 3-c**
**Total: analysis of market convergence**




**Convergent:**

PRUDENTIAL, ZURICH, CNP, MAPFRE, BNP, POSTE VITA, CÓVEA

**Divergent (positive):**

AVIVA, AEGON

**Neutral:**

AXA, ALLIANZ, GENERALI, TALANX, CAA, ERGO

**Market**

Source: MAPFRE Economics

The above confirms that the Non-Life segment has undergone a replacement process over the last decade whereby the large groups have been growing at a slower pace than smaller groups. As such, in 2009, the convergent set of insurance groups represented 68% of the Non-Life group's premiums, a share that has fallen to 61% in 2019. Conversely, the divergent set of groups has performed while the neutral group has remained stable, confirming the trend toward the replacement process discussed above.

## Total market

Finally, Chart 3-C shows the joint performance of insurance groups in the Life and Non-Life lines. It should be noted that this is not merely an addition of the two previous cases; it has its own entity and the insurance groups may therefore belong to a different convergence set than that to which they belonged in the Life and Non-Life segments when analyzed individually.

In this case, as was the case when analyzing the Non-Life segment, the largest set is the *convergent* set, formed by the Prudential, Zurich, CNP Assurances, MAPFRE, BNP, Poste Vita and Covéa groups. For the most part, and based on the above, all these insurance groups, except Zurich, have the characteristic of being negative-convergent.

For its part, the *divergent* group consists of Aviva (positive-divergent) and Aegon (negative-divergent); as seen in Chart 3-c above, Aviva has more weight in the final result. Finally, the *neutral* set (formed by Axa, Allianz, Generali, Talanx, Crédit Agricole Assurances, and Ergo) ended in 2019 with a trend growth slightly above the market as a whole.

The percentage of premiums for the convergent set of insurance groups out of the total increased by 3.1%, from 30.1% in 2009 to 33.2% in 2019. This has occurred to the detriment of the set of divergent groups formed by Aviva and Aegon (9%), with the weight of the set of neutral groups, which represented 58% in 2019, remaining virtually unchanged.

# 3.2 Market trend analysis

## Total market

### Growth

From the perspective of growth dynamics over the 2009–2019 period, as shown in Chart 3-e, some of the largest increases occur in insurance groups that were smaller at the beginning of the decade. Examples include Poste Vita (152.7%) and MAPFRE (47.7%), although the increase is also notable in a number of larger groups such as Prudential (76.4%), Crédit Agricole Assurances (52.7%), and Talanx (88.8%).

On the other hand, in examining the growth of premiums during the 2009–2019 period for the set of insurance groups considered in the 2019 ranking (see Chart 3-f), it was observed that the year-on-year growth rate for the set in 2018–2019 was positive (5.2%). This contrasts with the average growth over the last decade for these groups as a whole (+2.1%), demonstrating that, despite the slowdown in recent years, they have grown above the average in 2019 by 3.1 pp (See Chart 3-g).

The recent expansion (2018–2019) in the premiums of the insurance groups analyzed (see Table 1.1-a and Chart 3-d) was approximately 29.5 billion euros, which for the most part was generated by expanding activity for the five largest insurance groups (together earning 16.4 billion euros), with the German group Allianz making the biggest contribution with a total volume of 5.1 billion euros.

### Point in the cycle

An analysis of Chart 3-f reveals that, in aggregate terms, growth for all the insurance groups in 2019 has exceeded the long-term trend, leading to an upward cycle in terms of premiums. This is a positive cyclical performance, following a negative cyclical performance, as total premium growth was not only below its trend, but has been falling since 2015.

**Chart 3-d**
**Total: market size and growth in 2019 (millions of euros)**

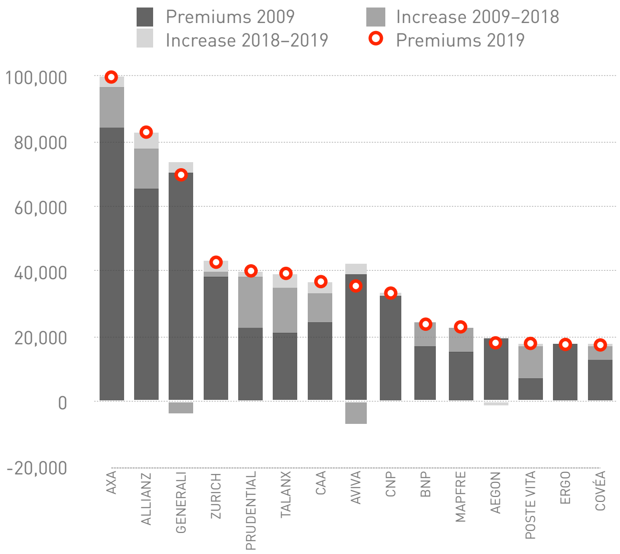



**Chart 3-e**
**Total: %Δ premiums (CAGR 2009–2019, %) vs. size (millions of euros)**

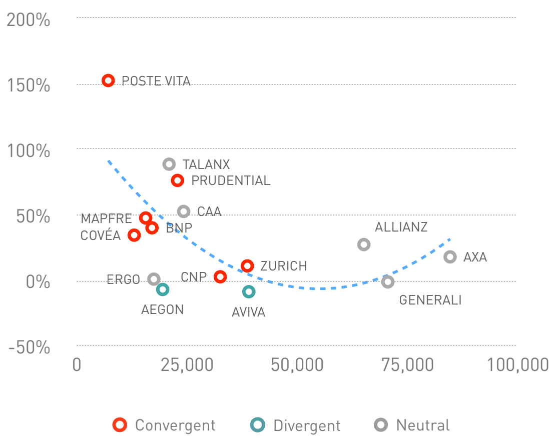



**Chart 3-f**
**Total: cycle and industry trends**

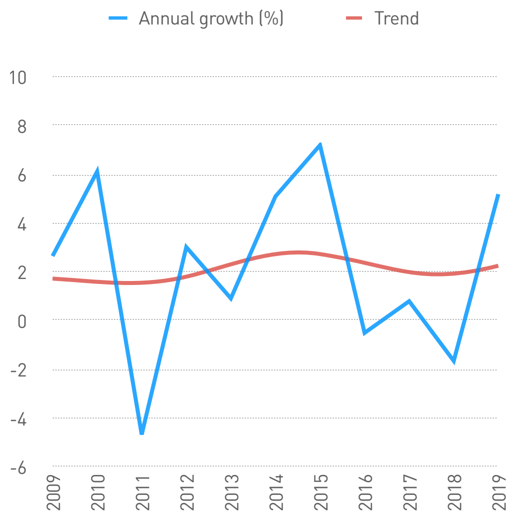
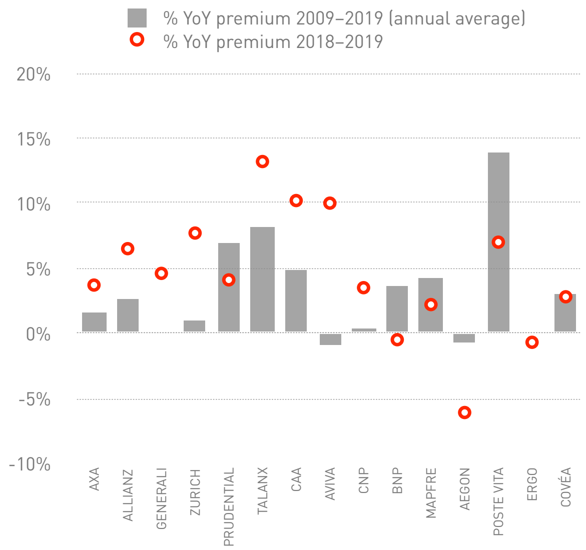



**Chart 3-g**
**Total: growth rates**




Source: MAPFRE Economics (based on data from the annual reports of the groups specified)

**Chart 3-h**
**Non-Life: market size and growth in 2019 (millions of euros)**

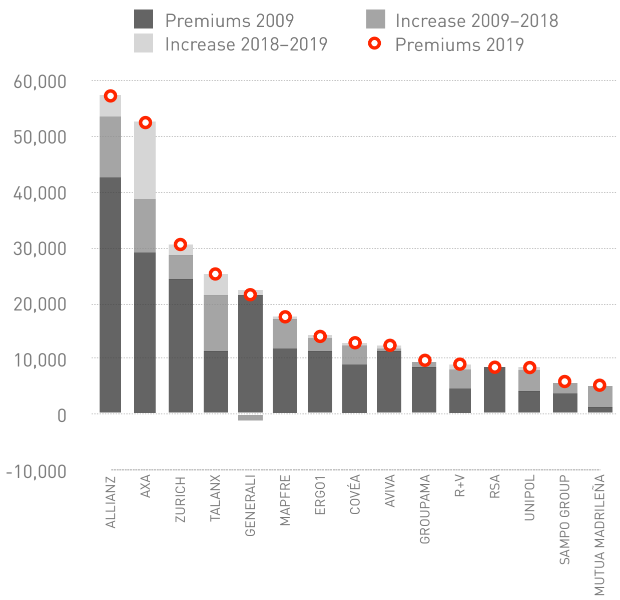



**Chart 3-i**
**Non-Life: %Δ premiums (CAGR 2009–2019, %) vs. size (millions of euros)**

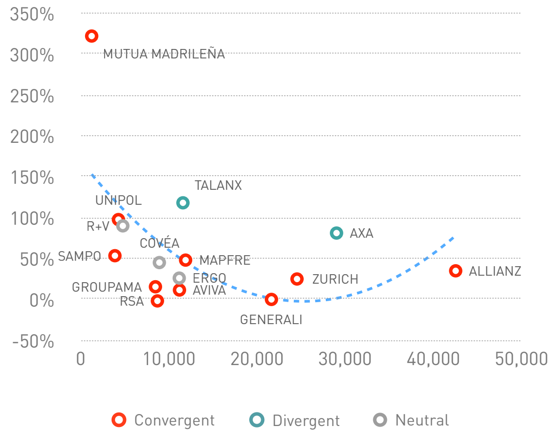



**Chart 3-j**
**Non-Life: cycle and industry trends**

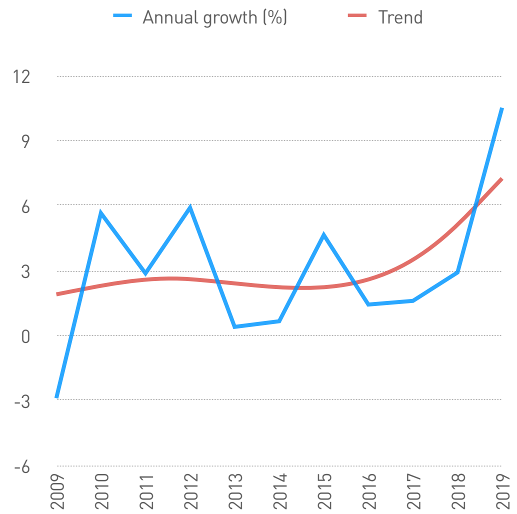
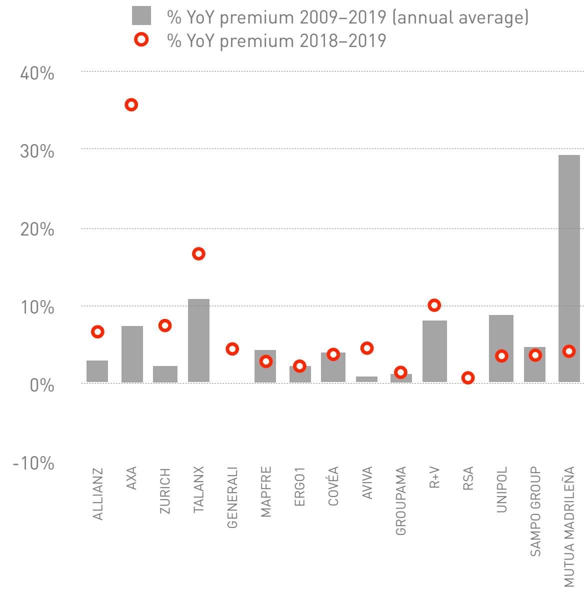



**Chart 3-k**
**Non-Life: growth rates**




Source: MAPFRE Economics (based on data from the annual reports of the groups specified)

In 2019, twelve of the fifteen insurance groups featured in the ranking reflected growth that was similar to or above their trends, as evidenced in Chart A-1 in this report's Appendix.

## Non-Life segment

### Growth

As in the case described in the previous section, it can be confirmed that, based on their 2009 premium volumes, the smaller Non-Life insurance groups registered the greatest accumulated growth rates during the 2009–2019 period, while larger groups showed less accumulated growth capacity (see Chart 3-i). This is the case of Mutua Madrileña (321.7%), Unipol (97.2%), and R+V (89.5%).

On the other hand, as shown in Chart 3-k, the year-on-year growth rate in 2018–2019 for the Non-Life segment of the ranking has been positive (10.5%). Additionally, this segment saw no premium growth contraction in either 2018–2019 or during the previous ten years (see Table 1.2-a and Chart 3-h); in the last year, the increase totaled 27.7 billion euros.

### Point in the cycle

Chart 3-h shows that all Non-Life insurance groups have shown growth during the 2018–2019 period. Only RSA and, marginally, Generali have shown negative average annual growth over the last ten years. Although almost all of the insurance groups in the Non-Life ranking have shown growth during the 2009–2019 period, five of the groups in the ranking (MAPFRE, Covéa, Unipol, Sampo, and Mutua Madrileña) have a year-on-year rate lower than the average growth recorded during this decade (see Chart 3-k). Moreover, Chart 3-j indicates that, in aggregate terms, in 2019 the market began to grow beyond its long-term trend after having attained its most recent maximum cyclical performance in 2015.

Finally, if we analyze the charts showing the cycle and trend of each group in the Non-Life ranking (see Chart A-2 in the appendix), we can confirm that, in 2019, the premium value grew above trend, or at the same pace of its trend, in most cases. It is important to note that the average growth of the 15 largest Non-Life insurance groups during 2018–2019 was close to 3.9%, while their historic annual average growth (2009–2019) was 3.6%. It can be concluded that the convergence taking place in the market is becoming a reality.

## Life segment

### Growth

An analysis of Table 1.3 and Charts 3-l and 3-n shows growth in most of the insurance groups that form the 2018–2019 ranking, except for Axa (-17.8%), Aegon (-6.1%), and the newly included M&G (-14.5%). The total increase in premiums of the 15 largest insurance groups in the Life segment amounted to 9.9 billion euros in 2019.

The 2018–2019 year-on-year growth rate for the insurance groups included in the Life ranking was 2.7%, compared with the average growth of 2.3% in the previous decade. This means that there was an improvement in 2019 compared the previous year, despite the fact that it has been hindered by the low interest rate environment that the Life line has had to deal with in recent years (see Chart 3-o).

Finally, a comparison of the growth of the insurance groups considered in the 2019 Life ranking over the last decade shows that the smaller groups have experienced a significant increase compared to the larger groups (see Chart 3-m), with Legal & General (208.3%) and Poste Vita (150.1%) standing out in particular.

### Point in the cycle

Chart 3-n shows how the 14 largest Life insurance groups[10] had an annual growth in 2019 that was above the trend of the set of groups as a

**Chart 3-l**
**Life: market size and growth in 2019 (millions of euros)**

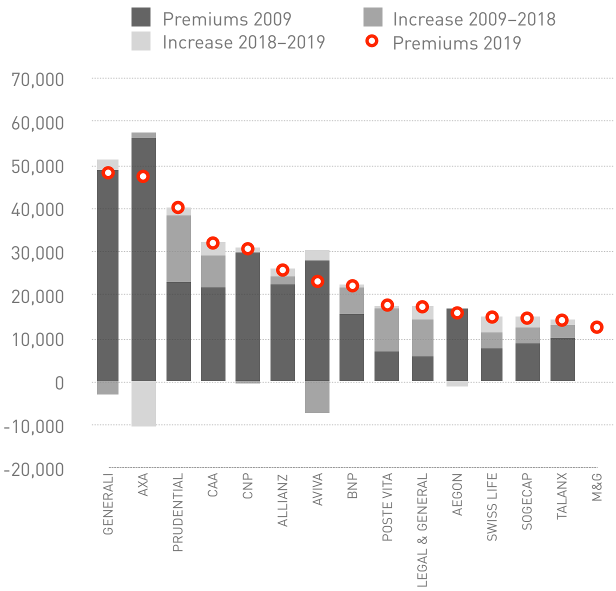



**Chart 3-m**
**Life: %Δ premiums (CAGR 2009–2019, %) vs. size (millions of euros)**

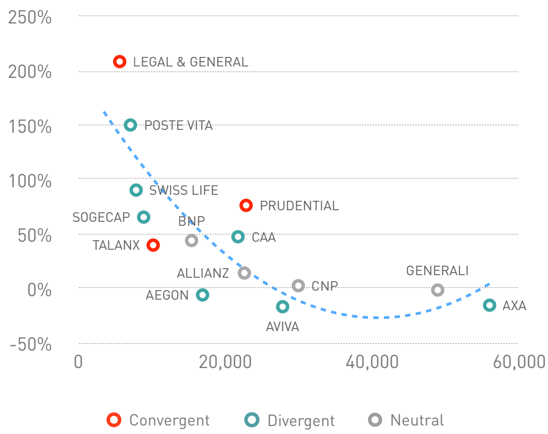



**Chart 3-n**
**Life: cycle and industry trends**

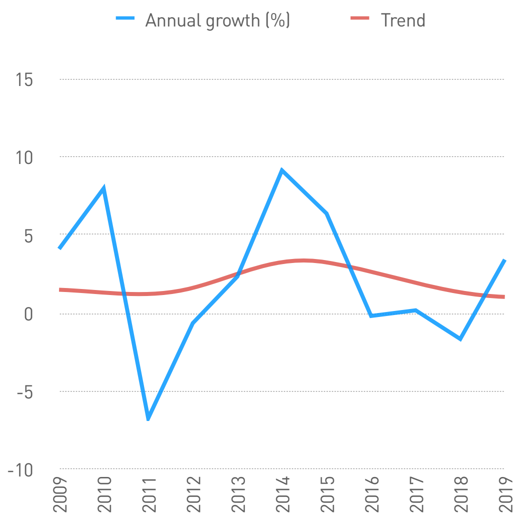
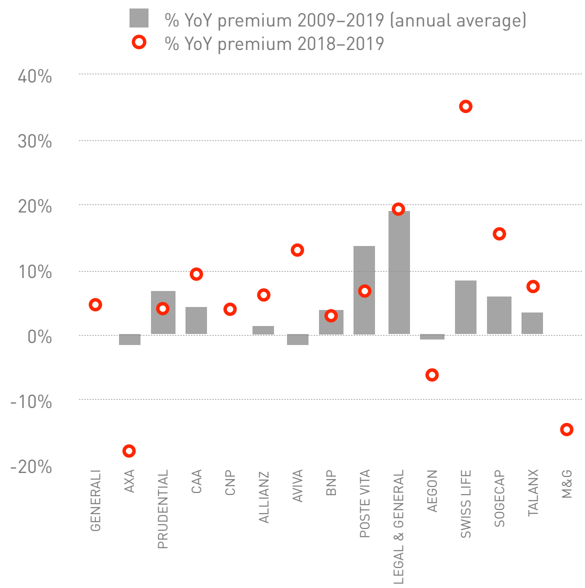



**Chart 3-o**
**Life: growth rates**




Source: MAPFRE Economics (based on data from the annual reports of the groups specified)

whole. An analysis of the performance of the insurance groups in the Life ranking over the last few years (see Chart A-3 in the appendix) shows that the growth trend has been decreasing in just five groups (Talanx, Poste Vita, Aegon, Prudential, and Axa). For the other groups, as shown in the chart corresponding to the median of the groups, the trend has grown or remained stable. However, in the case of Sogecap and Allianz, the annual growth rate has soared compared to its trend.

# Data and metrics

## Source of data

As in previous editions, this ranking was prepared with information published by the insurance groups themselves in their annual reports and in their Solvency and Financial Condition Reports (SFCR). The ranking was created using gross premiums written, as reported by each group in total terms, after consolidation adjustments. In some cases, there may be differences between the total and the sum of their segments due to said adjustments. In the case of Crédit Agricole Assurances, BNP, and Sogecap, the premiums for 2018 and 2019 for each segment were obtained from their respective SFCRs.

## Sample

For the period analyzed (2009–2019), the overall sample used comprises the 15 largest European insurance groups both in total terms and also specifically for the Life and Non-Life segments. Since the weight of these insurance groups within the overall global and European insurance market is not known (unlike the report on insurance groups in Latin America[11]), this report does not address market size or concentration, focusing instead on the cyclical and secular dynamics of the set that these European insurance groups represent, for which a dynamic premium analysis has been used.

## Intertemporal comparability

Dynamic analysis has been performed assuming a constant sample of participants over time. After obtaining the ranking by premium volume for 2019, the same information was located for each insurance group for the 2009–2019 period. This enables the changes in each of the participants under analysis to be reviewed up to their present position in the table. The dynamic analysis also relies on the data published by the groups each year in their annual reports, while the 2019 income and earnings figures published by the insurance groups in their 2020 annual reports have been included for comparison purposes.

## Metrics

The integrated analysis contained in this report aims to provide a static and dynamic ordinal classification of European insurance groups that operate a global business. This can be analyzed from a purely static perspective (with a ranking of size based on premium volume) and also from a dynamic perspective to provide a more accurate picture of how each of the insurance groups has performed over time, while also showing wider trends and patterns common to all competitors and the degree of convergence in their growth rates. In other words, this refers to the dynamics that have shaped their current standings in the ranking.

As such, the weight of each group in the ranking is measured according to its premium size in euros in the current year (in this case 2019) and over the previous ten years (2009 to 2018). This is done in order to obtain an overview of the historical increase in premiums (Δ2009–2018 and Δ2018–2019) to date, thus separating secular variation over the last decade (corresponding to the trend) from the variation experienced during the last year (more linked to the economic cycle). After obtaining the premium value in euros for those years and calculating the year-on-year growth rates over each historical series, the growth path was broken down into trend and cyclical components. Trend was determined using a Hodrick-Prescott filter, which applies a Lambda parameter equal to 6.25 (as with the approach used to extract the GDP trend of developed countries on an annual basis, the premiums of European insurers are treated as consumption, which in annual terms requires a similar parameter).

Charts 3-d, 3-h and 3-l show premium value in 2009, the gross increase in premium value experienced over the 2009–2018 period, and the increase in premiums up to 2019. Charts 3-g, 3-k and 3-o compare the growth rate for the last year against the historical average growth rate in order to spot patterns where business growth has picked up or slowed down for each of the groups analyzed.

Meanwhile, the extracted trend for each of the growth series at the insurance groups is used to calculate the growth trend for each group in the ranking in relation to each of the segments and also to compare the convergence between each of the groups and the total market (meaning all groups). These metrics are shown in Charts 3-e, 3-i and 3-m, where shared trends are compared. Charts 3-f, 3-j and 3-n provide a graphical analysis of trend exposure across the wider industry (the sample), while the trends of each group are shown in the appendix to this report (Charts A-1, A-2 and A-3).

## Exchange rates used

The average exchange rate for the year was used to calculate premiums and profit or loss. For balance sheet figures, the year-end exchange rate was used.

# Index of charts and tables

## Tables



## Charts

# References

1/ "Natural catastrophes in times of economic accumulation and climate risks." *Sigma* No. 2/2020.

2/ Products involving a significantly lower market risk, either through comprehensive asset and liability management, or through significant guarantee limitation.

3/ Decision of the Board of Directors in respect of AXA's dividend proposal for 2019. At: https://www.axa.com/en/press/press-releases/decision-of-the-board-of-directors-in-respect-of-axa-dividend-proposal-for-2019

4/ Allianz withdraws 2020 profit target. At: https://www.allianz.com/en/press/news/financials/business_results/200430_Allianz-withdraws-2020-profit-target.html

5/ The most prominent were both the Lehman and European sovereign debt crises, which had a notable impact on both the demand and sustainability of the Life business model, due to the impairment of interest rate curves and, in 2019, the US Federal Reserve-led change in overall monetary policy bias. The risk-free yield curve published by EIOPA shows that, in 2015, the 30-year rate was 2.09%, while at the end of 2019 it was 1.2%.

6/ See: MAPFRE Economics (2019), *2018 ranking of the largest European insurance groups*, Madrid, Fundación MAPFRE.

7/ For the purposes of this analysis: a) the secular growth rates are compared to the current growth rate; b) the recent premium increase is compared to the increase over the last ten years; and c) the cyclical portion is separated from the longer-term trend in premium growth rates in each specific case and for the market in general, as well as for the Life and Non-Life segments.

8/ The trend of an insurance group is *convergent* because it increasingly approaches the market trend; therefore, in the chart representing the difference between the group and market trend, there will be a decreasing value. Thus, the result of charting a set of convergent groups does not have to be increasingly smaller in relation to the market trend, and may even be close to zero, since the medians of convergent groups are taken and, therefore, it will depend on how these medians are distributed within the set concerned. The median will be zero, for example, if there are two groups with a positive-convergent trend (going from more to less) and another two groups with a negative-convergent trend (from less to more) of the same order that offset the previous ones. What should happen is that the trend as a whole will approach the market trend, provided that the positive and negative convergents do not offset each other, in which case they will be close to zero.

9/ The trend of an insurance group is *neutral* because it either coincides with the market trend or moves parallel to it. Therefore, in the chart that represents the difference between the group and market trend, there would be a horizontal value over time. This value can be positive or negative if the movement of the insurance group concerned is parallel above or below the market trend. Therefore, the result of charting a set of neutral insurance groups does not have to be close to zero, as the medians of neutral insurance groups are taken and, therefore, it will depend on how these medians are distributed. The median will be zero, for example, if there is one insurance group with a parallel trend above the market, another with the same market trend, and another with a parallel trend below the market. If all neutrals move in parallel above the market, then the median will be above the market and its difference will be positive and not zero, and vice versa.

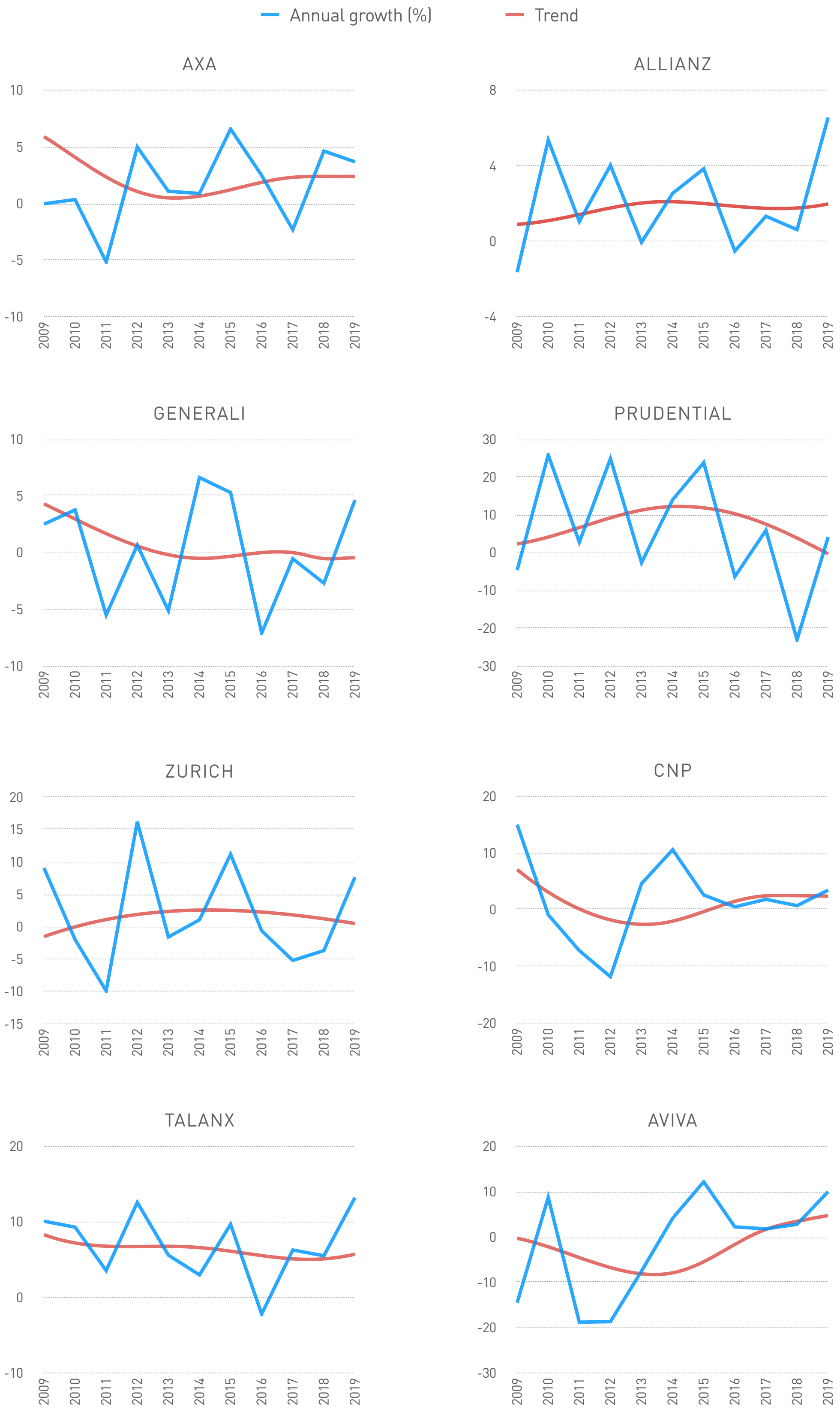
10/ The Zurich group jumped ahead of M&G in the in the 2019 ranking. However, the latter is not taken into account for trend analysis purposes due to insufficient historical data.

11/ See: MAPFRE Economics (2019), *2018 ranking of insurance groups in Latin America*, Madrid, Fundación MAPFRE.

# Appendix

## Chart analysis of cycle and trend

**Chart A-1**
**Total: graphical analysis of cycle and trend by insurance group**




Source: MAPFRE Economics

**Chart A-1 (continued)**
**Total: graphical analysis of cycle and trend by insurance group**


Source: MAPFRE Economics

**Chart A-2**
**Non-Life: graphical analysis of cycle and trend by insurance group**


Source: MAPFRE Economics

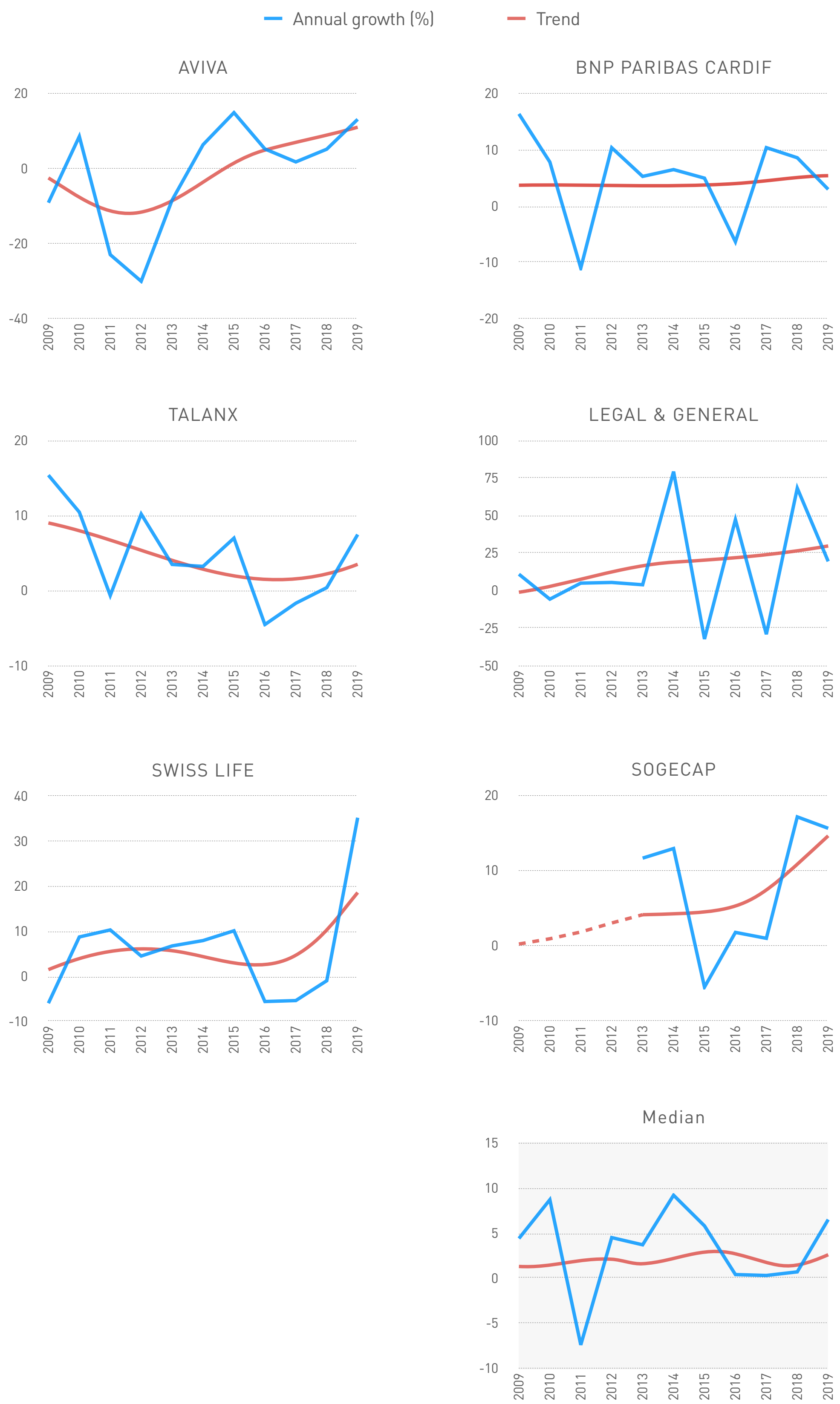
**Chart A-2 (continued)**
**Non-Life: graphical analysis of cycle and trend by insurance group**


Source: MAPFRE Economics

**Chart A-3**
**Life: graphical analysis of cycle and trend by insurance group**


Source: MAPFRE Economics

**Chart A-3 (continued)**
**Life: graphical analysis of cycle and trend by insurance group**




Source: MAPFRE Economics

# Other MAPFRE Economics reports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