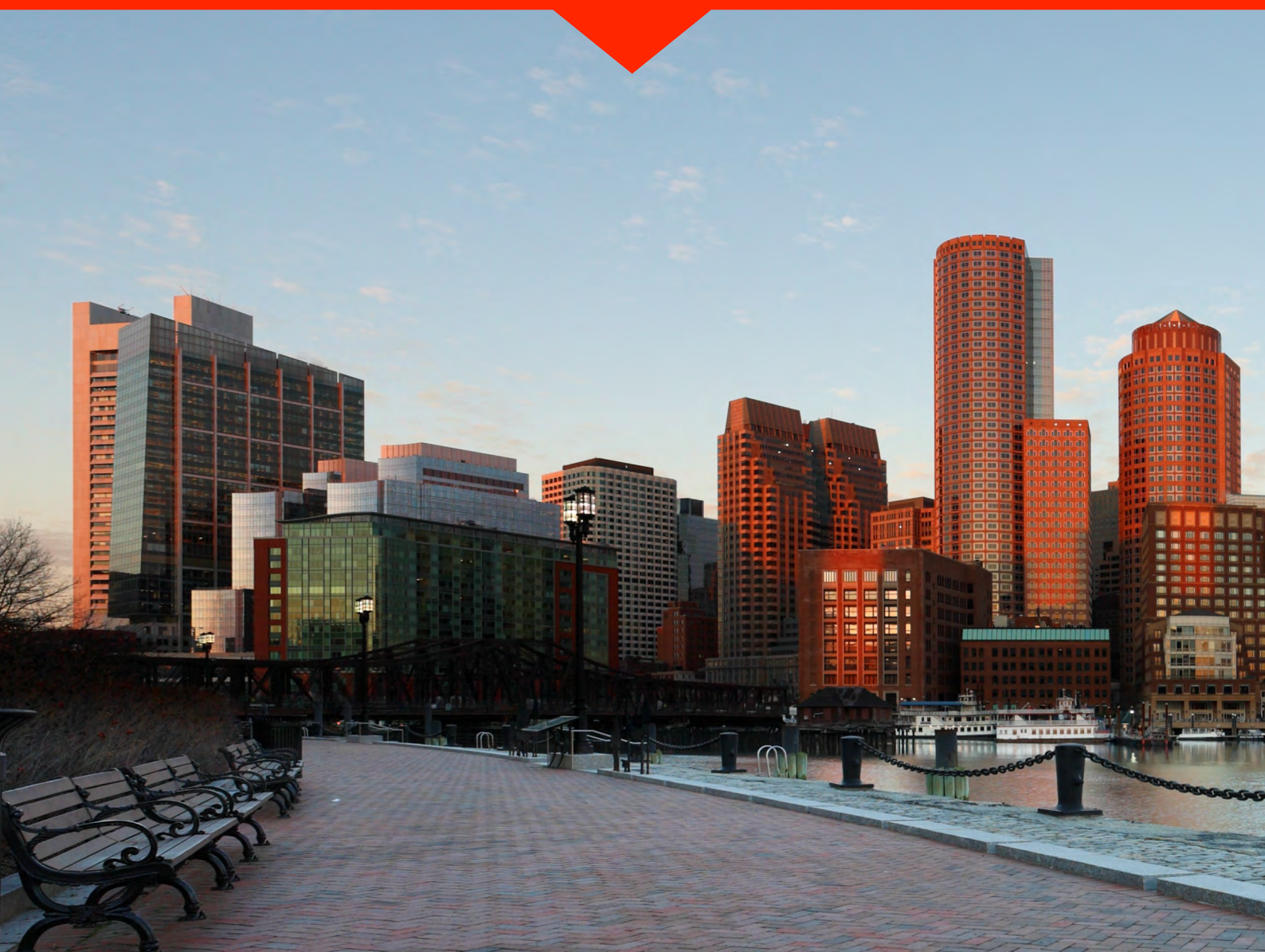


Fundación **MAPFRE**

RANKING
OF EUROPE'S LARGEST
INSURANCE GROUPS
2015



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MAPFRE ECONOMIC RESEARCH

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Introduction

The ranking in 2015

The economic environment during 2015 was marked, to a large extent, by a high level of uncertainty. This was due to several factors: the negotiations between Greece and its creditors, the slowdown of global growth, the downturn in emerging economies, the sharp fall of commodity prices in general (and of oil in particular), and the increase in financial market volatility linked to the expectations of a higher interest rate cycle in the United States. In advanced economies, the recovery of activity continued on the back of the favorable financing conditions, the containment of salary costs and the low commodity prices.

Thus, in 2015 the world economy grew by 3.1%. As in 2014, its performance was characterized by moderate growth in advanced economies and a slower pace of development in emerging economies. The former grew by 1.9% overall, with the United States above the average (2.4%) and the Eurozone below (1.6%). Emerging economies grew by 4.0%, affected by the slowdown in China and the recession in Brazil and Russia.

In this general context, in 2015 the ten largest European insurance groups achieved to overcome the headwinds in the economic environment and raised their earnings by 7.8% (2.7 percentage points [p.p.] above the figure recorded in 2014), recording premiums of 483.5 billion euros (please refer to Table 1). A factor that influenced the financial results of these groups, both in terms of revenue and earnings, was exchange rates variation, which was significant in 2015, especially the depreciation of the euro and the Latin American currencies against the US dollar and the pound sterling.

Table 1.

Europe's Largest Insurance Groups, 2015
Ranking by premium volume (million euros)

No .	Group	Country	Non-Life Premiums			Life Premiums			Total Premiums ¹		
			2014	2015	% Δ	2014	2015	% Δ	2014	2015	% Δ
1	AXA	France	32,872	34,931	6.3	53,872	57,501	6.7	86,267	91,938	6.6
2	ALLIANZ	Germany	48,322	51,597	6.8	25,660	25,237	-1.6	73,883	76,723	3.8
3	GENERALI	Italy	20,618	20,868	1.2	49,813	53,297	7.0	70,430	74,165	5.3
4	PRUDENTIAL	United Kingdom	-	-	-	40,902	50,642	23.8	40,902	50,642	23.8
5	ZURICH	Switzerland	27,558	30,812	11.8	9,242	11,068	19.8	39,494	43,917	11.2
6	TALANX	Germany	15,845	17,732	11.9	13,149	14,067	7.0	28,994	31,799	9.7
7	CNP ASSURANCES ²	France	2,906	2,910	0.1	27,630	28,419	2.9	30,536	31,329	2.6
8	CRÉDIT AGRICOLE ASSURANCES	France	4,059	4,357	7.3	25,318	26,012	2.7	29,377	30,369	3.4
9	AVIVA	United Kingdom	11,141	12,070	8.3	15,855	18,215	14.9	26,996	30,285	12.2
10	MAPFRE	Spain	16,370	17,441	6.5	5,445	4,870	-10.6	21,816	22,312	2.3
Total 10 largest groups			179,691	192,717	7.2	266,885	289,328	8.4	448,694	483,479	7.8

Source: MAPFRE Economic Research (based on the annual reports of the insurance groups).

¹ Total premiums after consolidation adjustments. At some companies there may be differences between the total and the sum of segments as a result of said adjustments.

² Acquired Premiums.

Comments about the ranking

General comment

All the European insurance groups grew in 2015, with special mention to the British companies Prudential and Aviva, as well as Zurich, favored by the appreciation of the pound sterling and the dollar against the euro. Life premiums increased by 8.4%, slightly above Non-Life premiums (7.2%), and most of the insurance groups coincided in the need to redirect their strategy towards less capital-intensive products (unit-linked and other) and reduce their exposure to secured products. With respect to the Non-Life segment, growth was principally favored by the improvement of economy in advanced markets.

Moreover, operating income also performed very positively in 2015, increasing by 6.7% (please refer to Table 2). Of the three groups that didn't improve operating income, two of them were considerably affected by extraordinary losses in the Non-Life segment. Net earnings amounted to 27,223 million euros (please refer to Table 3), a figure slightly higher by 0.8% than that recorded in 2014, and we have observed that several of the groups took measures to position their balance sheets more efficiently under the Solvency II regime. Virtually all the groups included in this study increased or maintained their solvency ratio in 2015 and all of them showed adequate levels of capitalization and financial strength (please refer to Tables 4, 5 and 6).

AXA

AXA continues to top the ranking, reaching premium volume of 91,938 million euros and growth of 6.6%, benefitting from the favorable effect of exchange rates. Life and Savings income remained stable, with increases in Protection and Health, Mutual Funds and Unit-Linked products, whereas the Traditional Life segment recorded lower earnings, in line with the group's strategy of reducing its exposure to secured products, due to the low interest rates and the gradual increase of the capital requirements linked to these products. In the Property & Casualty segment, its revenues rose by 6% (1% at constant exchange rates), mainly due to an average tariff increase of 2.8%, as well as a reduction in volumes as a consequence of a stricter selection of risks. The revenues from the International Insurance Division grew by 10%, mainly due to growth at AXA Assistance and AXA Corporate Solutions. The group's net earnings totaled 5,617 million euros, an 11.8% rise with respect to 2014 (3% at constant exchange rates), as a result of: higher adjusted profits (eliminating one-off effects); lower negative impacts from extraordinary operations and restructuring costs; and lower impacts from the impairment of goodwill and intangibles.

Allianz

Allianz remains in second place, increasing its premium volume by 3.8% in 2015, to 76,723 million euros. Apart from the insurance business, Allianz is one of the largest asset managers in the world, reporting earnings of 6,479 million euros in 2015. Life and Health premiums decreased (-1.6%), especially due to the reduction in the annuity business in the United States, lower sales of traditional products in Germany and Italy, and the reorientation to less capital-intensive products (Unit-Linked and other). This effect was partly offset by growth in the Non-Life segment (6.8%). Operating income stood at 10,735 million euros, a 3.2% rise. By segments, operating income grew by 14.1% in Life and Health, 4.1% in Non-Life, and it decreased by 11.8% in Asset Management. Allianz's net earnings amounted to 6,616 million euros, a rise of 6.3%.

Generali

Generali occupies the third place in the ranking with premium volume of 74,165 million euros in 2015, up 5.3% with respect to the previous year. Growth stems mainly from the Life business (53,297 million euros in gross premiums, +7.0%), with higher increases in Unit Linked and Life-Protection insurance, and lower production of other Savings solutions, in line with its strategy of optimizing profitability by favoring less capital-intensive products. In the Non-Life segment, premiums totaled 20,868 million euros (+1.2%), growing in lines other than Motor, which remained unchanged. The Non-Life combined ratio stood at 93.1% (-0.6 p.p.), mainly thanks to a decrease in claims, in spite of the impact of catastrophe losses (impact of +0.4 p.p.). Operating income amounted to 4,785 million euros (+6.1%), mainly due to the performance of Non-Life insurance (+8.5%), as well as the stable Life result (-0.4%) despite the difficult financial market environment. Net earnings reached 2,030 million euros, up 21.6% on the previous year, thanks to the improvement in operating and non-operating income.

Prudential

The British insurer Prudential reported premium volume of 50,642 million euros in 2015, a rise of 23.8% with respect to the previous year, and comes out fourth in the ranking. In local currency terms, premiums amounted to 36,663 million pounds, an 11.7% rise, mainly driven by the United States (+7.9%) and the UK (+21.8%). Operating income grew by 39.5%, to 5,535 million euros, and net earnings amounted to 3,562 million euros, a 29.0% increase. In Asia, the focus on recurrent premiums underpinned revenue growth in the region; in the United States, operating income increased thanks to fees from the management of assets whose financial risk is borne by clients; operating income in the UK rose by 60% in local currency terms, including 339 million pounds that were generated in the second half of the year, as a result of the measures adopted to position the balance sheet more efficiently under the Solvency II regime.

Zurich

In the fifth place of the ranking is the Swiss insurance group Zurich, whose premium volume stood at 43,917 million euros, a rise of 11.2% with respect to 2014. In US dollars, which is the currency used by the group to release its accounts, premiums fell by 6.9%. On a local currency basis, General Insurance lines grew in the United States and Latin America, whereas in Life insurance growth was predominantly recorded in EMEA, driven by the individual savings business in some continental European countries, partly offset by a reduction in corporate business in the UK. The net attributable result was down 44.3%, to 1,668 million euros. The group's results were marked by a high claims experience, with special impact of the explosion occurred in the Chinese port city of Tianjin in August, and flooding in the UK and Ireland in December. As a consequence, operating income fell by 24.9%, to 2,641 million euros.

Talanx

The German insurance group Talanx ranks sixth, climbing two places with respect to 2014, and reporting premiums of 31,799 million euros in 2015, up 9.7% on the previous year. All the segments, except Retail Germany (6,667 million euros, -3.2%), recorded revenue increases (before consolidation): Industrial Risks (+6.5%, to 4,295 million euros), Retail International (+4.2%, to 4,643 million euros), Non-Life Reinsurance (+18.2%, to 9,338 million euros), and Life/Health Reinsurance (+19.7%, to 7,731 million euros). The net attributable result amounted to 734 million euros (769 in the previous year), including a goodwill impairment adjustment of 155 million euros in Germany's Life business.

CNP Assurances

The consolidated premiums of the French group CNP totaled 31,329 million euros in 2015, a 2.6% increase with respect to the previous year, placing it seventh in the ranking (sixth in 2014). The French market accumulates 78% of the group's turnover, which grew slightly (+1.1%) in 2015, driven by the Savings-Retirement segment. Performance in Latin America was dynamic in spite of the difficult economic context, rising by 7% at constant scope and exchange rates. In the European markets, excluding France, the year was characterized by changes in the consolidation scope: completion of the transfer to Barclays Bank of the stake in CNP BVP, integration of CNP Santander Insurance, and CNP Partners' new multi-channel and multi-country business model. Operating income fell by 0.9%, to 2,309 million euros, and net earnings increased by 4.7%, to 1,131 million euros, mainly due to tax effects.

Crédit Agricole Assurances

Crédit Agricole Assurances reported 30,369 million euros in premiums in 2015, a 3.4% rise, moving down to eighth from the seventh place it occupied in 2014. The performance of retirement products, which grew from 87 million euros in 2014 to 1,654 million euros in 2015, stands out. Net earnings increased by 4.4%, to 1,036 million euros.

Aviva

The British group Aviva ranks ninth in 2015, with premium revenues of 30,285 million euros (21,925 million pounds), a rise of 12.2% (1.2% in pounds). Operating income totaled 2,665 million pounds (3,681 million euros), up 20% with respect to 2014. In April 2015 the group completed the acquisition of Friends Life, which contributed 554 million pounds to operating income (21%) and together with the 103 million pound increase in underlying results, offset the negative impact of the appreciation of the pound sterling with respect to all other currencies where the group operates. Net earnings, which amounted to 1,079 million pounds sterling (1,268 million euros), decreased by 38%, due to a large extent to higher restructuring and integration costs, and the amortization of the value of in-force business and intangible assets.

MAPFRE

Premiums from the MAPFRE group grew by 2.3% in 2015, to 22,312 million euros, mainly due to the growth recorded in the International Territorial Area, as a result of organic growth in the United States and Turkey, the favorable effect of the exchange rate of the dollar against the euro, as well as the integration of the companies acquired in Italy and Germany. The 11% growth in Reinsurance is also noteworthy. The decline of 16.1% in net earnings, to 709 million euros, was mainly due to a high claims experience in Non-Life as a result of the snow storms that hit the United States, as well as the increase in provisions and the cancellation of unprofitable businesses, thus aligning underwriting policies with MAPFRE's profitable growth strategy.

Table 2.
Europe's Largest Insurance Groups
Operating income, 2014-2015 (million euros)

Group	Country	Total		
		2014	2015	% Δ
ALLIANZ	Germany	10,402	10,735	3.2
AXA	France	7,710	8,009	3.9
PRUDENTIAL	United Kingdom	3,969	5,535	39.5
GENERALI	Italy	4,508	4,785	6.1
AVIVA	United Kingdom	2,757	3,681	33.5
ZURICH	Switzerland	3,518	2,641	-24.9
CNP ASSURANCES	France	2,330	2,309	-0.9
TALANX	Germany	1,892	2,182	15.3
CRÉDIT AGRICOLE ASSURANCES	France	1,851	2,042	10.3
MAPFRE	Spain	1,745	1,476	-15.4
Total top 10 groups		40,683	43,395	6.7

Source: MAPFRE Economic Research (based on the annual reports of the insurance groups).

Table 3.
Europe's Largest Insurance Groups
Net earnings, 2014-2015 (million euros)

Group	Country	Total			Attributable to controlling company		
		2014	2015	% Δ	2014	2015	% Δ
ALLIANZ	Germany	6,603	6,987	5.8	6,221	6,616	6.3
AXA	France	5,337	5,987	12.2	5,024	5,617	11.8
PRUDENTIAL	United Kingdom	2,761	3,562	29.0	2,761	3,562	29.0
GENERALI	Italy	1,852	2,259	22.0	1,670	2,030	21.6
ZURICH	Switzerland	3,207	1,854	-42.2	2,995	1,668	-44.3
AVIVA	United Kingdom	2,165	1,490	-31.2	1,955	1,268	-35.1
CNP ASSURANCES	France	1,403	1,435	2.3	1,080	1,131	4.7
TALANX	Germany	1,368	1,409	3.0	769	734	-4.6
MAPFRE	Spain	1,323	1,199	-9.4	845	709	-16.1
CRÉDIT AGRICOLE ASSURANCES	France	996	1,040	4.4	992	1,036	4.4
Total top 10 groups		27,015	27,223	0.8	24,312	24,371	0.2

Source: MAPFRE Economic Research (based on the annual reports of the insurance groups).

Table 4.
Europe's Largest Insurance Groups
Balance Sheet (Assets), 2014-2015 (billion euros)

Group	ASSETS									
	Investments								TOTAL ASSETS	
	Investments		Risk borne by policyholder		Cash		Other			
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
AXA	539	558	181	195	22	26	98	108	840	887
ALLIANZ	486	509	95	106	14	15	211	219	806	849
AVIVA	206	262	89	163	29	4	32	106	356	536
PRUDENTIAL	269	309	151	177	8	11	32	38	460	535
GENERALI	359	372	68	75	9	9	66	44	501	501
CNP ASSURANCES	329	331	38	40	1	1	27	22	395	394
ZURICH	150	166	102	115	6	7	51	58	308	346
CRÉDIT AGRICOLE ASSURANCES	271	284	46	49	3	2	9	10	329	345
TALANX	113	116	9	10	2	2	23	25	147	153
MAPFRE	44	43	2	2	1	1	20	18	67	63

Source: MAPFRE Economic Research (based on the annual reports of the insurance groups).

Table 5.
Europe's Largest Insurance Groups
Balance Sheet (Liabilities), 2014-2015 (billion euros)

Group	LIABILITIES													
	Shareholders' equity						Technical provisions							
	Capital and reserves		Non-controlling interests		Total		Technical provisions		Risk borne by policyholders		Other		TOTAL LIABILITIES	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
AXA	65	68	3	4	68	73	406	432	181	195	185	187	840	887
ALLIANZ	61	63	3	3	64	66	532	558	95	106	115	119	806	849
AVIVA	14	24	1	2	15	25	215	298	72	147	53	66	356	536
PRUDENTIAL	15	18	0	0	15	18	253	290	148	174	44	53	460	535
GENERALI	23	24	1	1	24	25	335	347	52	58	91	71	501	501
CNP ASSURANCES	17	17	2	1	18	19	306	309	39	40	33	25	395	394
ZURICH	26	28	2	2	28	30	144	164	102	115	34	37	308	346
CRÉDIT AGRICOLE ASSURANCES	13	14	0	0	13	14	239	246	47	49	31	36	329	345
TALANX	8	8	5	5	13	13	101	107	9	10	24	22	147	153
MAPFRE	9	9	2	2	11	10	44	43	2	2	9	8	67	63

Source: MAPFRE Economic Research (based on the annual reports of the insurance groups).

Table 6.
Europe's Largest Insurance Groups
Solvency level, 2014-2015

Group	Country	Solvency Margin ¹	
		2014	2015
MAPFRE ²	Spain	2.59	2.55
PRUDENTIAL	United Kingdom	2.18	2.50
AXA	France	2.66	2.46
AVIVA	United Kingdom	1.60	2.20
TALANX	Germany	2.28	2.19
ZURICH	Switzerland	1.96	2.03
ALLIANZ	Germany	1.81	2.00
GENERALI	Italy	1.56	1.64
CRÉDIT AGRICOLE ASSURANCES	France	1.20	1.19
CNP ASSURANCES	France	1.18	1.18

Source: MAPFRE Economic Research (based on the annual reports of the insurance groups).

¹ Available Solvency capital over solvency capital requirement.

² Includes unrealized gains according to Spanish regulations.



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