

Fundación **MAPFRE**

**RANKING**  
OF EUROPE'S LARGEST  
NON-LIFE INSURANCE GROUPS  
**2015**



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# Introduction

## The ranking in 2015

The 2015 “Ranking of Europe’s largest Non-Life insurance groups” is on its 12<sup>th</sup> edition. As in previous years, the classification was based on the gross premium volume (direct insurance plus accepted reinsurance) that each of the groups earned in 2015, from all the countries where they operate. Groups primarily engaged in reinsurance were not included.

Table 1.  
Europe’s Largest Non-Life Insurance Groups, 2015  
Ranking by gross premium volume

No.	Group	Country	Non-Life Premiums (million euros)		% Δ	Combined ratio <sup>1</sup> (%)		Loss ratio (%)		Expense ratio (%)	
			2014	2015		2014	2015	2014	2015	2014	2015
1	ALLIANZ	Germany	48,322	51,597	6.8	94.3	94.6	66.0	66.2	28.3	28.4
2	AXA	France	32,872	34,931	6.3	96.9	96.2	70.9	70.1	26.0	26.1
3	ZURICH	Switzerland	27,558	30,812	11.8	96.8	103.6	66.4	71.8	30.5	31.7
4	GENERALI	Italy	20,618	20,868	1.2	93.8	93.1	66.7	65.9	27.1	27.3
5	TALANX	Germany	15,845	17,732	11.9	97.9	96.0	70.8	69.1	27.1	26.9
6	MAPFRE	Spain	16,370	17,441	6.5	95.8	98.6	68.0	70.0	27.8	28.6
7	AVIVA	United Kingdom	11,141	12,070	8.3	95.7	94.6	64.0	64.5	31.7	30.1
8	COVÉA	France	11,171	11,573	3.6	98.8	98.5	n.d.	n.d.	n.d.	n.d.
9	ERGO <sup>2</sup>	Germany	11,150	11,310	1.4	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
10	RSA	United Kingdom	9,090	9,473	4.2	99.5	96.9	68.3	65.3	31.2	31.6
<b>Total top 10 groups</b>			<b>203,947</b>	<b>217,741</b>	<b>6.8</b>						

Source: MAPFRE Economic Research (based on consolidated financial statements, under IFRS criteria).

<sup>1</sup> The combined ratio is that presented by each company in its annual report. In those cases in which the Non-Life and Health ratios are reported separately, the Non-Life ratio has been considered.

<sup>2</sup> In 2015 the Ergo Group did not present an individual statement, since it was included in Munich Re’s annual report. A combined ratio covering all Non-Life segments was not released.

# Comments about the ranking

## General comment

The overall premium volume of the 10 largest European Non-Life insurance groups covered in this study amounted to 217.7 billion euros in 2015, a 6.8% increase on the previous year (please refer to Table 1). A factor that has greatly influenced the financial results of these groups, both in terms of revenue and earnings, was the 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. In general terms all groups raised their premium revenues in euro terms, and those reporting their results in dollars or pounds sterling reported decreases.

The groups with higher claims experiences were those with larger exposure to Asia, of which the accident in the port of Tianjin it should be highlighted, to North America, due to winter storms, to UK and Ireland due to heavy flooding at the end of the year.

In 2015, most groups showed a decline in investment income, due to the lower interest rates environment and, in some cases, lower capital gains from equity investments. While the sector has suffered from the decrease in investment yields, on the other hand it made efforts to improve technical profitability.

Allianz continues to top Europe's Non-Life insurance ranking, followed by Axa, Zurich and Generali, which usually maintain their relative positions given the gap that separates them. Talanx ranks fifth, thanks to the outstanding growth of its Non-life reinsurance business, and MAPFRE comes out in the sixth place. Aviva climbs to seventh and overtakes ERGO and Covéa. Finally, RSA occupies the tenth position.

## Allianz

In 2015, Allianz's Non-Life premium volume stood at 51,597 million euros, which represents a 6.8% rise on the previous year. This premium growth was partly due to the favorable impact of exchange rates, totaling 1,529 million euros, mainly as a result of the strength of the US dollar, pound sterling and Swiss franc against the euro. The purchase of a part of the insurance business of UnipolSai and the takeover of the Non-Life business of Territory Insurance Office in Australia also had a positive effect. Strong growth was recorded in Turkey (26.3%), as well as in corporate and specialty lines.

Non-Life earnings before tax and non-controlling interests rose by 808 million (16.2%), to 5,784 million euros. Both revenue from investments and underwriting results contributed positively to this increase. The underwriting result grew thanks to the contribution of businesses in run-off, despite the deterioration of the combined ratio, which was up 0.3 p.p., to 94.6%, due to higher losses from natural catastrophes and the increase in claims in some business segments. Operating income rose by 221 million euros, mainly as a consequence of a capital gain from the sale of the personal insurance business of Fireman's Fund.

## AXA

For AXA, Non-Life premium revenue (Property & Casualty and International) recorded a 6.3% increase, to 34,931 million euros. Personal lines, which account for 58% of the Property & Casualty business, grew 2% (346 million euros) on a comparable basis, as a consequence of higher volumes in Direct insurance and Asia, as well as tariff increases in mature markets and in Direct business. In contrast, a lower premium volume was reported in the Mediterranean and Latin American regions. In commercial lines (42% of the Property & Casualty business) premiums remained stable on a comparable basis (+0.2%), with uneven performance in the various regions, which offset each other. Moreover, gross premiums from the International segment increased by 10% (+215 million to 3,615 million), thanks to the good performance of AXA Assistance and AXA Corporate Solutions.

The Property & Casualty and International segments produced earnings before tax and non-controlling interests of 3,412 million euros, a 13.9% increase. In the Property & Casualty segment, earnings before tax improved by 18% (+470 million, to 3,076 million) due to the increase in revenues, as a result of the favorable impact of exchange rates and because the previous year was dragged down by negative equity-accounted results of 200 million euros. The combined ratio improved by 0.7 p.p. to 96.2%, due to lower catastrophe losses and the positive development of previous years' reserves (+0.4 p.p.) especially in mature markets, while in the Mediterranean region, Latin America and Turkey the effect was the contrary. In the international segment, earnings before tax decreased by 14% to 336 million due to lower financial income resulting from the low interest environment and lower gains from stock and mutual funds with respect to the preceding year.

## Zurich

The general insurance division of Zurich reported gross premiums of 30,812 million euros, an increase of 11.8%, in euro terms. In US dollars, which is the currency used by Zurich to release its accounts, premiums decreased by 6%, to 34,020 USD million. This year's accounts were largely affected by exchange rates, especially the euro against the dollar (19.4% fall in the average



exchange rate) but also the different Latin American currencies against the dollar. In local currency terms, gross premiums were up 3%, growing in two segments: Commercial North America and International Markets. In the case of the former it was due to organic growth, with an increase in new businesses. As for International Markets, gross premiums grew in local currency terms, mainly in Latin America, in part due to inflation, but also as a result of a new distribution agreement in Brazil.

The combined ratio deteriorated to 103.6%, due to an increase in claims (+5.5 p.p.) and expenses (+1.2 p.p.). The high loss ratio was the consequence of larger claims at Global Corporate, such as the explosion occurred in the Chinese port city of Tianjin in August, as well as in EMEA due to flooding affecting the UK and Ireland in December 2015. The increase in the expense ratio was due to several factors: expenses from growth initiatives in all regions, non-recurrent positive items from the previous year, and higher commissions. Additionally, an 11% decrease was recorded in the net investment result (-237 million, to 2,002 USD million) as a result of a lower average return in EMEA and lower hedge fund gains in the United States. Consequently, Non-Life earnings before tax and non-controlling interests decreased by 64% (-1,750 million, to 965 million USD).

## Generali

The Non-Life gross written premiums generated by the Generali Group amounted to 20,868 million euros in 2015, which represents a 1.2% rise with respect to the previous year. This growth stems primarily from lines other than Motor, which grew by 1.1% in the main markets where the group operates, except in Italy (-0.7%). In Motor, premium volume remained stable, with contractions in Italy (-7.3%) and France (-0.7%), offset by growth in other countries, especially in Eastern Europe (Poland, Slovakia, Romania, Serbia) and Spain, where Motor premiums grew 14.2%, favored by the introduction of credit scoring and client segmentation tools. In general, Latin America's contribution to Non-life was positive (+7.3% on a like-for-like basis), with special mention to Argentina's positive impact of +36% (especially in Motor) and Brazil's negative contribution (-44.7%), due to restructuring measures.

Earnings before tax recorded a significant increase of 15.7%, to 1,923 million euros, thanks to the improvement in underwriting results. The combined ratio was down 0.7 p.p., to 93.1%, thanks to a 0.8 p.p. decrease in the loss ratio due to the favorable evolution of previous years' reserves. The non-catastrophe loss ratio improved by 0.4 p.p., whereas the catastrophe loss ratio worsened by 0.4 p.p. due to floods in Italy, France and Eastern Europe. The expense ratio barely changed. It must be noted that investment returns remained at similar levels despite the difficult interest rate environment.

## Talanx

Non-Life premiums from Talanx's various divisions amounted to 17,732 million euros in 2015, an 11.9% increase compared to the previous year. The Non-Life Reinsurance division registered strong growth, to 9,338 million euros in gross premiums (8,759 million euros after intra-group eliminations), an increase of 18.2%, or 8.1% at constant exchange rates. The Industrial Risks division recorded premium growth of 6.5% (2.5% at constant exchange rates), to 4,295 million euros, driven by overseas business, especially in the United States. The Non-Life insurance business from the Retail International division grew 11.4% (16.7% after adjustments for exchange rate effects), with strong growth in strategic markets such as Brazil, Mexico, Poland and Turkey. In this segment the acquisition and consolidation of a majority interest in the Chilean Magallanes stands out. The Non-Life Retail business in Germany fell 2.5%, to 1,500 million euros, as a result of a Motor portfolio adjustment targeted at improving its profitability.

## MAPFRE

In 2015, MAPFRE recorded Non-Life premiums of 17,441 million euros, a 6.5% increase with respect to the previous year, performing positively in Iberia (Spain and Portugal) and in all other countries. Growth was driven by the following factors: in North America, the good evolution of sales in Motor, Homeowners and Assistance businesses in the United States, stemming mainly from growth outside Massachusetts, as well as the appreciation of the US dollar against the euro; in EMEA, the acquisition of Direct Line Germany and Italy; premium growth in Turkey in local currency terms, especially in Motor; and Global Risks' expansion in the UK; in Iberia, growth concentrated mainly in the Health, Motor, Homeowners and Burial businesses; Latam North grew considerably (+52.7%), mainly due to the underwriting of the corporate policy of Petróleos Mexicanos (PEMEX). On the contrary, premiums decreased in Brazil, although in local currency terms business grew by 3.6%, and in Latam South, as a consequence of the strong deterioration of the Venezuelan bolivar, despite the good evolution of income in Argentina, Chile, Colombia and Peru.

Non-Life earnings before tax and non-controlling interests totaled 911 million euros. The combined ratio stood at 98.6%, mainly due to snow storms in the United States, which added 1.3 p.p. to the combined ratio, as well as the increase in reserves and the cancellation of unprofitable businesses.

## Aviva

Aviva's Non-Life premiums expressed in euros amounted to 12,070 million in 2015, an 8.3% rise, whereas in pound sterling, which is the currency used for reporting purposes, fell by 2.3%. This performance was negatively influenced by exchange rates, principally by the weakness of the euro and the Canadian dollar against the pound sterling. Non-Life lines represent 40% of the group's overall premiums, and its business stems chiefly from the UK, Ireland, Canada, France and Italy. In general, in all these regions the premium volume from the Non-Life business remained stable or showed small increases in local currency terms.

Pre-tax profits from ongoing operations declined 46.1% (-51.4% in pound sterling), to 510 million euros (369 million pounds). The factors that most impacted this fall in profits were: the effect caused by the appreciation of the pound, a larger transfer of premiums to reinsurance, and lower investment revenue. Investments linked to the Non-Life business totaled 240 million pounds in 2015, versus 666 million pounds in the preceding year. In contrast, reserves from previous years' claims were released (those over 10 years). The combined ratio improved by 1.1 p.p., to 94.6%, mainly thanks to the decrease in claims in Canada and Europe, excluding the UK and Ireland, since in the latter two countries December's floods resulted in higher claims.

## Covéa

The Covéa group reached Non-Life premium volume of 11,573 million euros in 2015, up 3.6% from the previous year. The group reinforced its international presence, especially in Italy and the UK, and continued to grow steadily in its key market, France, which accounts for 91% of Non-Life premiums. The combined ratio stood at 98.5%, improving by 0.3 p.p.

## ERGO

The German insurer ERGO, a subsidiary of the Munich Re group, reported Non-Life premiums of 11,310 million euros in 2015, a 1.4% rise on the previous year. By segments, Health Germany, which includes travel insurance, decreased by 0.9%, reaching 5,502 million euros. Premium revenue declined in the Health line, since policy cancellations exceeded new business, despite the latter increased by 5.3% in comprehensive health insurance and 14.9% in supplementary health insurance. Travel insurance grew 3.8%, to 449 million euros. German Direct Business division (1,011 million euros in premiums), where approximately 55% of premiums stem from Property & Casualty and Health, remained stable. Property & Casualty Germany reported premiums of 3,162 million, up 1.5%, and a combined ratio of 97.9%. In the International division, premium revenue from the Property & Casualty business increased by 200 million euros with



respect to the previous year, mainly due to growth in Poland and Turkey. The combined ratio stood at 104.7%.

## **RSA**

RSA's gross premiums expressed in euros grew by 4.2% in 2015, to 9,473 million euros, and fell by 6% in pound sterling, mainly due to divestments. In the last two years the group has exited non-strategic markets in order to focus on its core markets. In 2015 the company sold its operations in Hong Kong, Singapore, Labuan (Malaysia), China, Italy, as well as a shareholding in India. In 2014 it had already disposed of its businesses in Latvia, Poland, Lithuania, Estonia and Thailand. In September 2015 the group announced the sale of its subsidiaries in Latin America to the Colombian group Suramericana, an operation that will be completed in 2016.

Performance by regions was as follows: premiums grew by 4% in Scandinavia; in Canada they fell by 3% as a result of the measures taken to improve profitability; premiums in the UK increased by 2% driven by commercial lines, but decreased in retail lines, where a stricter underwriting approach is being imposed in a highly competitive market. In Ireland, where measures were also taken to improve profitability, premiums declined 4%. The combined ratio improved by 2.6 p.p. and stood at 96.9%. Earnings before tax and non-controlling interest from ongoing operations amounted to 146.4 million euros, a significant increase compared to 66 million euros recorded in the previous year. Net gains from 2015 divestments not included in the previous figure (due to being discontinued operations) added 215 million euros to net earnings.

# Methodological notes

In order to prepare this ranking, we considered the Non-Life gross premium volume by lines (direct insurance and accepted reinsurance). It must be noted that the ranking does not include the Health premiums assigned to the Life business<sup>1</sup>, but it does cover those classified as Non-Life or expressly differentiated.

This ranking does not include the groups primarily engaged in Reinsurance. We maintained the criteria of including accepted reinsurance premiums in groups with reinsurance subsidiaries, as long as it is not their core activity.

Earnings figures refer to the Non-Life segment, before tax and non-controlling interests.

This report uses the term "operating income" to refer to earnings from insurance activities, including revenue from investments linked to this business. Losses or gains from other investments are included under "non-operating income".

For comparison purposes, the 2014 revenue and earnings figures that were updated in the 2015 annual reports were used.

The average exchange rates<sup>2</sup> against the euro used in this report are the following:

Currency	2014	2015
Pound sterling (GBP)	1.246	1.381
Dollar (USD)	0.758	0.906

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<sup>1</sup> In general, in those cases in which Health insurance generates mathematical reserves, the line is classified together with Life.

<sup>2</sup> Direct quote.



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