Executive summary

The OECD has been collecting insurance statistics for almost two decades, with data on the insurance sector dating back to the early 1980s. In response to the financial crisis, the Global Insurance Statistics (GIS) project was launched of the OECD's insurance market monitoring activities. The main objective was to expand the scope of the OECD's statistical framework for insurance and extend its global reach, with a view to enhancing the transparency of insurance markets. These changes led to the collection of key balance sheet and income statement items for the direct insurance and reinsurance sectors, and to the geographical expansion of the OECD's *Global Insurance Statistics Database*.

This publication analyses recent insurance market trends to develop a better understanding of the insurance industry's overall performance and health in OECD countries, and selected non-OECD economies. A number of non-OECD economies from Africa, Asia and Europe – namely, Hong Kong (China), Indonesia, Latvia, Malaysia, Russian Federation, Singapore and South Africa – were already contributing to the OECD statistical exercise. A more global perspective is provided through the addition of a large group of Latin American countries, achieved through cooperation with the Association of Latin American Insurance Supervisors (ASSAL). The chapter on insurance market trends highlights the underlying reasons for the trends notably in gross premium growth, and claims developments between 2013 and 2014. It also presents key performance indicators.

This publication also provides detailed historical data, giving users a broader picture of the evolution of the insurance market in the OECD countries over the years. It covers major official insurance data from 2007 to 2014. The publication contains important insurance market indicators (e.g., OECD market share, penetration, density, premiums per employee, etc.), as well as data on insurance activities (number of companies, number of employees, gross premiums, etc.). The scope of data collection also includes gross claims payments, gross operating expenses and commissions.

Key findings on recent trends

The broad-based recovery across the insurance sector continued in 2014, despite weakness in the economic environment. The majority of reporting countries experienced growth in gross premiums, particularly in the life sector driven by increasing sales of investment-related products. The largest insurance markets also achieved generalised growth in life premiums, but faced some volatility in the non-life sector. Non-life premium growth in some emerging markets began to slow, potentially reflecting a slowdown in economic growth in those countries. Motor insurance had an impact, with increased coverage levels impacting positively on premium growth in some countries, while in other countries, reduced motor vehicle use negatively affected premium growth.

Claims growth in the life sector moderated in 2014 relative to previous years as the level of surrenders continued to decline in many countries. In the non-life sector, there was a moderate improvement in overall underwriting performance, consistent with a below-average year in terms of natural catastrophe losses. This was supplemented by improvements to investment returns in the non-life and other sectors.

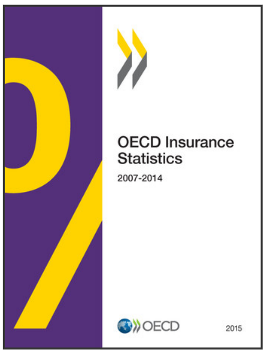
In general, investments in bonds continued to dominate the portfolios of both life and non-life sectors. The prolonged low interest rate environment has made it more difficult for life insurers, with their generally large holdings of fixed-income assets, to earn adequate returns in relation to their obligations. Some shift towards shares did take place, but only in a handful of OECD countries. The level of assets in the portfolio classified in the other asset class is becoming significant, particularly in the non-life sector, and a better understanding of the breakdown of these assets will be important going forward.

Net investment return improved slightly although remained subdued across sectors, likely reflecting the low interest rate environment. Generally, the composite sector demonstrated a higher investment return than life and non-life sectors. A few countries experienced consecutive negative investment returns in 2014.

Overall, the financial performance of the insurance sector continues to strengthen. There was a general improvement of profitability of insurers across the board, although this was more apparent for the composite sector, and to some extent, the life sector. The improvement in return on equity was achieved despite a general increase in shareholder equity.

Going forward, regulatory developments, particularly the introduction of Solvency II in Europe, may have an impact on the operations of both EU/EEA-based insurers as well as non-European insurers with existing or planned operations in the EU/EEA.

Non-OECD countries continued to experience higher growth in premiums and claims, and lower loss and expense ratios. This drove higher levels of profitability for insurance companies in these countries, despite lower investment returns in the non-life sector. Insurance penetration rates in many non-OECD Asian and Latin American countries remain below those found in OECD countries, suggesting continued room for growth in these markets.



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