

Insurance market trends

Underwriting performance

The rate of gross premium growth in both the life and non-life insurance sectors was positive across most countries, with only a few countries experiencing declines. The non-life sector generally had a lower rate of growth in gross premiums compared to the life sector, although the level of divergence in growth rates was wider in the non-life sector.

Unlike in previous years, growth in gross premiums in non-OECD countries – while strong – did not materially outperform premium growth in OECD countries, as economic growth weakened across many emerging markets. Lower penetration rates in non-OECD countries, generally below 5%, likely contributed to continued strong premium growth in emerging markets despite economic challenges. The online *Global Insurance Statistics Database* provides data on insurance penetration ratios in a number of OECD and non-OECD countries for the life and non-life sectors.

Just under two thirds of reporting OECD countries (Australia, Austria, Belgium, Chile, Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Ireland, Japan, Korea, New Zealand, Norway, Portugal, Sweden, Switzerland and the United States) experienced positive real growth in gross premiums across both the life and non-life insurance sectors. A higher share of reporting non-OECD countries experienced growth in both life and non-life gross premiums (Brazil, Costa Rica, El Salvador, Guatemala, Latvia, Malaysia, Nicaragua, Peru, Singapore, Uruguay).

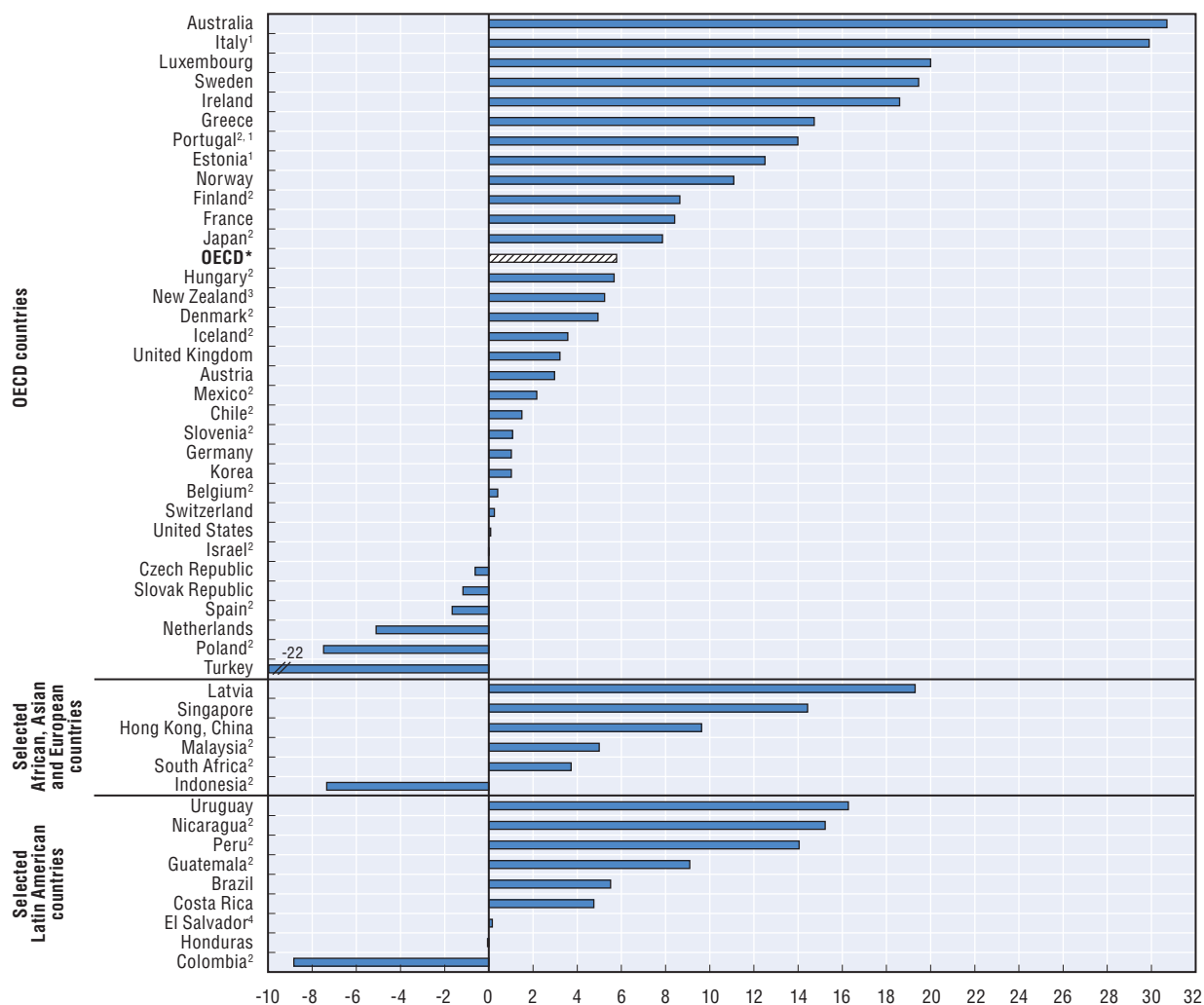
A recovery in gross life premium growth continued in Italy and Portugal and was also observed in Ireland (after a decline in 2012-13) and Greece (after a number of years of decline). However, gross life premiums in Spain declined for the third year in a row. Portugal and Spain experienced real growth in gross non-life premiums for the first time in a number of years, although gross non-life premiums continued to fall in Italy and Greece.

The combined ratio for the non-life sector was above 100% in just under two thirds of countries analysed in 2014, a slight improvement in underwriting performance relative to 2013.

Annual real gross premium growth: Life insurance

Growth in gross real life premiums was mostly positive with growth more widely distributed across countries than any year since at least 2010. Positive gross life premium growth was observed in most OECD countries and even more widely among non-member countries, whereas in 2013 a little under half of OECD countries experienced negative growth. Demand for investment-related products significantly contributed to this growth in many countries. In Australia, Estonia, Italy, Portugal and Sweden, strong gross life premium growth continued for a second year, following a number of years of declining or

Figure 1. Annual real gross premium growth in 2014: Life sector (direct insurers) (%)



* Simple average for OECD countries (excluding Canada).

1. Data refer to domestic undertakings and branches of undertakings with head office outside the EU or EEA.
2. Data refer to domestic undertakings only.
3. Data refer to net written premiums.
4. Data include reinsurance business accepted.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

stagnant growth in gross life premiums in almost all of these countries following the global financial crisis (except Estonia). In Australia, (contractual) pricing increases in many lines of business contributed to high levels of premium growth.

Ireland, Greece, Luxembourg and Norway experienced strong growth in 2014 after substantial declines in 2013. In Greece, this was the first year of growth in gross real life premiums since at least 2011, mostly related to growth in unit-linked and short-term health insurance products.

In the Czech Republic, there was a slight decline in gross life insurance premiums in 2014, due to declining sales of traditional life insurance products (offset by growth in investment-linked products). There was also a decline in gross life premiums in the Slovak Republic, although this follows relatively strong growth in premiums in 2013. Real

gross life premiums declined more substantially in Poland and particularly in Turkey. In Poland, the decline in life premiums, which was less than in 2013, resulted from a decline in gross premiums in both traditional and investment-linked life products (particularly in traditional life products). In Turkey, the decline follows growth of 15.7% in 2013, which may have been related to the introduction of a state contribution to private pensions that led to an increase in private pension-related contributions. In the Netherlands, gross life premiums declined for a third year due to a continued lack of consumer trust (as a result of unsolved issues related to the sale of usury products) and competition from bank savings products.

The largest life insurance markets outside the euro area (by premiums) – the United States, Japan, United Kingdom – all experienced positive growth in gross premiums after negative growth in 2013. Gross life premiums in Japan grew by more than 7% due to a rebound in products with investment and savings components, including strong growth in individual annuity insurance. The large euro area life insurance markets (France, Germany and Italy) also experienced positive growth for a second consecutive year in 2014. Gross life premium growth in France was above 8%, driven by strong demand for unit-linked products.

For the majority of reporting non-OECD countries [Brazil, Costa Rica, Guatemala, Hong Kong (China), Latvia, Malaysia, Nicaragua, Peru, Singapore, South Africa and Uruguay], gross premium growth continued to be strong although with slightly lower growth rates than in 2013 in many countries.

Gross real life premiums declined in Colombia and Honduras in 2014 after achieving strong growth in 2013. In Colombia, the decline was partly due to an extraordinary single policy in 2013. Gross life premiums declined in Indonesia for the second consecutive year (following a healthy growth rate in 2012).

Annual real gross premium growth: Non-life insurance

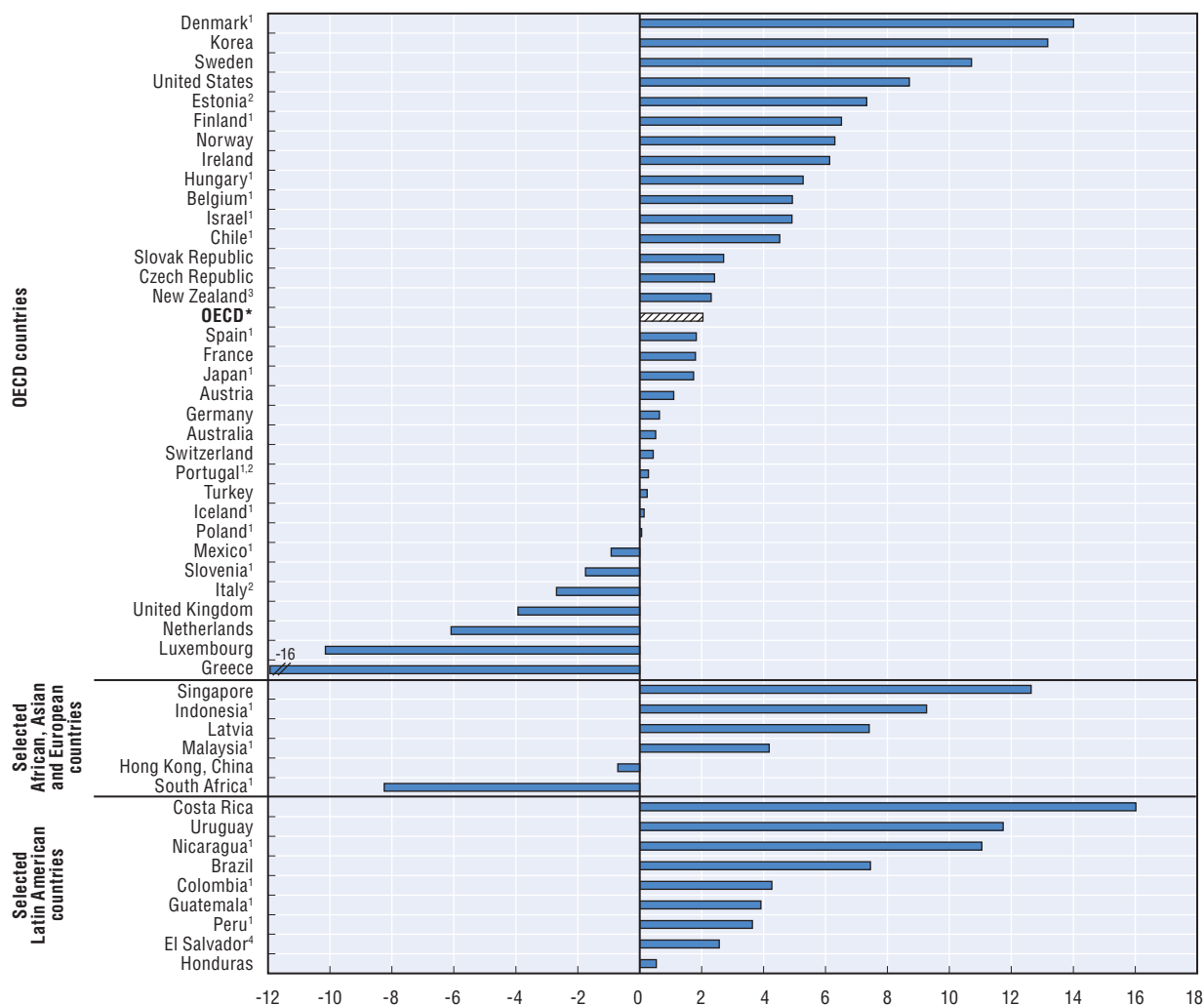
Similar to life insurance, there was positive growth in real gross non-life premiums in the majority of OECD countries, including growth of more than 10% in Sweden, Korea and Denmark. In Sweden, growth was driven by a significant increase in accident and health insurance premiums as well as strong growth in fire and other property insurance.

Ireland, Spain and Portugal all experienced growth in gross non-life premiums in 2014, although the level of growth varied between countries. In Spain and Portugal, 2014 marked the first year of positive growth since at least 2010. However, there was a continued decline in gross non-life premiums in Greece and Italy, marking the fifth consecutive year of declining premiums in these countries. In the case of Greece, the decline in premiums in 2014 was substantial.

In the United States, gross non-life premiums growth was just under 9%, driven by a large increase in health insurance premiums as well as continued stable growth in property and casualty lines. Gross non-life premium growth in the largest eurozone markets (Germany, France) was more moderate while premiums declined in the United Kingdom by close to 4% as a result of weak demand and increasing pressure on prices due to high levels of competition.

In the Czech Republic and Slovak Republic, moderate growth in gross non-life premiums was driven by developments in the motor insurance market. In the Slovak Republic, overall growth in motor insurance premiums resulted from the increased

Figure 2. Annual real gross premium growth in 2014: Non-life sector (direct insurers)



* Simple average for OECD countries (excluding Canada).

1. Data refer to domestic undertakings only.
2. Data refer to domestic undertakings and branches of undertakings with head office outside the EU or EEA.
3. Data refer to net written premiums.
4. Data include reinsurance business accepted.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

purchase of comprehensive motor coverage (offset by reductions in stand-alone third-party liability coverage). Non-life insurance premiums declined in Luxembourg and the Netherlands. In the Netherlands, gross non-life premiums have declined for the third consecutive year, driven by continuing decline in motor vehicle and transport insurance. In Luxembourg, the decline in premiums was due to significant declines in marine and aviation transport insurance.

Almost all reporting non-OECD countries experienced positive growth rates in non-life premiums, with the largest increases registered in Costa Rica, Nicaragua, Uruguay and Singapore. The exceptions were Hong Kong (China) and South Africa where real gross non-life premiums declined relative to 2013. In the case of South Africa, this follows a significant increase in real gross non-life premiums in 2013. Gross non-life premiums in Costa Rica continued to grow strongly in 2014 driven by growth in all segments, particularly in accident and health, and motor insurance.

Claims development: Life sector

Growth in gross claims in the life segment continued to slow in most countries, similar to 2012 and 2013. This contrasts with 2010 and 2011 where claims grew at a significant pace across many countries, largely reflecting significant policy surrenders.

The largest growth in claim payments was in Australia, driven by increasing disability claims. Israel, Denmark, Austria, Iceland, Spain, Mexico, Czech Republic, Greece and Korea also experienced gross claims growth of 10% or more in real terms. In Iceland, the increase was driven by a notable increase in health insurance claims.

Gross claims payments also increased substantially in a number of non-member Latin American countries, including Costa Rica, Nicaragua, Peru and, in particular El Salvador. In the case of Costa Rica, this marks at least the third consecutive year of strong growth in gross life claims (consistent with significant growth in premiums in recent years). However, claim levels declined in Indonesia, Guatemala, Uruguay and Latvia; in all cases, following strong growth in gross life claims in 2013.

In many countries, including Estonia, Ireland, Luxembourg and Greece, the value of surrenders continued to stabilise or decrease following a period of high surrender levels related to poor investment returns for unit-linked products. In other countries, such as Slovenia, benefits and surrenders related to unit-linked life insurance products continued to drive claims growth. There was also an increase in surrenders in the United States although this was offset by lower gross life claims in other areas.

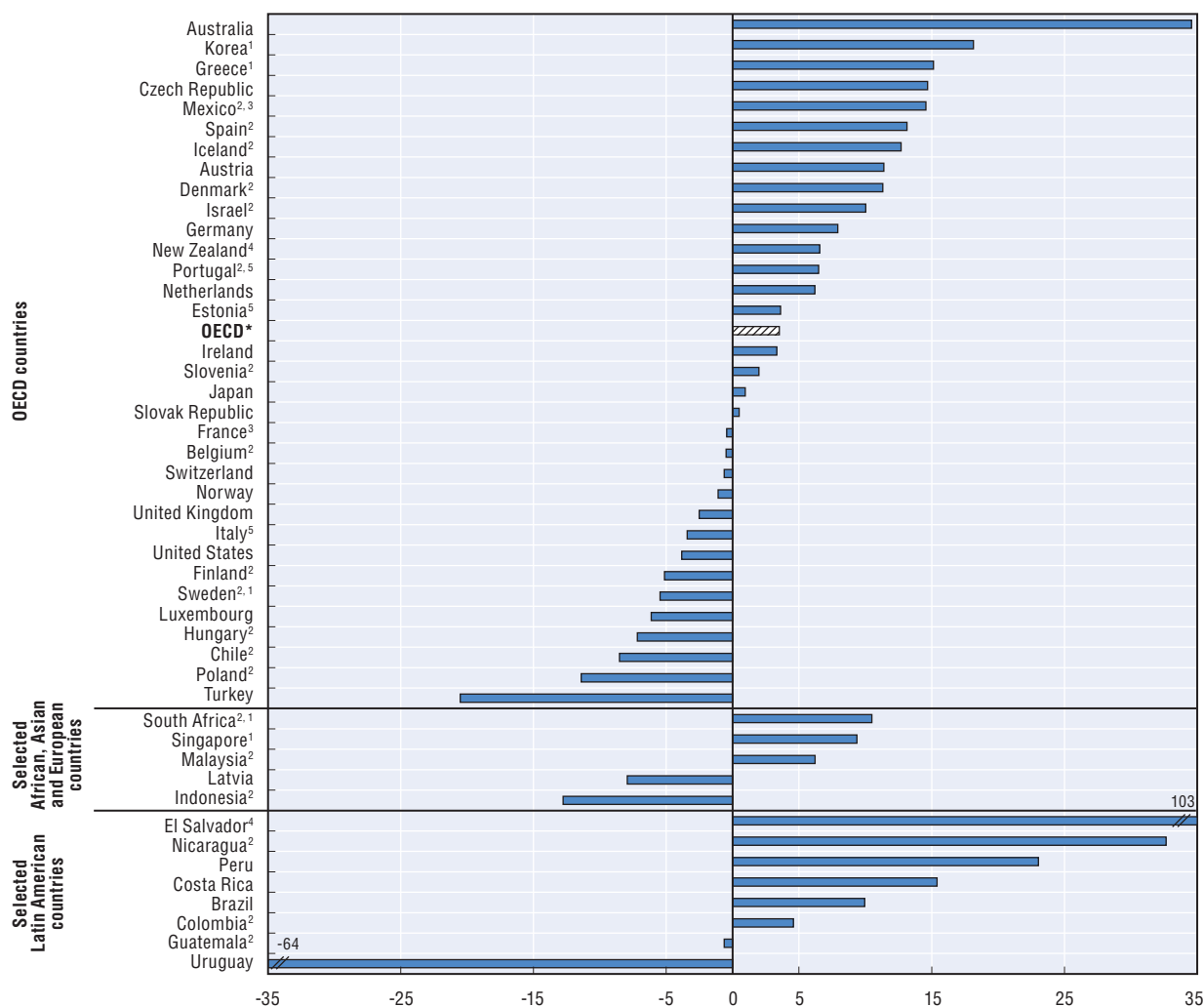
In Poland, gross life claims declined for the second consecutive year with the decline in 2014, driven by lower benefits paid under life insurance policies (non-unit-linked). Gross life claims also fell significantly in Chile and Turkey following significant increases in both countries in 2013.

Claims development: Non-life sector

Gross non-life claims grew significantly in a number of countries, including New Zealand, Ireland, Norway, Belgium, Sweden and the United States. In New Zealand, non-life claims growth continued to be driven by the settlement of claims related to the 2011 Christchurch earthquake. Approximately, 83% of commercial and 61% of residential claims, in terms of anticipated final costs, were settled as of the end of 2014. In Luxembourg, non-life claims growth continued at a moderate pace, although mostly due to the international operations of insurance companies based there. Strong gross non-life claims growth in Ireland was partly driven by increases in property-related claims due to storm activity in 2014.

According to Swiss Re data on natural catastrophes, insured losses in 2014 were below average despite a record number of reported disaster events.¹ There were eight disasters that caused insured losses above USD 1 billion in 2014, including severe thunderstorms, hail and tornadoes in the United States in April, May and June, the February snow storm in Japan, windstorm Ela in June 2014 which affected France, Germany and Belgium and hurricane Odile which affected Mexico in September. These insured losses were reflected in strong claims growth in the United States and Belgium (although natural catastrophe losses in the United States remained below the long-term average). In France, gross non-life claims grew more moderately. In Japan, gross non-life claims declined in 2014 despite the winter storm losses.

Figure 3. Real growth in gross claims payments in 2014: Life sector (direct insurers) (%)



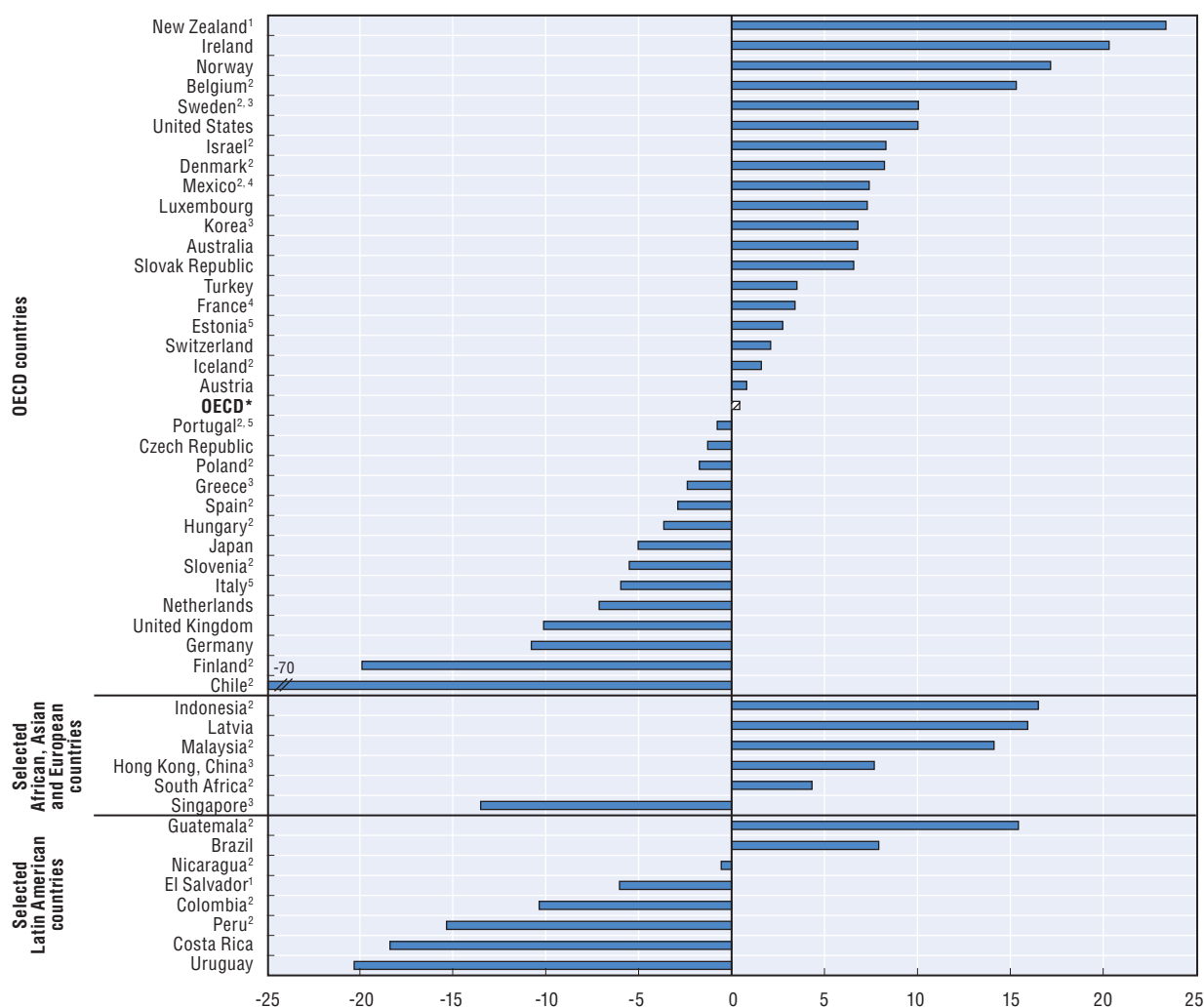
Note: The claims payments indicator includes variations in outstanding claims provisions to better reflect the magnitude of the obligations that the industry had in 2014 as a result of insured events reported and it is calculated on the basis of data for direct insurers in the reporting countries.

* Simple average for OECD countries (excluding Canada).

- Variations in outstanding claims provisions are not taken into account in the chart.
- Data refer to domestic undertakings only.
- When the breakdown of gross claims paid or changes in claims outstanding provisions for composite undertakings into their life and non-life businesses was not available, the breakdown in each subsector was assumed to be the same as the one for gross written premiums.
- Data include reinsurance business accepted.
- Data refer to domestic undertakings and branches of undertakings with head office outside the EU or EEA. Methodological notes are provided in the section on Additional Notes.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

In Australia, growth in non-life claims continued in 2014 despite a decrease in insured natural catastrophe losses relative to 2013. A number of countries experienced significant declines in gross claim payments, including the United Kingdom, Germany, Finland and Chile. In Chile, non-life claims declined substantially following two consecutive years of strong increases in the aftermath of the 2010 earthquake and tsunami. In Germany, gross non-life claims declined relative to 2013 which experienced significant claims growth related to summer flooding.

Figure 4. **Real growth in gross claim payments in 2014: Non-life sector (direct insurers) (%)**

Note: The claims payments indicator includes variations in outstanding claims provisions to better reflect the magnitude of the obligations that the industry had in 2014 as a result of insured events reported and it is calculated on the basis of data for direct insurers in the reporting countries.

* Simple average for OECD countries (excluding Canada).

1. Data include reinsurance business accepted.
2. Data refer to domestic undertakings only.
3. Variations in outstanding claims provisions are not taken into account in the chart.
4. When the breakdown of gross claims paid or changes in claims outstanding provisions for composite undertakings into their life and non-life businesses was not available, the breakdown in each subsector was assumed to be the same as the one for gross written premiums.
5. Data refer to domestic undertakings and branches of undertakings with head office outside the EU or EEA. Methodological notes are provided in the section on Additional Notes

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

In most African, Asian and European non-member countries, gross non-life claims continued to grow at a significant rate, with the exception of Singapore where claims declined for a second consecutive year. By contrast, gross non-life claims declined substantially in most non-OECD Latin American countries (except Guatemala and Brazil).

Combined ratio: Non-life sector

The combined ratio² measures the operational underwriting profitability of insurance companies in the non-life sector on their direct business, allowing for the disaggregation of the sources of profitability. It is the aggregation of the loss ratio (which measures claims paid and changes in claims provisions relative to gross premiums written) and the expense ratio (which measures expenses incurred and commissions relative to gross premiums written). A lower combined ratio can be due to higher premiums, better cost control and/or more rigorous management of risks covered in insurance classes. A combined ratio of more than 100% represents an underwriting loss for a non-life insurer. It should be noted that an underwriting loss does not indicate an overall loss, as these losses can be recovered through investment earnings.

Among OECD countries, two thirds of reporting countries (22 of 33) had a combined ratio below 100% in 2014, which means that there was an overall underwriting profit in these countries. This is a slight improvement relative to 2013 when 20 of 33 reporting OECD countries achieved an overall underwriting profit (Figure 5).

The countries which experienced a combined ratio in excess of 100% included Austria, Belgium, France, Hungary, Netherlands, New Zealand, Portugal, Slovak Republic, Sweden, Switzerland and the United States. In the case of Austria, Sweden and the United States, the higher combined ratio was driven by a loss ratio above the average for OECD countries. In Hungary and Slovak Republic, the higher ratio was driven by higher expense ratios than the OECD average. In the other countries with combined ratios above 100%, both loss and expense ratios were higher than the OECD average, in some cases significantly higher.

In France and Portugal, combined ratios in the non-life sector were above 120% for a second consecutive year although the ratio improved slightly in Portugal. Germany and Denmark were the only OECD countries where non-life insurers achieved an underwriting profit after facing a loss in 2013. In Germany, this corresponds with the significant decline in non-life claims.

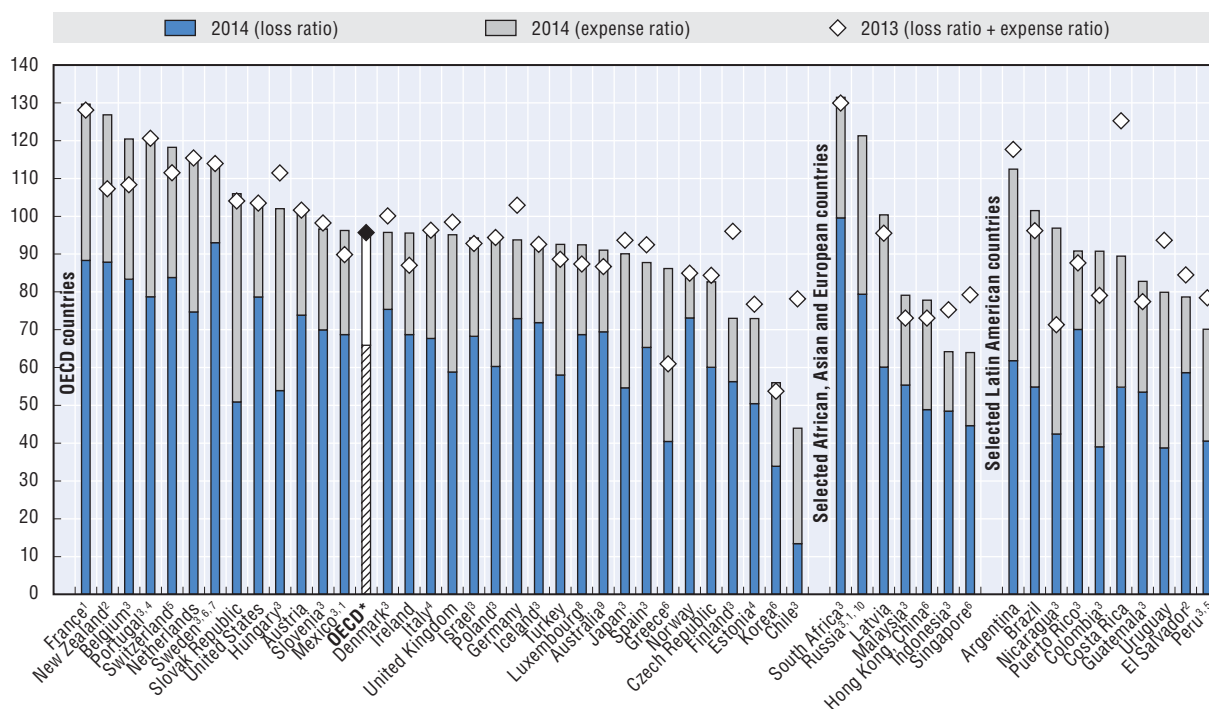
The combined ratios for non-life insurance companies in non-OECD countries continued to be lower than in OECD countries, i.e., non-OECD insurers have generally achieved better underwriting performance.³ On average, insurance companies in non-OECD countries had lower loss ratios and expense ratios than their counterparts in OECD countries. In 2014, combined ratios were above 100% in only Argentina, Brazil, Latvia, South Africa and Russia.

Investment allocation and performance

The investment portfolios of insurance companies in the majority of countries continued to be heavily allocated towards bonds, particularly in OECD countries and in the life insurance sector. In general, investment in bonds was predominantly comprised of public sector bonds with a smaller proportion invested in private sector bonds.

Investments in private bonds and shares only accounted for a significant share of insurance company portfolios in a few countries. Real estate investment remained low across the various insurance sectors, especially in the non-life sector. In general, there were few significant changes in investment allocations although insurers in some countries made changes to investment allocations as a result of regulation or in an effort to seek higher returns. Generally, the allocation towards the “other” asset class (which can include unclassified investments as well as investments in other assets such as cash and

Figure 5. Combined ratio for non-life direct insurers (2013 and 2014) (%)



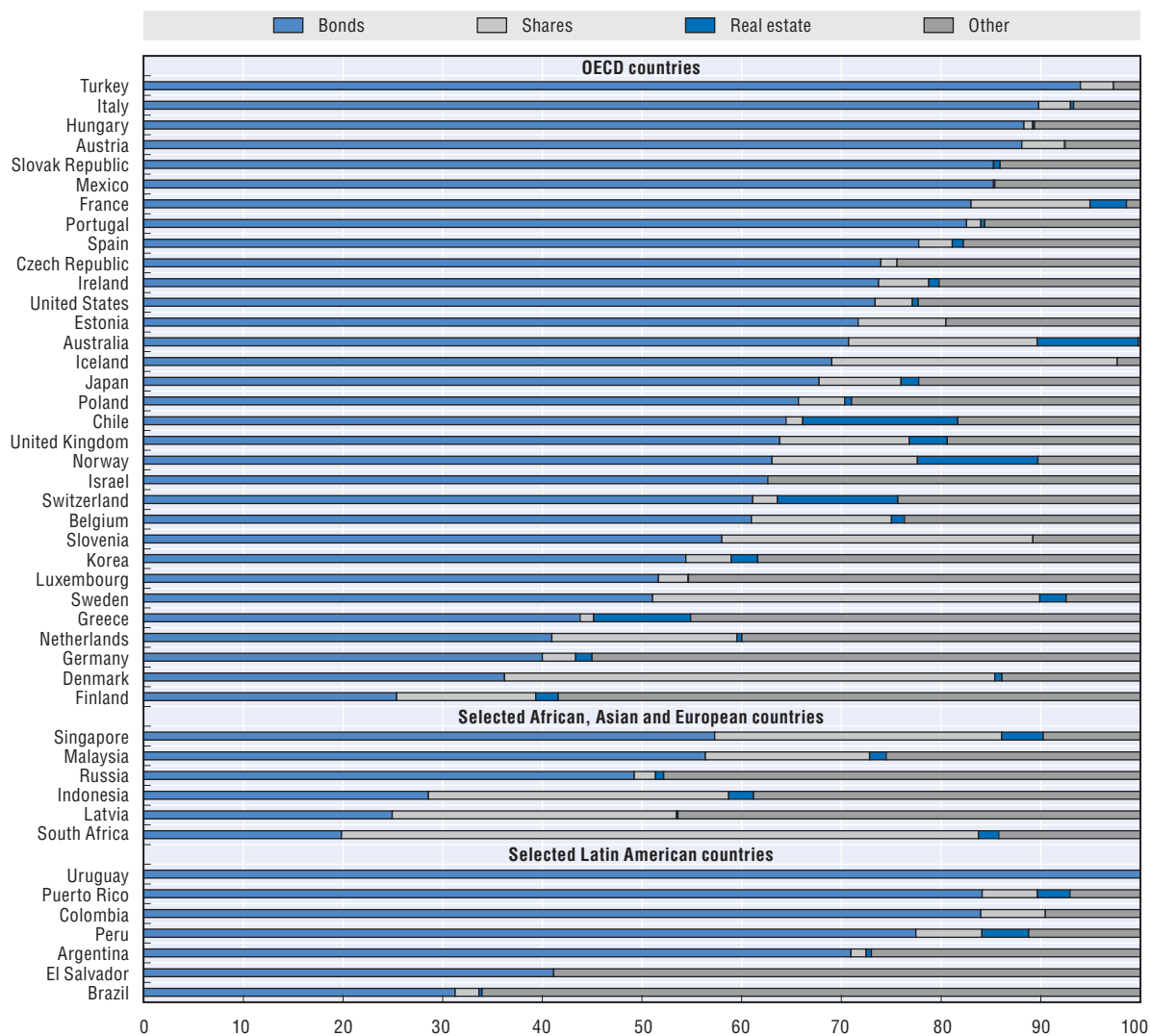
1. When the breakdown of gross claims paid, changes in claims outstanding provisions, gross operating expenses or commissions for composite undertakings into their life and non-life businesses was not available, the breakdown in each subsector was assumed to be the same as the one for gross written premiums.
2. Data include reinsurance business accepted.
3. Data refer to domestic undertakings only.
4. Data refer to domestic undertakings and branches of undertakings with head office outside the EU or EEA.
5. Data include the reinsurance business accepted by direct insurers.
6. Variations in outstanding claims provisions are not taken into account in the calculation of the combined ratio.
7. Commissions are not included in the calculation of the combined ratios.
8. Data refer to business in the reporting country and business written abroad.
9. Earned premiums (instead of gross written premiums) for direct insurers were used in the calculation of the combined ratio. The numerator of the combined ratios includes reinsurance business accepted by direct insurers.
10. The breakdown of gross written premiums for composite undertakings into their life and non-life businesses was not available. The breakdown in each subsector was assumed to be the same as the one between life and non-life undertakings.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

deposits) is significant, particularly in the non-life sector. Figures 6 to 11 provide a breakdown of investment portfolios across bonds, shares, real estate and other investments for life, non-life and composite insurers as well as a breakdown between public and private-sector bonds. Table 1 provides the breakdown between bonds, shares and other investments in 2013 and 2014 across all sectors.

Investment returns generally improved across OECD countries. Investment returns in the life and composite sectors remained higher than returns in the non-life sector despite the higher allocations of non-life insurers to non-fixed income investments. However, there was no evidence that past investment returns had an impact on portfolio allocations at an aggregate level. Figure 12 provides average real net investment returns by type of insurer in 2014. Table 2 provides this information for 2013 and 2014.

Figure 6. **Investment portfolio allocation in 2014: Domestic life insurers (direct insurers)**
As a percentage of total investments



Notes: Data exclude assets linked to unit-linked products where risk is fully borne by policyholders. The “Other” category mainly comprises loans and mutual fund investments for which no look-through was available. Table 1 presents the asset allocation by asset for 2013 and 2014.

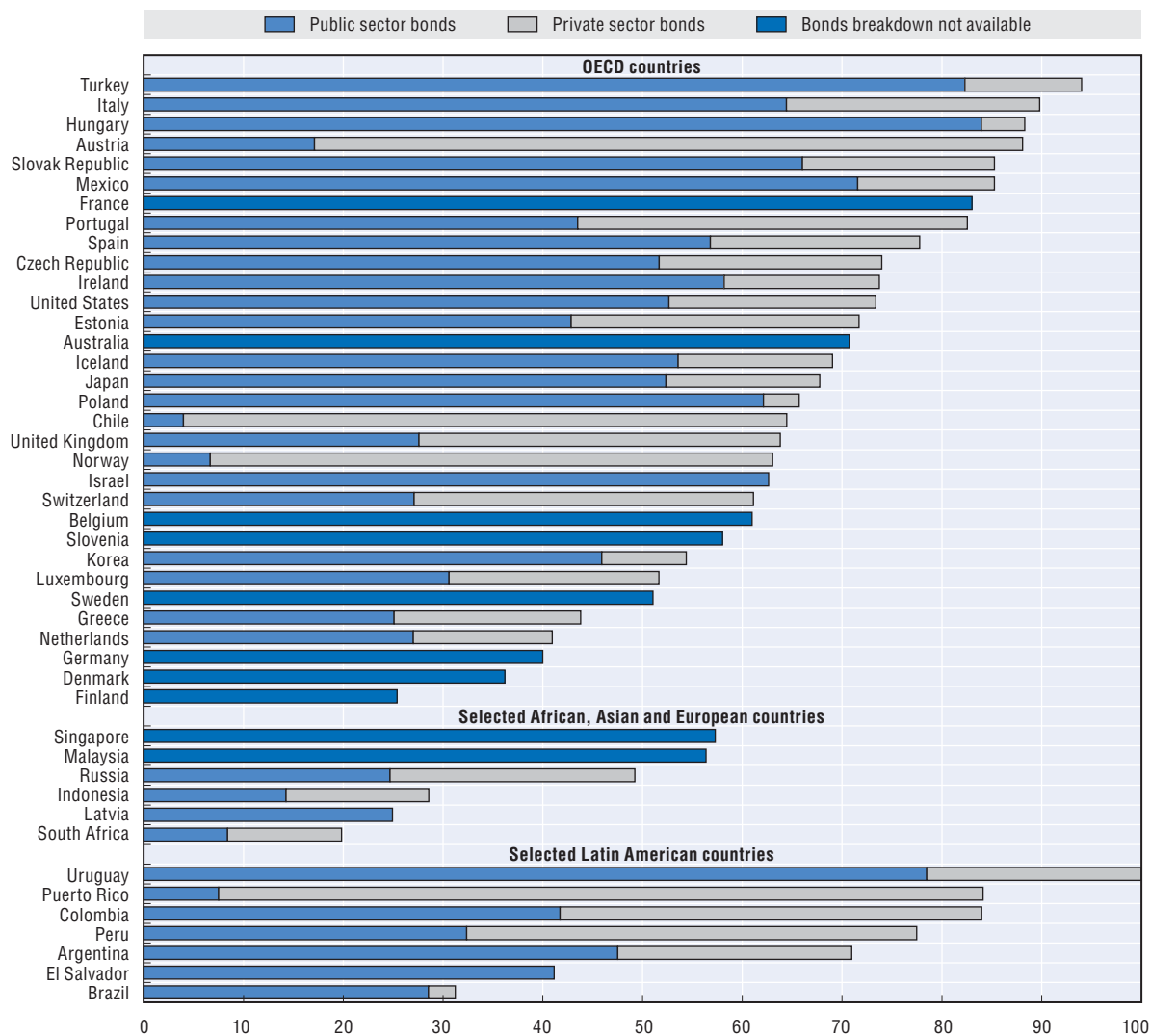
Source: OECD Global Insurance Statistics, (accessed 1 April 2016).

Portfolio allocation: Life insurers

Overall, the most favoured investment strategy continued to be investment in bonds. In 2014, the life insurance sectors in 13 countries and territories (Turkey, Italy, Hungary, Austria, Slovak Republic, Mexico, France, Portugal, Spain, Uruguay, Puerto Rico, Colombia and Peru) allocated in excess of 75% of their investments to bonds. In almost all of these countries, life insurance sector investment allocation to bonds was also above 75% in 2013.

In addition, the life insurance sectors in Turkey, Italy, Hungary, Austria, Slovak Republic and Uruguay allocated more than 85% of portfolio assets to bond investments (100% in Uruguay), as in 2013 for most of these countries. In Austria, the share of investment allocated to bonds increased from just under 73% in 2013 to over 88% in 2014. In contrast, the share of life insurer investment allocated to bonds in Israel declined from 88% in 2013 to just under

Figure 7. **Portfolio allocation to public and private sector bonds in 2014: Domestic life insurers (direct insurers)**



Source: OECD Global Insurance Statistics, (accessed 1 April 2016).

63% in 2014. The life insurance sectors in Finland and Denmark allocated less than 40% of their investments into bonds.

Bonds make up a slightly more significant share of life insurance investments in OECD countries relative to non-OECD countries (on average, 66% of investments in OECD countries were allocated to bonds compared to 56% in non-OECD countries). The majority of non-OECD Latin America countries allocated more than 50% of their investments to bonds. Among Asian countries, the average allocation to bonds was less than 50%. In South Africa, the life insurance sector's allocation to bonds was less than 20%.

In most OECD countries, where a breakdown is available, public issuers accounted for the largest share of bond investments. The exceptions were life insurers in Austria, Chile, United Kingdom, Norway and Switzerland which allocated most of their bond investments to private sector issuers. In Indonesia and Russia, bond investments were allocated almost equally among public and private issuers. In South Africa, allocations to private bonds

were higher than allocations to public bonds. Allocations between public and private bonds were more diverse across non-OECD Latin American countries.

Only four OECD countries had life insurance sectors that allocated more than 20% of their portfolios to shares (Denmark, Iceland, Slovenia and Sweden – as in 2013). In Denmark, investments in shares made up almost 50% of all life insurer investments. Among non-OECD countries, only the life insurance sectors in Singapore, Latvia, Indonesia and South Africa allocated more than 20% of their investments into shares. In non-OECD Latin American countries, the average share of investment into shares was approximately 3% and no country had a life insurance sector that allocated more than 10% of their investment to shares.

Life insurance companies in Norway, Austria and Chile allocated more than 50% of their investments to private sector bonds or shares. In general, where a breakdown based on issuer was available, life insurance companies in OECD countries that invested relatively more in private bonds tended to invest relatively less in shares. The exceptions are Norway and the United Kingdom, where life insurers invested relatively more in both private bonds and shares than other OECD countries.

Investment in real estate was minimal. As in 2013, Australia, Chile, Norway and Switzerland were the only countries where life insurance companies made significant investments in real estate (between 10-15%). The life insurance sectors in all non-OECD countries allocated less than 5% of their investment portfolio to real estate.

Most countries reported a relatively stable allocation of assets across bonds, shares and other asset types over the period 2013-14. In a few countries, there was a shift in the allocation of assets towards bonds and away from shares and other assets in 2014 relative to 2013, including in Austria, France, Estonia, Czech Republic, Portugal and El Salvador. In Estonia, the change in asset allocation was partly driven by the need to take into account Solvency II capital requirements.

In Israel and Greece, there was a shift in the allocation of life insurer investments away from bonds towards other assets. In Greece, life insurers' investment allocation to real estate increased to close to 10% in 2014 from less than 2% in 2013. In Japan, there was a slight shift towards shares and away from bonds and a reported increase in the share of investment directed to foreign securities yielding higher interest rates.

A number of countries reported significant investments in "other assets", but limited information was available to understand the nature of investments in this asset category.

Portfolio allocation: Non-life insurers

The non-life insurance sector also demonstrated a portfolio investment strategy dominated by investment in bonds, although to a lesser extent than the life insurance sector. Among OECD members, non-life insurers in the majority of countries allocated over half of their investments to bonds. In five OECD members (Turkey, Hungary, Mexico, Italy and Estonia), bonds represented over 75% of non-life insurance company investments. In Estonia, bonds accounted for just over 76% of all non-life insurer investment, relative to just under 69% in 2013 (and approximately 57% in 2012). The level of investment classified as "other" is greater in the non-life sector than the life insurance sector.

As in the case of life insurers, investments in bonds accounted for a smaller share of non-life insurer investment among non-OECD member countries than in OECD countries (on average, 58% of investments in OECD countries were allocated to bonds compared to

50% in non-OECD countries). Among non-OECD Latin American countries, four countries and territories reported asset allocations to bonds above 50% (Uruguay, Costa Rica, Puerto Rico and Colombia). In Uruguay and Costa Rica, bonds accounted for more than 90% of non-life insurance sector assets. Among other non-OECD countries, only Latvia reported an investment allocation to bonds above 50%.

As in the case of the life insurance sector, the non-life sector allocated most bond investments towards public bonds. Five OECD countries (Austria, Switzerland, United Kingdom, Chile and Norway) had non-life insurance sectors that favoured private over public bonds (as in the case of life insurers). Non-life companies in Peru, Puerto Rico, Russia and Indonesia also allocated more investment to private bonds than public bonds.

Investment allocations to shares by non-life insurance companies accounted for a more significant share of assets in more countries than in the case of life insurers. Non-life insurance sectors in nine OECD countries (Austria, Sweden, Finland, Iceland, France, Japan, United States, Norway and Denmark) allocated more than 20% of their investment portfolio to shares. In Austria, just over 40% of non-life insurer investment was allocated to shares (which includes participation shares). Among non-OECD countries, only non-life companies in South Africa allocated more than 20% of their investment into shares.

Non-life insurance companies in Austria, Norway and Puerto Rico allocated more than 50% of their assets to private sector bonds and shares. In the case of Puerto Rico, where the public sector is facing severe fiscal challenges, the vast majority of this exposure was to debt instruments of the private sector.

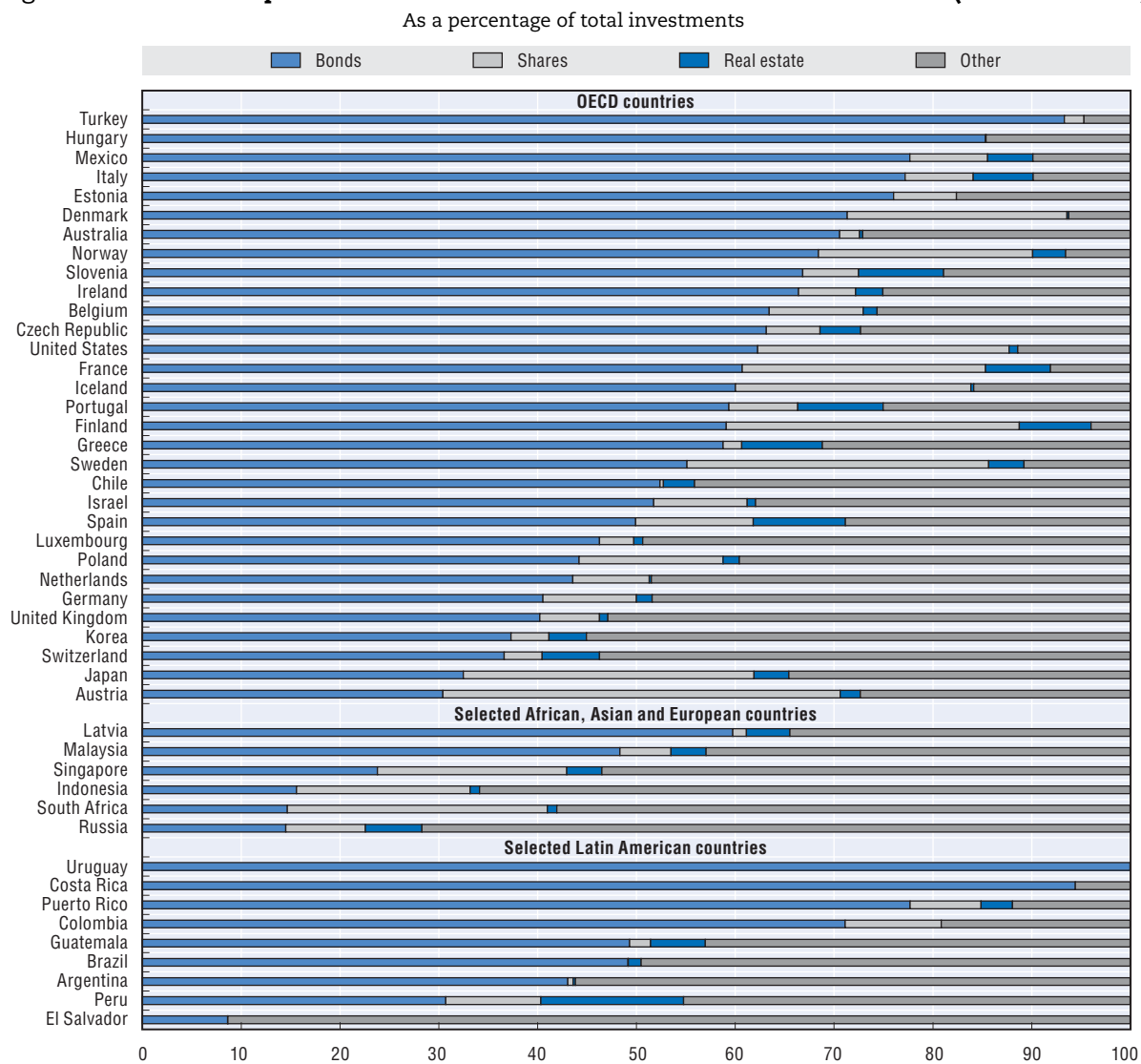
Real estate was a small part of investment portfolios in almost all countries as less than 10% of non-life insurer investments were allocated to real estate. The only exception was Peru, where the non-life sector allocated approximately 14% of all investment to real estate. In Greece, investment in real estate declined from approximately 10% of all non-life insurance assets in 2013 to just over 8% in 2014.

Most countries reported general stability in non-life insurance companies' allocation of investment to different asset classes. However, the non-life insurance sector in some OECD countries (Czech Republic, Estonia, Greece, Slovenia, Turkey and the United Kingdom) experienced a shift towards investments in bonds, in some cases reversing a shift away from bonds observed in 2013. In a few other OECD countries (Belgium, Iceland and Mexico), non-life insurance companies reduced their relative allocation to bonds and increased their allocation to other types of investments. The non-life sectors in Israel, Netherlands and Portugal shifted assets towards shares and away from other types of investments. Among non-OECD countries, there was a shift away from shares towards other types of investments in Indonesia, Singapore and Puerto Rico, a shift away from bonds towards other types of investments in Colombia, and a shift towards bonds and away from other types of investments in Guatemala.

Portfolio allocation: Composite insurers

A number of OECD and non-OECD countries authorise insurance companies to offer both life and non-life products and/or use different definitions of life or non-life than that of the OECD's *Global Insurance Statistics* exercise (e.g. accident and sickness may be considered a product sold by life companies in some countries). In such cases, countries have been asked to classify these insurance companies as composite insurers given that it is generally not feasible to distinguish whether investments support the life or non-life liabilities of a company offering both types of products. Annex C lists the countries that permit the establishment of composite insurers.

Figure 8. Investment portfolio allocation in 2014: Domestic non-life insurers (direct insurers)

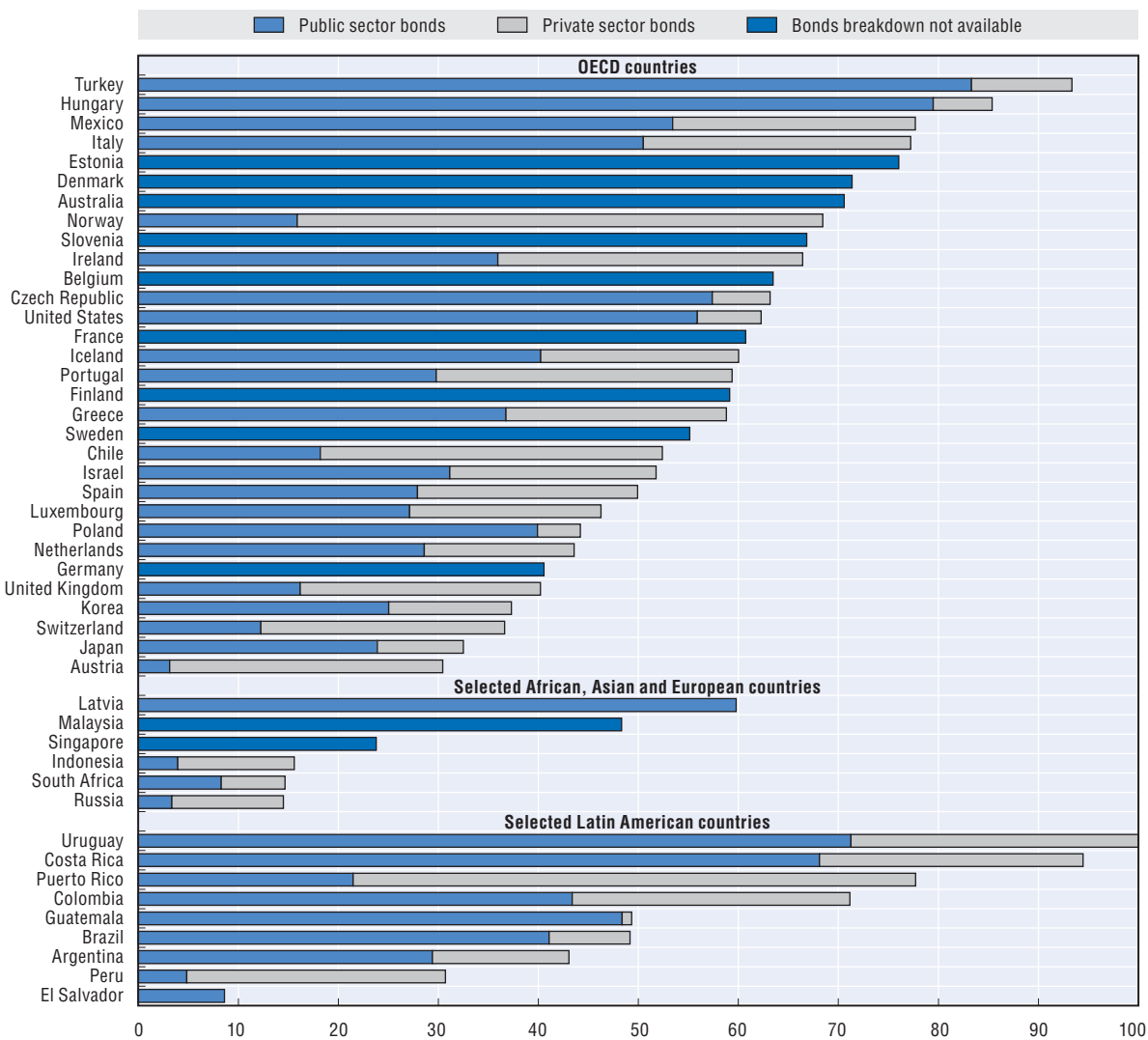


Notes: Data exclude assets linked to unit-linked products where risk is fully borne by policyholders. The “Other” category mainly comprises loans and mutual fund investments for which no look-through was available. Table 1 presents the asset allocation by asset for 2013 and 2014.

Source: OECD Global Insurance Statistics, (accessed 1 April 2016).

The vast majority of the composite insurance sector’s investment portfolios in OECD and non-OECD countries were dominated by bonds. Bonds accounted for more than 50% of the investment portfolios of the composite sector in almost all OECD countries and in the majority of non-OECD countries. In half of the OECD countries that have composite insurers, bonds accounted for more than 75% of all investments. Only the United Kingdom, Russia, Nicaragua, El Salvador, Argentina and Brazil had composite sectors that allocated less than 50% of their portfolios to bonds. Public sector bonds made up a larger share of bond portfolios than private bonds in all countries except Austria, the United Kingdom and Honduras.

Figure 9. **Portfolio allocation to public and private sector bonds in 2014:
Domestic non-life insurers (direct insurers)**



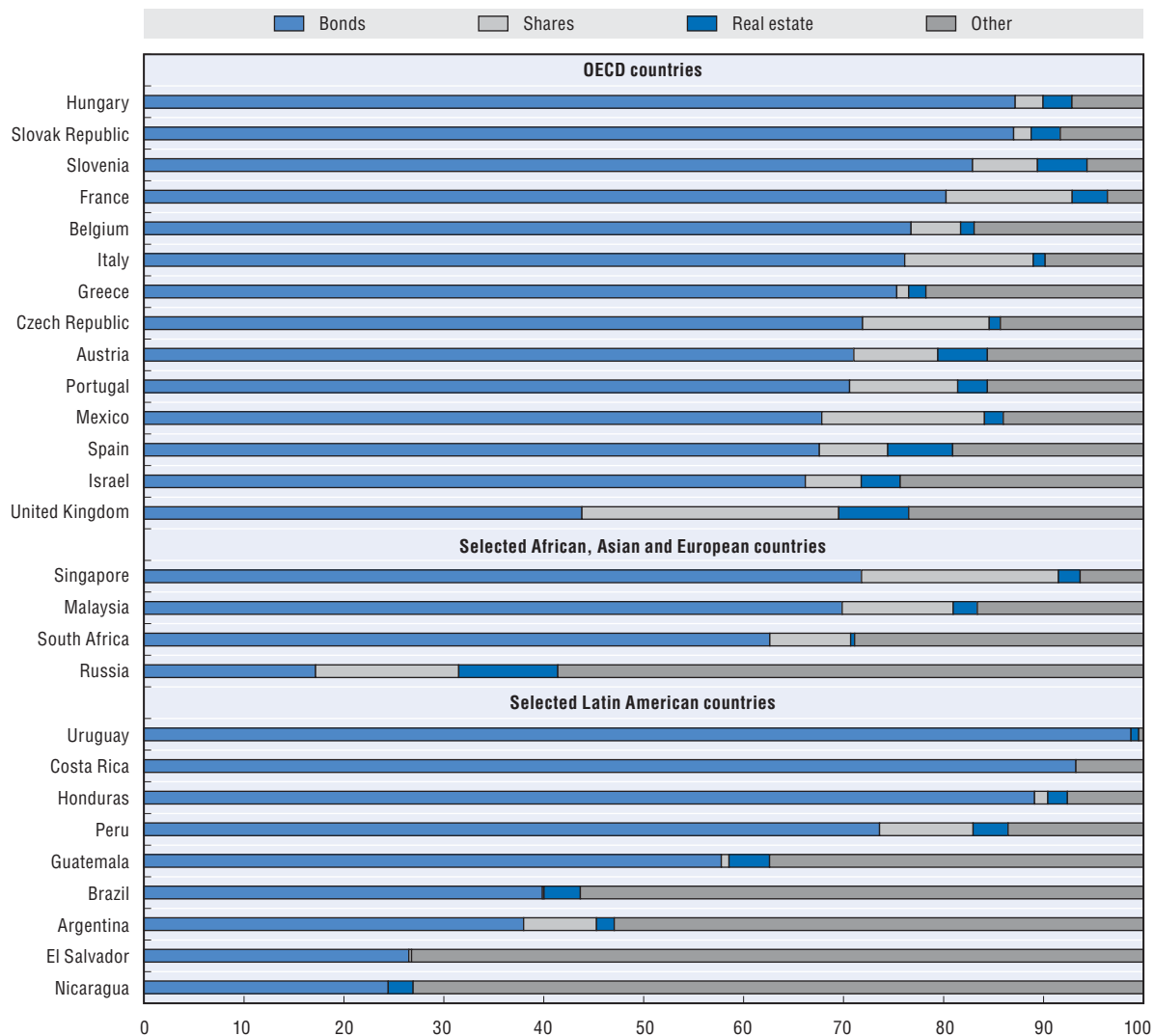
Source: OECD Global Insurance Statistics, (accessed 1 April 2016).

Composites in the United Kingdom allocated just under 26% of their investments to shares. Composites in all other countries allocated less than 20% of their investments to shares. In Austria and the United Kingdom, composite insurers allocated more than 50% of their portfolios to private bonds and shares. Investments in shares by composites in France declined to less than 13% of all investments from over 21% in 2013.

The composite sectors in Austria, Slovenia, Russia, Spain and the United Kingdom invested a moderate share of their portfolio in real estate assets (between 5-10% of their portfolios). In Austria, Slovenia and the United Kingdom, there was a slight increase in the share of investment allocated to real estate. In Greece, the share of composite investment in real estate fell to less than 2% in 2014 from just over 8% in 2013. There was also a small (1 pp) decline in real estate investment in Spain, although this was mostly due to the re-appraisal of real estate values.

Figure 10. **Investment portfolio allocation in 2014:**
Domestic composite insurers (direct insurers)

As a percentage of total investments

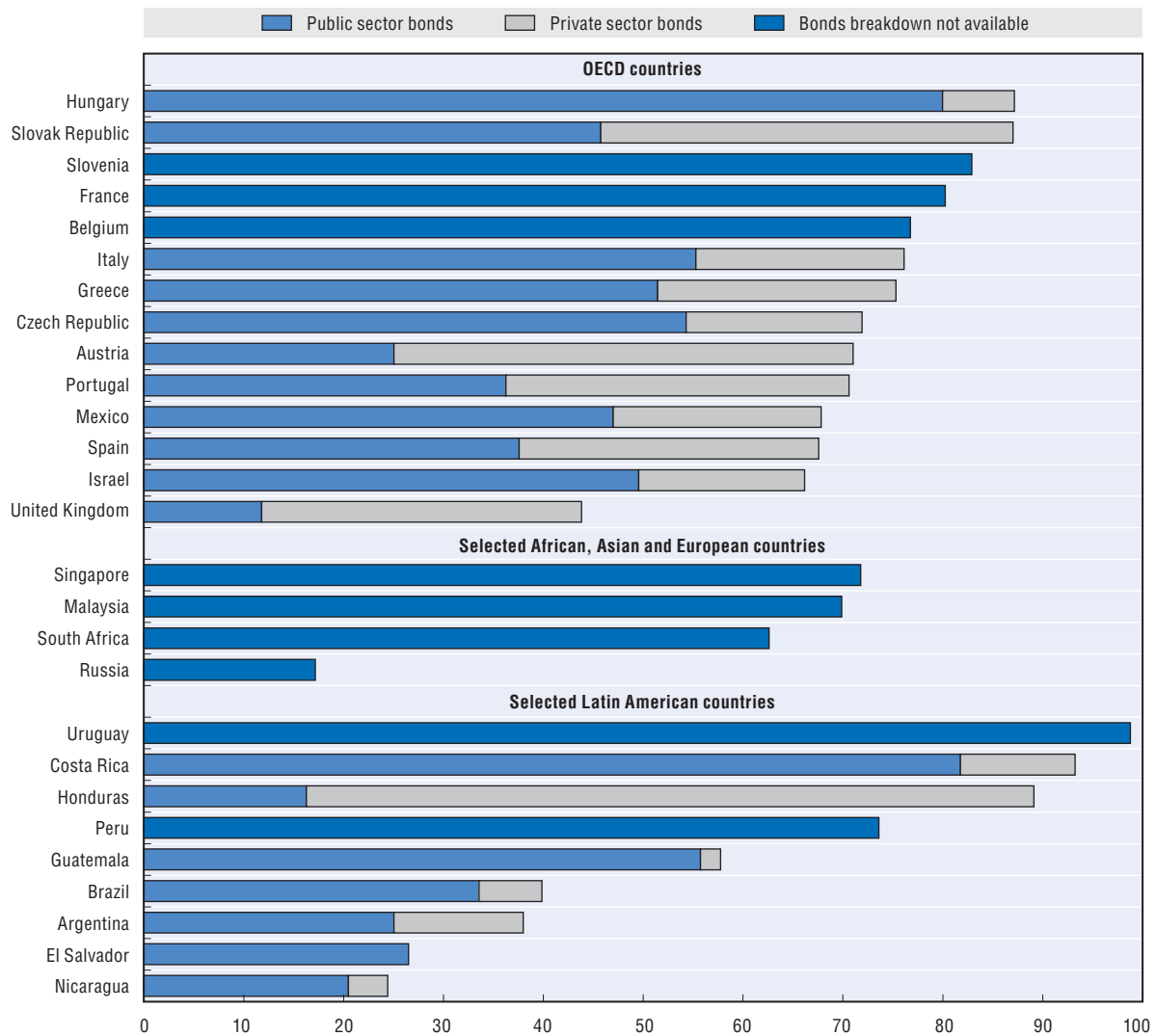


Notes: Data exclude assets linked to unit-linked products where risk is fully borne by policyholders. The “Other” category mainly comprises loans and mutual fund investments for which no look-through was available. Table 1 presents the asset allocation by asset for 2013 and 2014.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

In terms of shifts in allocations, the most common movement among the countries with composite insurance companies was a shift towards investments in bonds, away from allocations to shares and other assets, reversing a shift observed in 2013. This was particularly evident in a few OECD (France, Greece and Slovenia) and non-OECD Latin American (Guatemala, Peru, Honduras and Costa Rica) countries. In Portugal, South Africa and Nicaragua, portfolio allocation among composite insurers shifted towards shares and other investments and away from bonds.

Figure 11. **Portfolio allocation to public and private-sector bonds in 2014: Domestic composite insurers (direct insurers) (2014)**



Source: OECD Global Insurance Statistics (accessed 1 April 2016).

Table 1. **Insurers' portfolio allocation in bonds and shares by type of domestic insurer (direct insurers), 2013-14**

		Life		Non-life		Composite	
		2013	2014	2013	2014	2013	2014
OECD countries							
Australia	Bonds	70.9	70.7	70.7	70.6	n.a.	n.a.
	Shares	15.0	18.9	1.7	2.0	n.a.	n.a.
	Other	14.2	10.4	27.6	27.4	n.a.	n.a.
Austria	Bonds	72.9	88.1	29.3	30.4	72.3	71.0
	Shares	9.5	4.3	41.2	40.2	8.1	8.4
	Other	17.5	7.6	29.5	29.4	19.6	20.6

Table 1. Insurers' portfolio allocation in bonds and shares by type of domestic insurer (direct insurers), 2013-14 (cont.)

		Life		Non-life		Composite	
		2013	2014	2013	2014	2013	2014
Belgium	Bonds	63.8	61.0	68.7	63.5	77.6	76.7
	Shares	12.4	14.1	9.5	9.5	4.8	5.0
	Other	23.8	25.0	21.9	27.0	17.6	18.3
Chile	Bonds	64.9	64.5	50.7	52.4	n.a.	n.a.
	Shares	2.3	1.7	0.4	0.3	n.a.	n.a.
	Other	32.9	33.9	49.0	47.3	n.a.	n.a.
Czech Republic	Bonds	67.0	74.0	57.2	63.2	67.8	71.9
	Shares	1.3	1.6	4.7	5.4	12.2	12.7
	Other	31.7	24.4	38.1	31.4	19.9	15.4
Denmark	Bonds	37.9	36.2	70.4	71.4	n.a.	n.a.
	Shares	52.7	49.2	24.5	22.2	n.a.	n.a.
	Other	9.4	14.6	5.1	6.4	n.a.	n.a.
Estonia	Bonds	53.2	71.7	68.9	76.1	n.a.	n.a.
	Shares	2.4	8.8	0.2	6.4	n.a.	n.a.
	Other	44.4	19.5	30.8	17.6	n.a.	n.a.
Finland	Bonds	27.9	25.4	59.9	59.1	..	..
	Shares	16.3	13.9	30.8	29.7	..	..
	Other	55.9	60.7	9.2	11.2	..	..
France	Bonds	75.9	83.0	60.1	60.7	73.0	80.3
	Shares	19.5	11.9	25.8	24.6	21.2	12.6
	Other	4.6	5.0	14.1	14.6	5.8	7.1
Germany ¹	Bonds	38.7	40.0	38.5	40.6	n.a.	n.a.
	Shares	3.7	3.3	10.2	9.5	n.a.	n.a.
	Other	57.6	56.7	51.3	50.0	n.a.	n.a.
Greece	Bonds	66.6	43.8	38.0	58.8	49.8	75.3
	Shares	1.1	1.3	1.0	1.9	2.0	1.2
	Other	32.3	54.9	61.0	39.3	48.2	23.5
Hungary	Bonds	90.8	88.3	88.4	85.4	87.3	87.2
	Shares	0.9	0.9	0.0	0.0	2.5	2.8
	Other	8.3	10.8	11.6	14.6	10.2	10.0
Iceland	Bonds	68.6	69.0	73.1	60.0	n.a.	n.a.
	Shares	28.5	28.6	22.9	23.9	n.a.	n.a.
	Other	2.9	2.3	4.0	16.1	n.a.	n.a.
Ireland	Bonds	69.7	73.7	66.6	66.4	n.a.	n.a.
	Shares	5.0	5.0	5.9	5.8	n.a.	n.a.
	Other	25.3	21.2	27.4	27.8	n.a.	n.a.
Israel	Bonds	88.0	62.6	52.9	51.8	67.1	66.2
	Shares	..	0.0	1.2	9.5	2.8	5.6
	Other	12.0	37.4	45.9	38.8	30.1	28.2
Italy	Bonds	89.6	89.8	77.7	77.2	75.3	76.1
	Shares	4.0	3.2	6.8	6.9	14.4	12.9
	Other	6.4	7.0	15.5	15.9	10.2	11.0
Japan	Bonds	68.4	67.8	35.9	32.5	n.a.	n.a.
	Shares	7.0	8.2	26.2	29.4	n.a.	n.a.
	Other	24.6	24.0	38.0	38.1	n.a.	n.a.
Korea	Bonds	55.2	54.4	39.9	37.3	n.a.	n.a.
	Shares	5.1	4.5	4.3	3.8	n.a.	n.a.
	Other	39.7	41.1	55.8	58.8	n.a.	n.a.
Luxembourg	Bonds	52.4	51.6	44.9	46.3	n.a.	n.a.
	Shares	2.8	3.0	4.2	3.5	n.a.	n.a.
	Other	44.8	45.4	51.0	50.2	n.a.	n.a.

Table 1. Insurers' portfolio allocation in bonds and shares by type of domestic insurer (direct insurers), 2013-14 (cont.)

		Life		Non-life		Composite	
		2013	2014	2013	2014	2013	2014
Mexico	Bonds	85.6	85.3	82.3	77.7	69.9	67.8
	Shares	0.0	0.0	7.3	7.9	15.8	16.3
	Other	14.3	14.7	10.4	14.4	14.4	15.9
Netherlands	Bonds	40.1	41.0	42.9	43.6	n.a.	n.a.
	Shares	21.2	18.6	7.2	7.7	n.a.	n.a.
	Other	38.7	40.5	49.9	48.7	n.a.	n.a.
Norway	Bonds	64.3	63.0	68.6	68.4	n.a.	n.a.
	Shares	13.1	14.6	22.2	21.7	n.a.	n.a.
	Other	22.6	22.4	9.3	9.9	n.a.	n.a.
Poland	Bonds	62.7	65.7	47.3	44.2	n.a.	n.a.
	Shares	3.8	4.6	14.0	14.6	n.a.	n.a.
	Other	33.5	29.7	38.6	41.2	n.a.	n.a.
Portugal	Bonds	76.1	82.6	59.9	59.4	76.5	70.6
	Shares	1.7	1.4	2.6	7.0	3.7	10.8
	Other	22.2	16.0	37.5	33.6	19.8	18.6
Slovak Republic	Bonds	86.7	85.3	..	..	87.0	87.0
	Shares	2.4	0.0	..	..	1.5	1.8
	Other	10.8	14.7	..	..	11.5	11.2
Slovenia	Bonds	59.7	58.0	55.1	66.9	75.5	82.9
	Shares	28.5	31.2	6.8	5.7	5.6	6.5
	Other	11.9	10.8	38.1	27.5	18.8	10.6
Spain	Bonds	75.1	77.8	50.9	49.9	66.5	67.6
	Shares	3.4	3.3	12.0	11.9	7.3	6.8
	Other	21.5	18.9	37.1	38.2	26.2	25.6
Sweden	Bonds	52.3	51.1	55.3	55.1	n.a.	n.a.
	Shares	36.9	38.9	30.2	30.6	n.a.	n.a.
	Other	10.8	10.1	14.5	14.3	n.a.	n.a.
Switzerland	Bonds	62.3	61.1	37.3	36.6	n.a.	n.a.
	Shares	1.9	2.4	3.8	3.9	n.a.	n.a.
	Other	35.8	36.4	58.9	59.5	n.a.	n.a.
Turkey	Bonds	93.1	94.0	82.3	93.4	n.a.	n.a.
	Shares	3.0	3.3	1.7	2.0	n.a.	n.a.
	Other	3.9	2.7	16.0	4.7	n.a.	n.a.
United Kingdom	Bonds	60.9	63.8	36.8	40.2	43.4	43.8
	Shares	14.5	13.0	9.2	6.1	26.4	25.7
	Other	24.6	23.2	54.0	53.7	30.2	30.5
United States	Bonds	74.0	73.4	63.7	62.3	n.a.	n.a.
	Shares	3.8	3.7	23.9	25.5	n.a.	n.a.
	Other	22.2	22.9	12.4	12.2	n.a.	n.a.
Selected African, Asian and European countries							
Indonesia	Bonds	22.2	28.6	16.6	15.6	..	..
	Shares	34.2	30.1	40.3	17.6	..	..
	Other	43.5	41.3	43.1	66.8	..	..
Latvia	Bonds	24.9	24.9	66.7	59.8	..	..
	Shares	29.8	28.5	2.0	1.4	..	..
	Other	45.3	46.6	31.3	38.8	..	..
Malaysia	Bonds	54.3	56.4	47.9	48.3	68.6	69.9
	Shares	17.3	16.5	5.8	5.2	11.4	11.1
	Other	28.4	27.2	46.3	46.5	20.0	19.0
Russia	Bonds	..	49.2	..	14.5	..	17.2
	Shares	..	2.1	..	8.1	..	14.3
	Other	..	48.6	0.0	77.4	..	68.5

Table 1. **Insurers' portfolio allocation in bonds and shares by type of domestic insurer (direct insurers), 2013-14 (cont.)**

		Life		Non-life		Composite	
		2013	2014	2013	2014	2013	2014
Singapore	Bonds	58.0	57.3	26.3	23.8	69.1	71.8
	Shares	26.7	28.8	23.8	19.2	21.8	19.7
	Other	15.4	13.9	49.9	57.0	9.2	8.5
South Africa	Bonds	19.7	19.8	13.0	14.7	67.0	62.6
	Shares	62.5	63.9	26.0	26.3	7.9	8.1
	Other	17.7	16.3	61.0	59.0	25.1	29.3
Selected Latin American countries							
Argentina	Bonds	67.0	71.0	40.8	43.1	36.0	38.0
	Shares	0.9	1.5	1.6	0.5	7.4	7.3
	Other	32.1	27.5	57.6	56.4	56.6	54.7
Brazil	Bonds	..	31.2	..	49.2	..	39.9
	Shares	..	2.4	..	0.0	..	0.1
	Other	..	66.4	0.0	50.8	..	60.0
Colombia	Bonds	84.2	84.0	81.0	71.2	n.a.	n.a.
	Shares	9.3	6.5	9.2	9.7	n.a.	n.a.
	Other	6.6	9.5	9.7	19.1	n.a.	n.a.
Costa Rica ²	Bonds	n.a.	n.a.	91.6	94.5	94.0	93.3
	Shares	n.a.	n.a.	0.0	0.0	0.0	0.0
	Other	n.a.	n.a.	8.4	5.5	6.0	6.7
El Salvador	Bonds	25.1	41.1	8.3	8.6	16.5	26.5
	Shares	0.0	0.0	0.0	0.0	0.2	0.3
	Other	74.9	58.9	74.9	91.3	50.1	73.2
Guatemala	Bonds	..	..	42.4	49.3	54.1	57.8
	Shares	..	..	2.7	2.1	0.9	0.8
	Other	..	0.0	55.0	48.6	45.0	41.5
Honduras	Bonds	..	..	..	..	79.4	89.1
	Shares	..	..	..	..	6.1	1.3
	Other	..	0.0	..	..	14.5	9.6
Nicaragua	Bonds	..	..	..	..	32.0	24.4
	Shares	..	..	..	..	0.5	0.0
	Other	..	0.0	..	..	67.5	75.6
Peru	Bonds	76.9	77.5	28.7	30.7	69.0	73.6
	Shares	6.8	6.6	10.6	9.6	9.4	9.4
	Other	16.3	15.9	60.7	59.7	21.6	17.0
Puerto Rico	Bonds	83.8	84.1	77.7	77.7	..	..
	Shares	5.9	5.6	11.5	7.2	..	..
	Other	10.4	10.3	10.9	15.1	..	..
Uruguay	Bonds	99.9	100.0	100.0	100.0	97.9	98.8
	Shares	..	0.0	..	0.0	..	0.0
	Other	0.1	0.0	0.0	0.0	2.1	1.2

1. The "Other" category mainly comprises loans and mutual fund investments for which no look-through was available.

2. Other investments include investments in bonds and other financial instruments that are not related with technical provisions.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

Investment returns

On average, real net investment returns in 2014 improved over 2013 in reporting OECD countries across all sectors. In the life insurance sector, real net investment returns averaged 4% in 2014 compared to 2.9% in 2013. In the non-life sector, the average improved

to 2.6% in 2014 compared to 2.1% in 2013. Among composite companies, real net investment returns in 2014 were 4.1% compared to 3.2% in 2013.

In the life sector, real net investment returns were above 5% in six OECD countries (Australia, Belgium, Estonia, Ireland, Poland and Spain). In Ireland, where some portfolio rebalancing towards higher-yielding assets was observed, returns improved by more than 15 pp relative to 2013 (when real net investment returns were negative).

In non-OECD Latin American countries, real net investment returns in the life sector improved in 2014 over 2013, from an average of 0.1% to 2.3%, although the life sector in Uruguay faced negative real net investment returns in 2014. Among other non-OECD member countries, net real investment returns were significantly higher in 2014 (average returns were 5.5% in 2014 for Indonesia, Latvia, Malaysia and Singapore relative to 1.0% in 2013).

Real net investment returns in the non-life sector were not as high as returns in the life sector. The non-life sector in two OECD countries (Ireland and Poland) achieved real net investment returns of 5% or more. In contrast, the non-life sector in Turkey faced a fifth year of negative real net investment returns.

In non-OECD Latin American countries, non-life sector net real investment returns improved slightly relative to 2013. In other non-OECD countries, average real net investment returns were stable in 2014 relative to 2013 although the non-life sectors in Indonesia and Russia faced negative real net investment returns. In Russia, real net investment returns in 2014 were -9.1%, which is likely related to the financial market turmoil in 2014.

As in 2013, the composite sector in OECD countries achieved higher net real investment returns than the life and non-life sectors and also improved returns over 2013. Positive net real investment returns ranging from 2.4% to 5.2% were reported for OECD countries with composite sectors. There was a similar improvement in investment results among non-OECD Latin American countries and positive returns across all reporting countries. Improved investment returns were also achieved in Singapore and Malaysia. The composite sector in Russia was the only one faced with negative real net investment returns

Table 2. **Average real net investment return by type of insurer, 2013-14**

In per cent

	Life		Non-life		Composite	
	2013	2014	2013	2014	2013	2014
OECD countries						
Australia	13.0	8.1	2.3	4.4	n.a.	n.a.
Belgium	3.6	5.4	2.0	3.5	3.1	4.6
Chile	1.7	0.8	1.4	0.0	n.a.	n.a.
Czech Republic	0.0	1.8	-0.1	3.0	1.0	2.4
Estonia	0.5	6.0	0.1	2.6	n.a.	n.a.
Germany	4.0	4.9	2.4	3.4	n.a.	n.a.
Hungary	5.6	2.9	2.8	4.5	5.3	5.2
Iceland	1.5	1.3	-0.5	2.6	n.a.	n.a.
Ireland	-1.4	14.1	2.2	5.0	n.a.	n.a.
Israel	-0.2	..	2.7	..	4.8	..
Italy	3.3	4.1	2.2	3.4	3.3	3.8
Japan	0.8	0.2	0.7	0.1	n.a.	n.a.
Korea	3.0	3.1	2.3	2.5	n.a.	n.a.
Luxembourg	1.9	4.1	-0.1	3.1	n.a.	n.a.
Netherlands	0.5	1.2	0.5	0.9	n.a.	n.a.

Table 2. **Average real net investment return by type of insurer, 2013-14** (cont.)

In per cent

	Life		Non-life		Composite	
	2013	2014	2013	2014	2013	2014
Norway	3.2	3.8	..	..	n.a.	n.a.
Poland	4.5	6.8	9.9	7.4	n.a.	n.a.
Portugal	2.3	1.9	2.2	1.1	5.5	3.5
Spain	4.0	5.5	3.1	4.6	3.9	5.2
Switzerland	3.1	3.5	4.0	4.6	n.a.	n.a.
Turkey	-0.7	0.8	-3.6	-6.4	n.a.	n.a.
Selected African, Asian and European countries						
Indonesia	0.5	5.7	-0.2	-1.0	..	..
Latvia	2.0	4.7	2.5	2.4	..	..
Malaysia	0.5	4.2	0.5	0.6	4.0	4.1
Russia	..	-9.1	..	-6.4	..	-8.5
Singapore	0.8	7.5	1.9	2.8	-0.6	6.5
Selected Latin American countries						
Colombia	3.8	4.1	5.3	4.3	n.a.	n.a.
Costa Rica	n.a.	n.a.	1.1	3.5	3.6	3.1
Honduras	..	..	..	..	3.2	2.3
Nicaragua	..	..	..	..	-0.6	..
Peru	2.1	3.7	4.9	5.7	2.4	5.7
Uruguay	-5.5	-0.9	-2.5	-3.7	1.2	0.4

Note: Average real net investment return calculations are based on nominal net investment return reported by countries and Consumer Prices Index (CPI) from the IMF IFS Database.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

Profitability: Return on equity

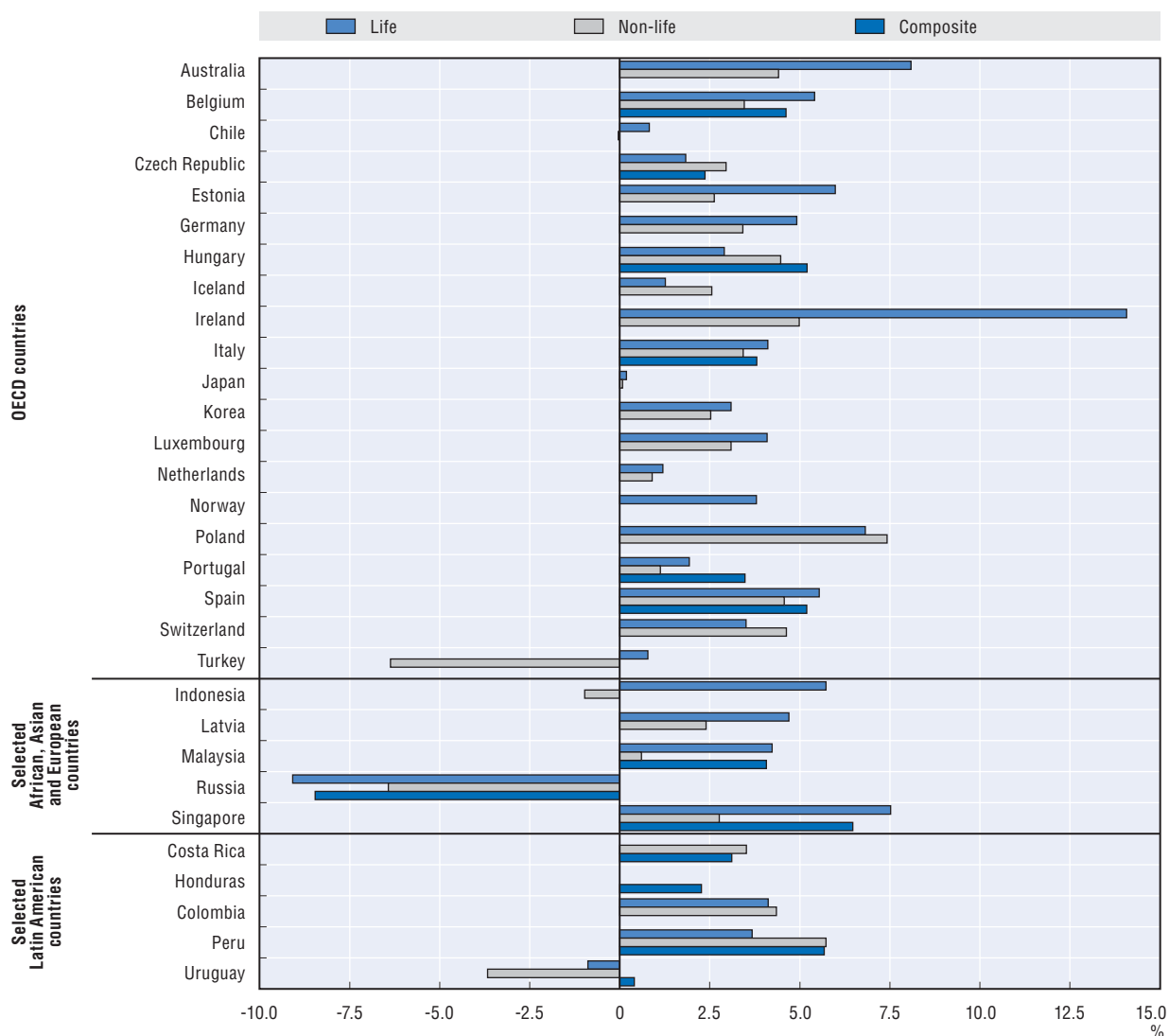
On average, return on equity (ROE) remained relatively stable in 2014 relative to the previous two years although with a slight decline in ROE in the life and non-life sectors in OECD countries compared to 2013. In the life and non-life sectors, ROE in OECD countries was also slightly lower in 2014 than in 2012 although significantly higher than the average in 2011. However, significant variations remain across countries.

Significant improvements in the ROE of the life insurance sectors in Greece and Portugal in 2013 were somewhat reversed in 2014. This is similar to the experience in Spain and Italy where high ROE in 2012 was reversed in 2013. By contrast, ROE in the life sector in Ireland continued to improve for a third consecutive year after negative ROE in 2009, 2010 and 2011. The life sectors in Finland and the United Kingdom faced moderate declines in ROE relative to 2013, while the life sectors in Denmark, Estonia and Chile achieved strong increases in ROE. In the Czech Republic, ROE in the life sector has almost doubled since 2012.

Average ROE across life insurance sectors in non-OECD countries was significantly higher than ROE in OECD countries. The life sectors in Argentina, Colombia, El Salvador, Peru, Indonesia, Malaysia, Singapore, South Africa and Latvia all achieved ROE above 15%. In South Africa, ROE was above 40% in 2014. No non-OECD country reported negative ROE in 2014.

ROE in the non-life sector in a number of OECD countries increased or decreased substantially relative to previous years. The non-life sectors in Norway, Greece, Switzerland, Finland and Slovenia achieved ROE above 20%. In all these countries, ROE has been strong in

Figure 12. **Average real net investment return by type of domestic insurer in 2014 (direct insurers)**



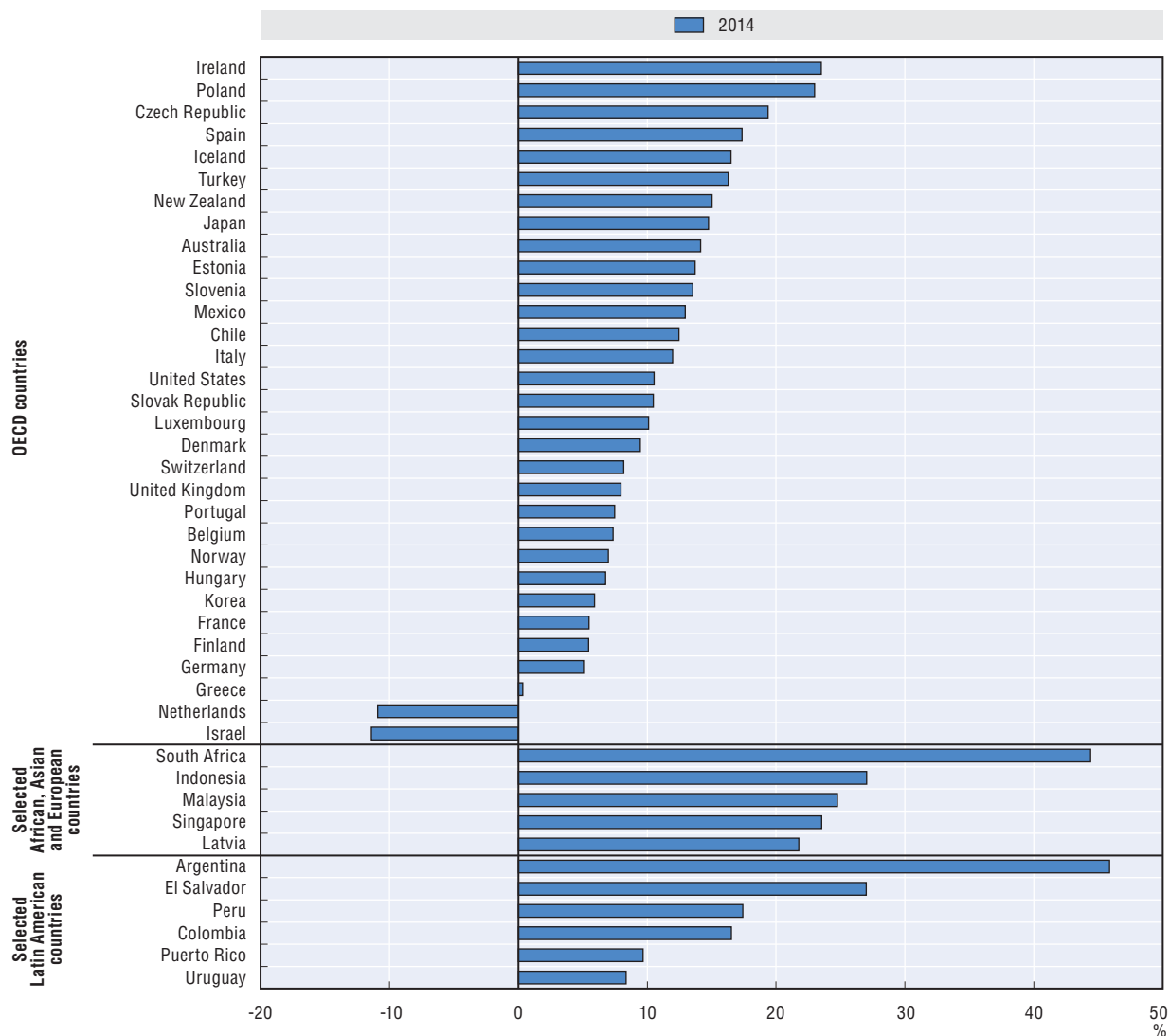
Note: Average real net investment return calculations are based on nominal net investment return reported by countries and Consumer Prices Index (CPI) from the IMF IFS Database. Table 2 presents the average real net investment return by type of insurer for 2013 and 2014.

all of the past three years (with the exception of Slovenia for which data is only available for 2014). ROE in the non-life sectors in the United Kingdom and the United States declined moderately relative to 2013, although remained above levels in 2012.

In contrast to the life sector, average ROE in the non-life sector in non-OECD countries was lower than ROE in OECD countries. In Colombia, El Salvador and Uruguay, ROE in the non-life sector was below 5% (although still positive). In Costa Rica, ROE was significantly negative.

Average ROE in the composite sector was higher than other sectors for OECD and non-OECD Latin American countries (although lower than in the life sector for other non-OECD countries). In OECD countries, the strong performance was driven by high ROE in the composite sectors in Mexico, Slovenia and particularly the United Kingdom (just under 57%). Composite sectors in all non-OECD countries (except Costa Rica and South Africa) achieved a ROE above 10%.

Figure 13. Return on equity, 2014: Domestic life insurers (direct insurers)



Note: Table 3 presents return on equity by sector for 2012, 2013 and 2014.

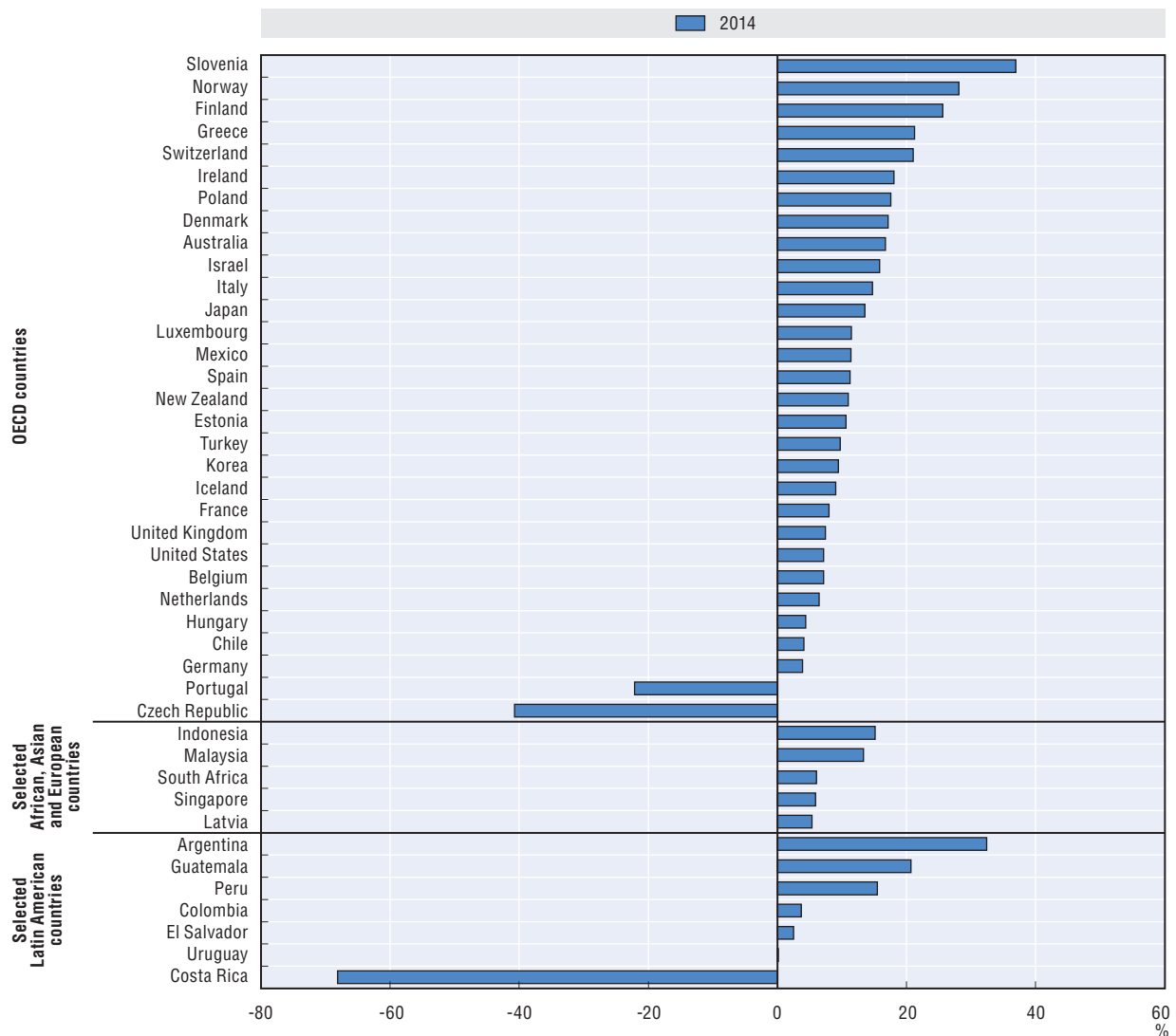
Source: OECD Global Insurance Statistics (accessed 1 April 2016).

Change in equity position

The change in equity position permits an understanding of the evolution of shareholder capital.⁴ Changes may occur due to dividend distributions, share buybacks and issuance of share capital; they may also reflect unrecognised gains or losses that do not appear in the income statement but which may nonetheless be important for understanding an undertaking's financial position. For instance, unrealised gains and losses on investments held to maturity within an investment portfolio do not appear in the income statement, yet they are reflected in changes to shareholder equity.

Shareholder equity of the life insurance sector decreased in seven of the reporting OECD countries and two non-OECD countries (compared to fourteen OECD and five non-OECD countries in 2013). In Belgium, the Czech Republic, Estonia and Uruguay, 2014 was the second year of declines in shareholder equity. In Austria, shareholder equity increased by more than 150% although this was due to the reclassification of four composite

Figure 14. Return on equity, 2014: Domestic non-life insurers (direct insurers)



Note: Table 3 presents return on equity by sector for 2012, 2013 and 2014.

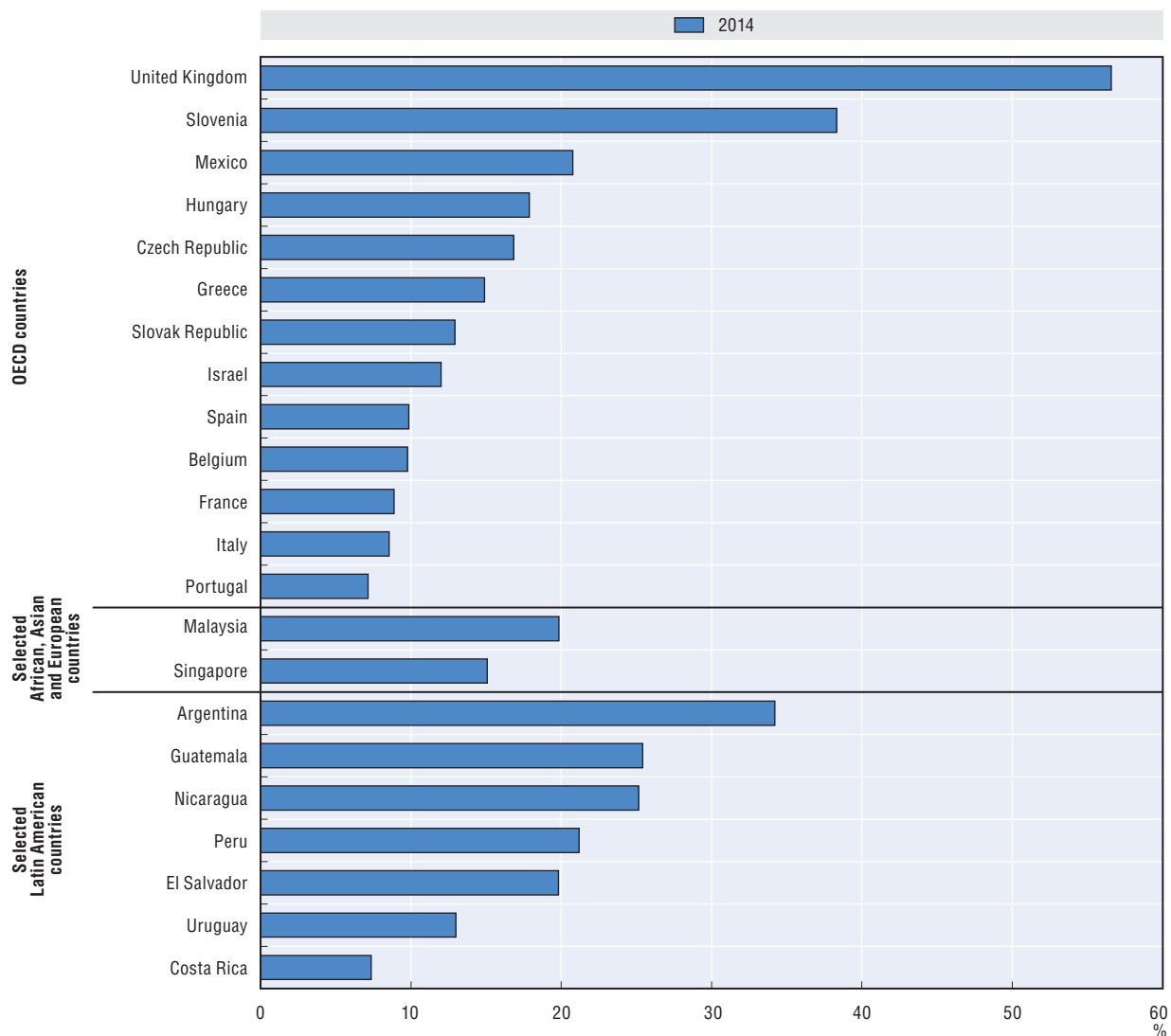
Source: OECD Global Insurance Statistics (accessed 1 April 2016).

insurance companies that no longer sell non-life insurance products as life insurance companies in 2014. Figures 16 to 18 show changes in equity position for life, non-life and composite sectors in 2014. Table 4 provides this information for 2012-14.

In the non-life sector, shareholder equity declined in four OECD and six non-OECD countries (compared to twelve countries in the non-life sector in 2013). Shareholder equity in the United Kingdom, Australia, Latvia and Uruguay declined for a second consecutive year in 2014. In Belgium, Slovak Republic, Switzerland and Argentina, shareholder equity in the non-life sector increased by over 40%.

In the composite sector, shareholder equity declined in only two OECD countries and increased in all non-OECD countries (relative to seven OECD and non-OECD countries where shareholder equity declined in 2013). The composite sectors in a number of countries, including the United Kingdom, Argentina, Uruguay, El Salvador and Nicaragua, saw significant increases in shareholder equity.

Figure 15. Return on equity, 2014: Domestic composite insurers (direct insurers)



Note: Table 3 presents return on equity by sector for 2012, 2013 and 2014.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

Table 3. Return on equity by type of insurer (2013-14)

In per cent

	ROE								
	Life			Non-life			Composite		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
OECD countries									
Australia	15.9	15.4	15.9	15.3	9.6	17.7	x	x	x
Belgium	7.9	3.4	10.6	8.5	5.7	6.2	12.0	2.5	20.6
Chile	20.5	5.3	15.0	3.3	12.2	9.4	x	x	x
Czech Republic	..	14.0	9.9	..	-8.4	-2.7	..	16.6	20.6
Denmark	20.0	3.0	9.6	19.3	6.7	15.0	x	x	x
Estonia	28.7	9.8	17.0	14.6	13.8	16.7	x	x	x
Finland	21.2	-2.7	21.8	17.6	10.2	24.7	..	..	..

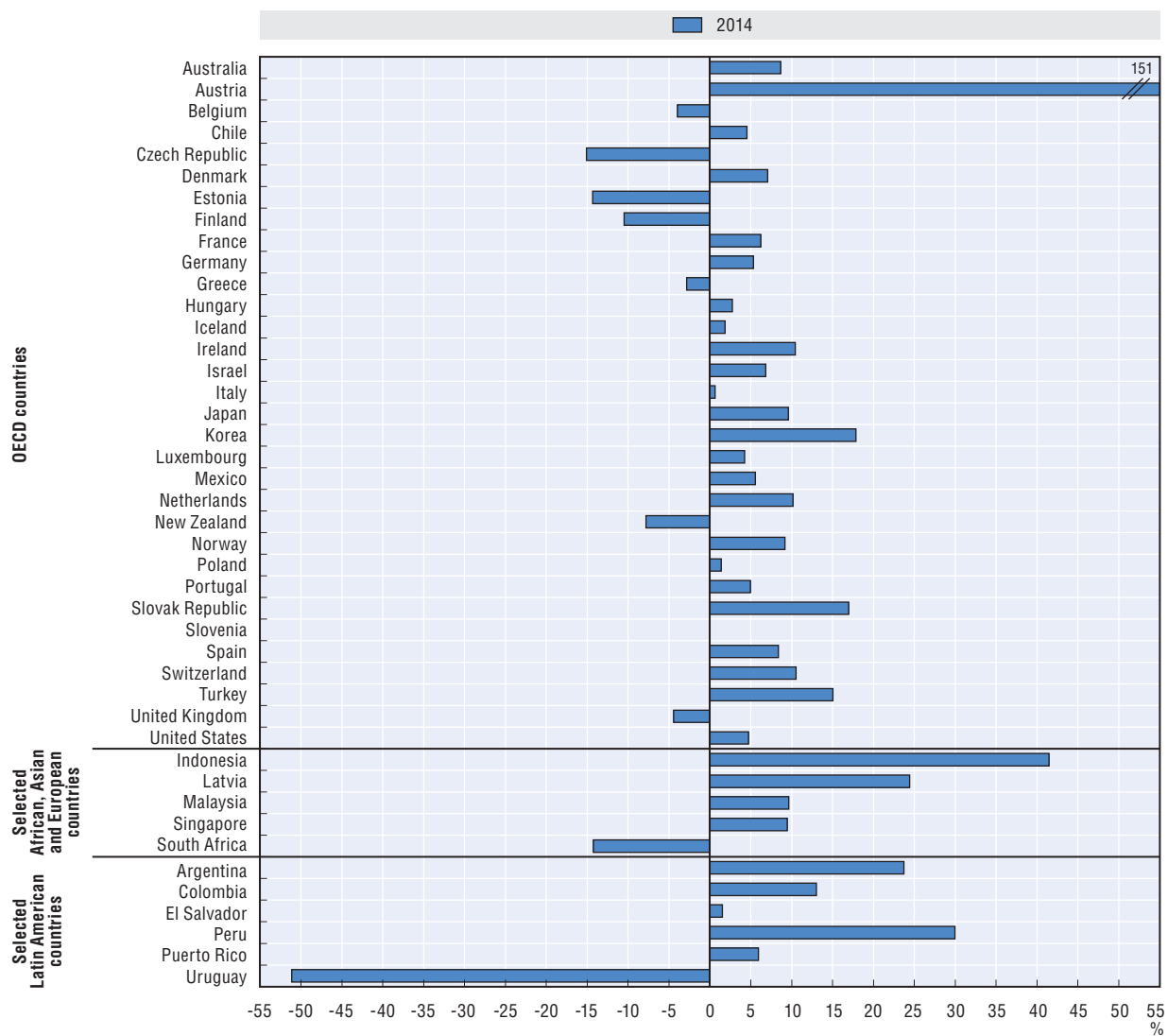
Table 3. Return on equity by type of insurer (2013-14) (cont.)

In per cent

	ROE								
	Life			Non-life			Composite		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
France	15.9	11.9	14.1	17.7	17.3	16.7	n.a.	n.a.	n.a.
Germany	10.6	8.0	7.3	6.2	3.8	7.1	20.6	11.4	9.8
Greece	15.0	8.7	12.5	9.4	11.0	4.1	n.a.	n.a.	n.a.
Hungary	9.9	11.3	19.4	-2.7	-7.8	-40.7	20.6	17.7	16.8
Iceland	9.6	3.2	9.5	15.0	11.5	17.1	n.a.	n.a.	n.a.
Ireland	17.0	4.9	13.7	16.7	4.8	10.6	n.a.	n.a.	n.a.
Israel	21.8	13.5	5.5	24.7	27.5	25.6	..	..	..
Italy	5.5	5.3	5.5	3.6	7.4	8.0	8.6	9.6	8.9
Japan	9.6	6.1	5.1	3.9	4.3	3.9	n.a.	n.a.	n.a.
Korea	-14.5	7.1	0.3	18.8	18.4	21.2	-62.5	38.8	14.9
Luxembourg	-8.1	6.6	6.8	-6.3	-13.5	4.4	12.0	15.1	17.9
Mexico	18.2	18.8	16.5	20.4	10.4	9.0	n.a.	n.a.	n.a.
Netherlands	10.5	14.5	23.5	16.1	9.2	18.1	n.a.	n.a.	n.a.
New Zealand	..	..	-11.4	17.9	32.6	15.8	15.2	17.7	12.0
Norway	25.1	9.9	12.0	6.2	7.0	14.7	9.4	8.8	8.5
Poland	..	15.0	14.7	6.8	8.5	13.5	n.a.	n.a.	n.a.
Portugal	7.6	5.5	5.9	11.8	8.4	9.5	n.a.	n.a.	n.a.
Slovak Republic	7.3	8.9	10.1	23.2	8.5	11.5	n.a.	n.a.	n.a.
Slovenia	19.5	13.8	13.0	21.0	13.3	11.4	18.5	18.5	20.8
Spain	..	7.9	-10.9	..	7.8	6.4	n.a.	n.a.	n.a.
Switzerland	..	12.7	15.0	..	13.7	11.0	..	..	..
Turkey	10.9	7.0	7.0	36.1	16.1	28.1	n.a.	n.a.	n.a.
United Kingdom	21.6	20.4	23.0	16.8	29.1	17.5	n.a.	n.a.	n.a.
United States	17.6	30.6	7.5	-0.1	0.5	-22.1	17.7	7.5	7.1
Selected African, Asian and European countries									
Indonesia	..	6.7	27.0	..	15.5	15.1	..	..	..
Latvia	30.7	-3.9	21.8	7.3	6.7	5.4	..	..	..
Malaysia	20.3	19.7	24.7	12.7	12.9	13.3	22.6	22.1	19.8
Singapore	22.5	9.4	23.5	15.5	15.5	5.9	35.9	3.9	15.1
South Africa	49.3	47.4	44.4	170.2	21.0	6.0	8.6	23.4	0.0
Selected Latin American countries									
Argentina	..	33.5	45.9	..	21.6	32.4	..	16.6	34.2
Colombia	14.7	6.7	16.5	7.6	5.7	3.7	n.a.	n.a.	n.a.
Costa Rica	..	..	..	-0.1	-16.6	-68.1	9.4	7.1	7.3
El Salvador	29.9	28.9	27.0	4.3	4.7	2.5	20.3	19.5	19.8
Guatemala	..	..	..	..	28.8	20.7	..	25.8	25.4
Nicaragua	..	..	..	..	..	..	..	23.4	25.1
Peru	15.5	19.5	17.4	9.8	11.1	15.5	20.9	15.6	21.2
Puerto Rico	..	9.5	9.7	..	14.0	..	..	..	..
Uruguay	..	26.4	8.4	..	17.4	0.1	..	23.7	13.0

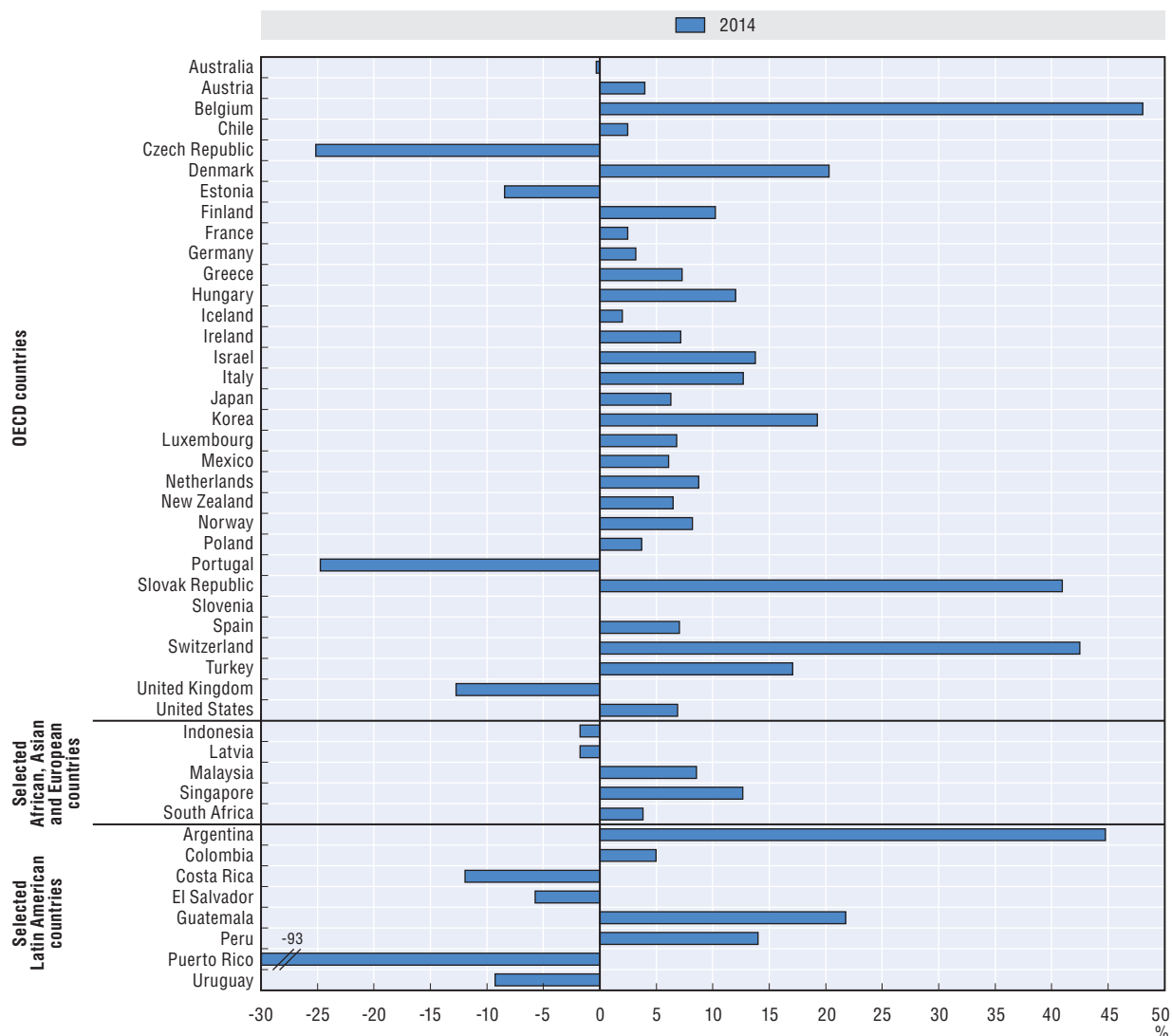
Source: OECD Global Insurance Statistics, (accessed 1 April 2016).

Figure 16. **Change in equity position, 2014: Domestic life insurers (direct insurers)**



Note: Table 4 presents change in equity position by sector for 2012, 2013 and 2014.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

Figure 17. **Change in equity position, 2014: Domestic non-life insurers (direct insurers)**

Note: Table 4 presents change in equity position by sector for 2012, 2013 and 2014.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

Table 4. **Change in equity position by type of direct insurer (2013-14)**

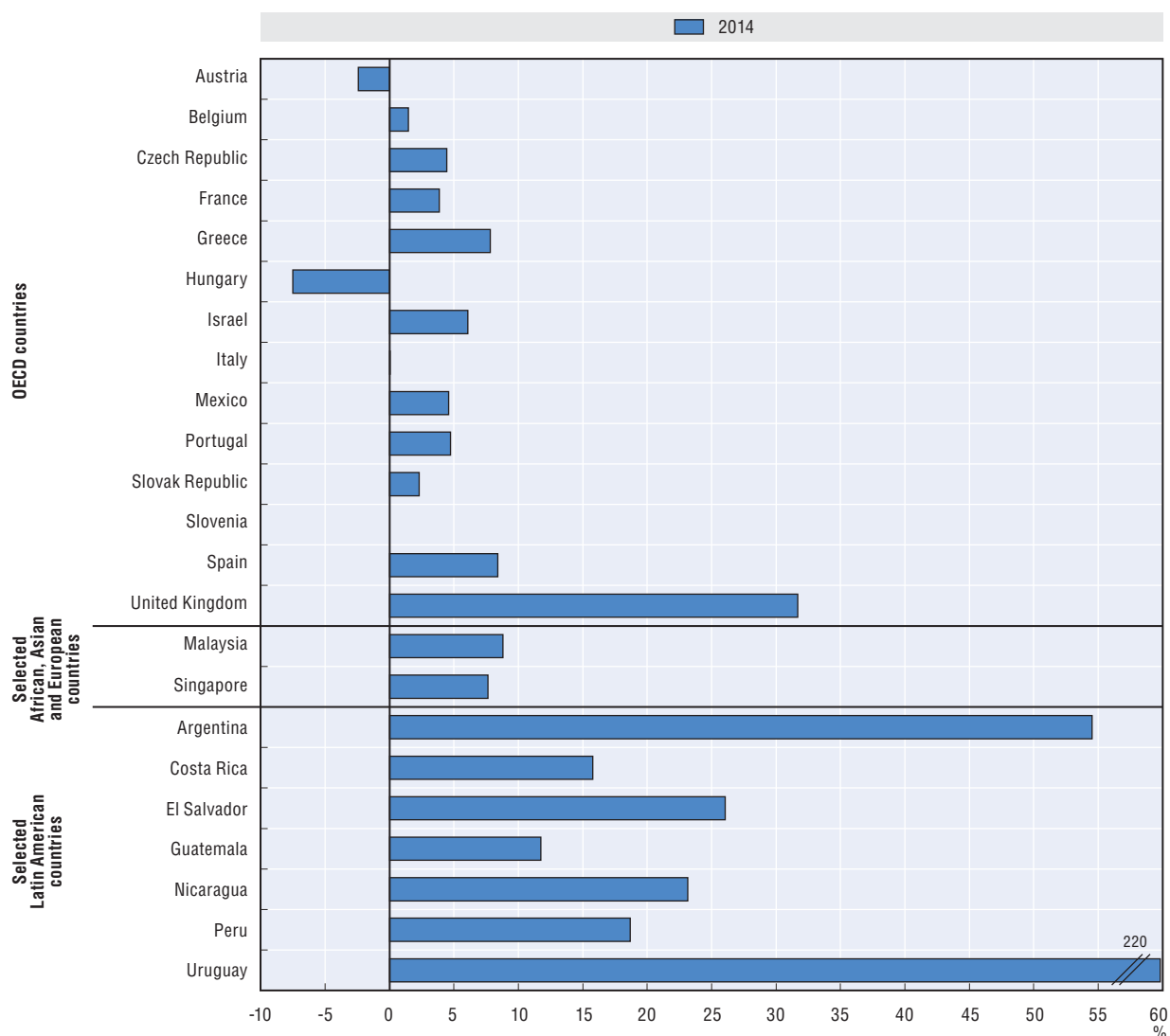
	In per cent					
	Life		Non life		Composite	
	2013	2014	2013	2014	2013	2014
OECD countries						
Australia	-1.2	8.7	-12.1	-0.3	n.a.	n.a.
Austria	17.1	150.9	4.2	4.0	4.4	-2.4
Belgium	-9.8	-3.9	-7.0	48.1	2.8	1.5
Chile	-0.4	4.5	13.1	2.5	n.a.	n.a.
Czech Republic	-46.3	-15.1	4.6	-25.2	2.0	4.5

Table 4. **Change in equity position by type of direct insurer (2013-14)** (cont.)

In per cent

	Life		Non life		Composite	
	2011	2012	2011	2012	2011	2012
Denmark	0.2	7.1	-27.7	20.3	n.a.	n.a.
Estonia	-39.1	-14.3	0.0	-8.4	n.a.	n.a.
Finland	4.8	-10.5	23.2	10.2	..	..
France	0.3	6.2	1.8	2.5	6.5	3.9
Germany	1.7	5.3	3.4	3.2	n.a.	n.a.
Greece	6.0	-2.8	16.4	7.3	87.8	7.8
Hungary	-12.0	2.8	2.9	12.0	-13.8	-7.5
Iceland	7.2	1.9	-8.8	2.0	n.a.	n.a.
Ireland	-1.8	10.4	3.3	7.2	n.a.	n.a.
Israel	..	6.8	201.4	13.7	-10.0	6.1
Italy	-9.0	0.6	8.5	12.7	23.0	0.0
Japan	8.4	9.6	6.3	6.3	n.a.	n.a.
Korea	-3.1	17.9	-0.6	19.2	n.a.	n.a.
Luxembourg	-4.8	4.2	2.1	6.8	n.a.	n.a.
Mexico	9.4	5.6	6.8	6.1	2.2	4.6
Netherlands	-8.3	10.2	9.0	8.8	n.a.	n.a.
New Zealand	3.0	-7.8	9.1	6.5	..	..
Norway	11.5	9.2	-13.7	8.2	n.a.	n.a.
Poland	-13.3	1.4	-2.8	3.7	n.a.	n.a.
Portugal	1.2	4.9	5.8	-24.7	-6.7	4.7
Slovak Republic	-7.0	17.0	-29.4	40.9	-1.5	2.3
Slovenia	-8.0	0.0	0.0	0.0	-34.5	0.0
Spain	43.2	8.4	8.1	7.0	14.8	8.4
Switzerland	9.5	10.5	10.9	42.5	n.a.	n.a.
Turkey	7.1	15.0	36.9	17.1	n.a.	n.a.
United Kingdom	9.4	-4.4	-26.8	-12.7	4.5	31.7
United States	3.4	4.7	6.5	6.9	n.a.	n.a.
Selected African, Asian and European countries						
Indonesia	3.3	41.5	13.7	-1.7	..	..
Latvia	-4.2	24.4	-16.0	-1.7	..	..
Malaysia	-0.2	9.7	-5.0	8.5	7.9	8.8
Singapore	7.3	9.5	2.7	12.6	55.9	7.6
South Africa	66.1	-14.3	1.3	3.8	37.0	..
Selected Latin American countries						
Argentina	8.0	23.7	39.0	44.8	30.1	54.5
Colombia	-4.3	13.0	4.6	5.0	n.a.	n.a.
Costa Rica	..	..	144.6	-11.9	18.2	15.8
El Salvador	12.1	1.5	16.0	-5.7	-8.0	26.1
Guatemala	..	..	16.8	21.7	14.4	11.7
Nicaragua	..	..	..	..	10.3	23.2
Peru	4.5	30.0	4.9	14.0	-10.0	18.7
Puerto Rico	-3.3	5.9	34.8	-93.2	..	..
Uruguay	-20.6	-51.1	-25.5	-9.3	7.3	219.8

Source: OECD Global Insurance Statistics, (accessed 1 April 2016).

Figure 18. **Change in equity position, 2014: Domestic composite insurers (direct insurers)**

Note: Table 4 presents change in equity position by sector for 2012, 2013 and 2014.

Source: OECD Global Insurance Statistics (accessed 1 April 2016).

Notes

1. Swiss Re (2015), "Natural Catastrophes and Man-Made Disasters in 2014: Convective and Winter Storms Generate Most Losses", *Swiss Re sigma*, Zürich, www.swissre.com/rethinking/climate_and_natural_disaster_risk/.
2. The combined ratio in this report is defined as a sum of gross claims paid, the variation in outstanding claims provisions, gross operating expenses and gross commissions divided by gross written premiums (for direct business only). It should be noted that the inclusion of reinsurance payouts in the calculation would likely have material impacts for many countries and could lead to some underwriting results calculated as losses becoming overall underwriting profits.
3. As the calculation only includes direct business, the difference in the results for OECD and non-OECD members could be due to differences in the use of reinsurance between member and non-member economies.
4. The change in equity position is obtained by dividing the change in total shareholder equity relative to the previous year over the total shareholder equity in the previous year.

**Table 5. Currency exchange rates
and consumer price index (CPI)**
National units per USD and CPI (percentage change), 2014

	Currency exchange rates, national units per USD ¹	CPI ²
OECD countries		
Australia	1.109	1.7
Austria	0.754	1.0
Belgium	0.754	-0.4
Chile	570.636	4.6
Czech Republic	20.758	0.1
Denmark	5.619	0.3
Estonia	0.754	-0.5
Finland	0.754	0.5
France	0.754	0.1
Germany	0.754	0.2
Greece	0.754	-2.6
Hungary	232.619	-0.9
Iceland	116.688	0.8
Ireland	0.754	-0.3
Israel	3.577	-0.2
Italy	0.754	0.0
Japan	105.848	2.3
Korea	1 053.064	0.8
Luxembourg	0.754	-0.6
Mexico	13.305	4.1
Netherlands	0.754	0.7
New Zealand	1.206	0.8
Norway	6.302	2.1
Poland	3.154	-0.9
Portugal	0.754	-0.4
Slovak Republic	0.754	-0.1
Slovenia	0.754	0.2
Spain	0.754	-1.0
Sweden	6.860	-0.3
Switzerland	0.915	-0.3
Turkey	2.189	8.2
United Kingdom	0.607	0.5
United States	1.000	0.8
Selected African, Asian and European countries		
Hong Kong, China	7.754	4.8
Indonesia	11 865.210	8.4
Latvia	0.754	0.2
Malaysia	3.273	2.7
Russia	38.378	11.4
Singapore	1.267	-0.1
South Africa	10.853	5.3
Selected Latin American countries		
Brazil	2.354	6.4
Colombia	2001.781	3.7
Costa Rica	538.317	5.1

**Table 5. Currency exchange rates
and consumer price index (CPI) (cont.)**
National units per USD and CPI (percentage change), 2014

	Currency exchange rates, national units per USD ¹	CPI ²
El Salvador	8.750	0.5
Guatemala	7.732	2.9
Honduras	..	5.8
Nicaragua	25.959	6.5
Peru	2.839	3.2
Puerto Rico	1.000	..
Uruguay	23.246	8.3

1. Currency exchange rates refer to annual averages.
2. The CPI percentage change is calculated as the variation of the end-of-period CPI. For all countries, it refers to annual CPI inflation between December 2013 and December 2014, except for Japan where it refers to annual CPI inflation between March 2014 and March 2015.

Source: OECD MEI and IMF IFS Databases.



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