

## Insurance market trends

### Underwriting performance

The rate of gross premium growth in both the life and non-life insurance sectors diverged substantially across countries, as some countries saw strong growth while others experienced declines in the life insurance sector, non-life insurance sector or both.

Growth in gross premiums in non-OECD countries, experiencing faster economic growth, outperformed premium growth in OECD countries where economic growth has been weaker. Lower penetration rates in non-OECD countries, generally below 5%, may also be contributing to the faster premium growth experienced by those countries in recent years.

Approximately one third of reporting OECD countries (Australia, Canada, Estonia, Finland, France, Germany, Hungary, Israel, Mexico, Sweden, Switzerland and Turkey) experienced positive real growth in gross premiums across both the life and non-life insurance sectors. By contrast, almost all reporting non-OECD countries experienced (often substantial) growth in both life and non-life gross premiums.

Countries such as Greece, Ireland and Spain continue to suffer from the impacts of the economic downturn on their insurance market. For example, in Greece, the insurance sector's prospects for growth are limited by high unemployment, depressed salaries and wages, increasing taxation and a continuing recession in the Greek economy. Insurance companies did, however, experience a marginal improvement in profitability. Italy and Portugal, on the other hand, experienced a recovery in gross life premiums in 2013 (although gross non-life premiums in both countries continued to decline), marking a divergence of recovery patterns among the crisis-affected countries.

In a number of countries, growth associated with non-life insurance has been driven by developments in the motor vehicle insurance industry. For example, in Turkey, liberalisation of premiums has led to increases in motor vehicle premiums which in turn drove premium growth in the non-life sector. Premium increases for voluntary automobile insurance and compulsory automobile liability insurance in Japan contributed to growth in non-life premiums.

In the Slovak Republic, competitive markets have led to lower premiums, impeding growth in non-life premiums. In Greece, a decline in the number of vehicles in circulation since the financial crisis has led to 10% fall in written premiums for motor third-party liability insurance.

The combined ratio for the non-life sector in most countries analysed was below 100% in 2013 which indicates that although there may have been instability in underwriting results, there was little overall loss.

### **Annual real gross premium growth: Life insurance**

The disparity of growth of gross premiums in the life sector is high, with some OECD countries having exceptional growth and non-Members overall demonstrating relatively strong growth, while a number of OECD countries had negative growth in gross premiums in 2013. It has been a year of transition with some of the larger insurance markets falling back into negative growth, while some of the Southern European countries have started to return to growth.

In Finland, the growth in real gross life premiums was exceptional, partly due to high demand for unit-linked products as an alternative to low-rate deposits in the banking sector. Italy, Portugal and Turkey also experienced high growth rates in real gross life premiums. In Portugal, gross life premiums increased significantly in 2013 (after a two-year decline) as macroeconomic conditions improved, generating positive impacts for the life sector. Life insurance premiums also grew significantly in Italy, in contrast to substantial declines in 2011 and 2012.

In Hungary, life premiums increased in 2013, recovering from a decline in 2012. New legislation to support long-term life insurance penetration became effective from January 2014 and will benefit policyholders of pension insurance which have a long-term savings component.

In Australia, gross premiums in 2013 increased after a number of years of negative or limited growth, mostly as a result of growth in unit-linked superannuation investment business. Similarly, the life sector in Estonia has rebounded after several difficult, post-crisis years with a 3.6% increase in gross premiums in 2013.

In Mexico, the annual growth in gross life insurance premiums was substantial, primarily as a result of an increase in sales of life insurance products with saving components which continue to have a strong influence on life insurance premium growth.

However, a number of countries experienced negative real growth in gross life premiums. Belgium saw a sharp decrease of more than 20% in real gross life premiums after strong growth in 2012, predominantly due to the low interest rate environment and the increase, as of January 2013, of the tax on new life insurance contracts from 1.1% to 2%. Greece and the Netherlands saw continued declines of more than 10% in real gross life premiums in 2013 (following a similar decline in 2012). Poland and the United Kingdom also experienced declines of more than 10% in real gross life premiums after strong growth in real gross life premiums the year before. Austria, the Czech Republic, Japan, Slovenia and Spain faced continued declines of gross life premiums, while growth in Ireland, Luxembourg, Norway and the United States turned negative in 2013; in some cases (Ireland, Luxembourg, Norway) reversing strong growth in 2012.

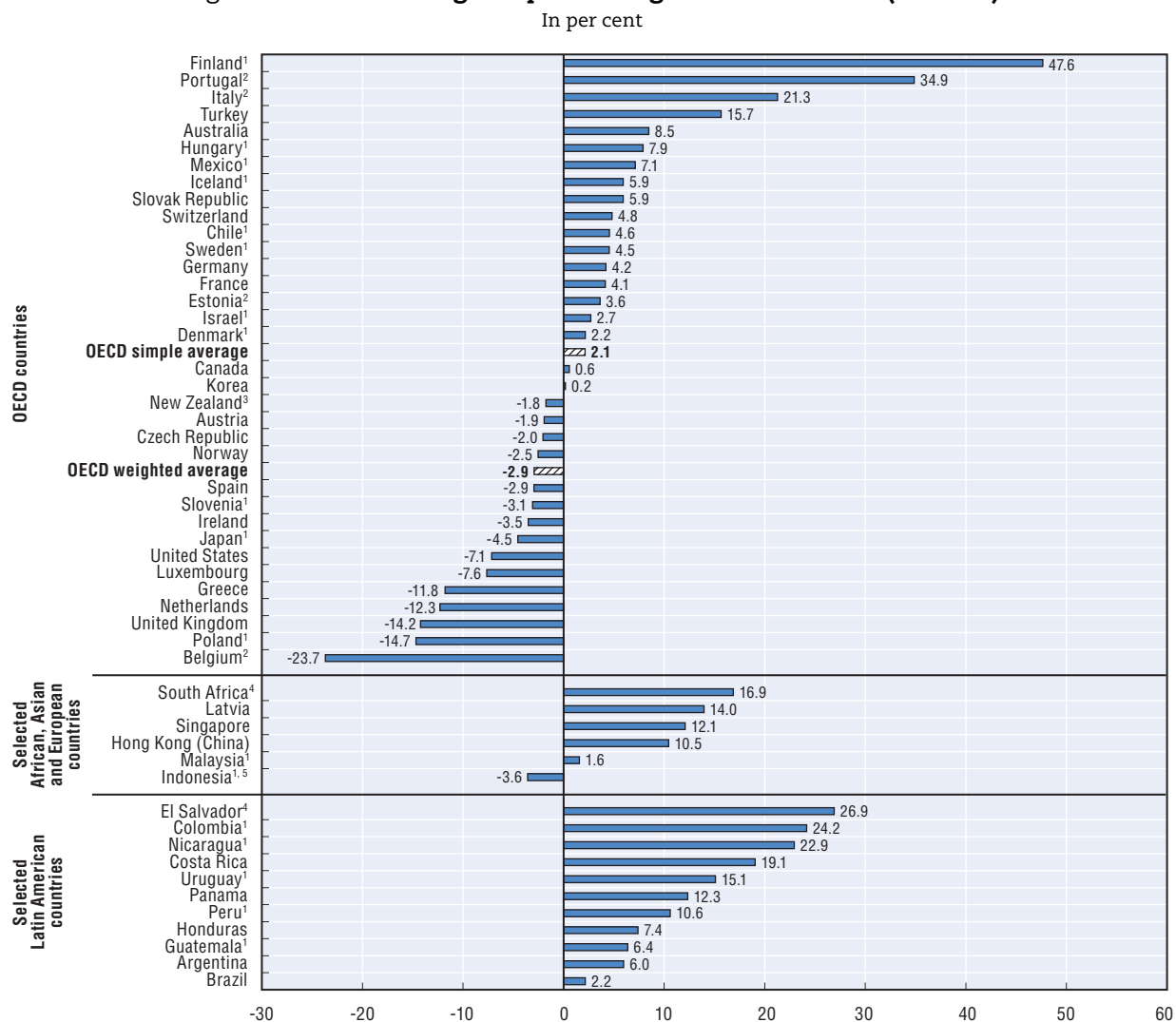
The largest life insurance markets outside the euro area (by premiums) -- the United States, Japan, United Kingdom and Korea -- experienced negative growth or limited growth, in gross life premiums in 2013, reversing two years of growth. By contrast, the large euro area life insurance markets (France, Germany, and Italy) experienced positive growth in 2013, reversing declines in 2011 and 2012.

For the majority of reporting non-OECD countries (Colombia, Costa Rica, El Salvador, Hong Kong (China), Latvia, Nicaragua, Panama, Peru, Singapore, South Africa and Uruguay), the performance of the life sector was very strong with positive growth rates in life premiums above 10%, the highest growth in gross life premiums being in El Salvador.

In Hong Kong, (China), gross life premiums grew substantially in 2013, maintaining the strong growth trend from previous years, driven by growth in gross premiums from individual life policies and annuities.

Indonesia was the only non-member country that saw a decline in gross life premiums in real terms in 2013 after a healthy growth rate in 2012.

Figure 1. **Annual real gross premium growth: Life sector (2012-13)**



Note: Premiums refer to gross written premiums for direct insurance only, excluding reinsurance business accepted. Given OECD classification standards, life data do not include accident and health insurance. Real growth rates are calculated using the Consumer Prices Index (CPI) from the IMF IFS database.

All OECD reporting countries have been included in the calculations of the simple and weighted averages.

1. Data refer to domestic undertakings only.

2. Data refer to undertakings subject to domestic undertakings and branches of insurance undertakings with head office outside EU or EEA countries.

3. Data refer to net written premiums.

4. Data include reinsurance business accepted.

5. The real return is negative because of the increase in the consumer price index between 2012 and 2013.

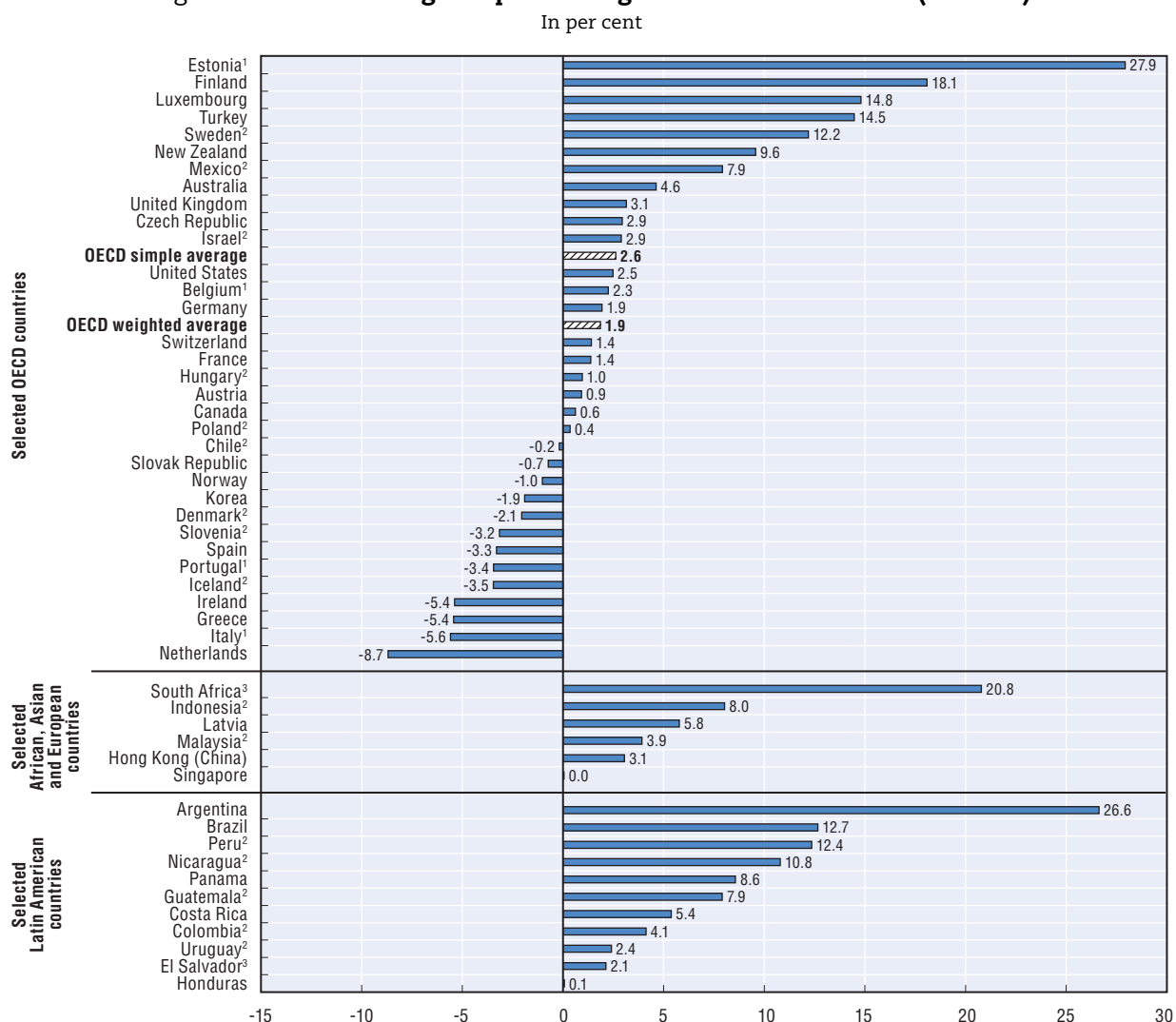
Source: OECD Global Insurance Statistics.

### Annual real gross premium growth: Non-life insurance

In 2013, there were a number of OECD countries that experienced significant premium growth in the non-life sector. Finland, Luxembourg, Sweden, Estonia and Turkey all experienced significant growth of real gross non-life premiums.

In Turkey, the significant growth in non-life gross premiums was due mainly to an increase in land vehicle liability insurance. Changes in the general conditions of motor vehicle insurance, and an increase in the premiums for motor third-party liability after the introduction of a liberalised premium regime in 2013, drove growth in non-life gross premiums.

Figure 2. Annual real gross premium growth: Non-Life sector (2012-13)



Note: Premiums refer to gross written premiums for direct insurance only, excluding reinsurance business accepted. Given OECD classification standards, non-life data include accident and health insurance. Real growth rates are calculated using the Consumer Prices Index (CPI) from the IMF IFS database.

All OECD reporting countries have been included in the calculations of the simple and weighted averages.

1. Data refer to undertakings subject to domestic undertakings and branches of insurance undertakings with head office outside EU or EEA countries.
2. Data refer to domestic undertakings only.
3. Data include reinsurance business accepted.

Source: OECD Global Insurance Statistics.

In Australia, premium growth was evident in householders and fire & industrial special risk (ISR) property classes, reflecting premium rate increases in 2012 and 2013 following natural catastrophe events in 2011 that increased reinsurance costs.

In the United Kingdom, there was a moderate level of growth in gross non-life premiums due to the economic recovery in the market following negative premium growth in 2012.

In Mexico, non-life insurance premiums registered a substantial real annual increase, although this was mostly due to a large, non-life policy written for PEMEX (Mexican Petroleum).

Non-life insurance premiums declined in Greece, Italy, Portugal and Spain, continuing the trend from previous years (with declines registered in 2010, 2011 and 2012).

Estonia experienced a 27.9% increase in gross non-life premiums, although this was primarily due to the pan-Baltic merger of a number of insurers into an Estonian headquartered company.

Almost all reporting non-OECD countries experienced positive growth rates in non-life premiums, with the largest increases registered in Argentina and South Africa. The only exception was Singapore where non-life premiums were stable relative to 2012.

Gross non-life premiums in Colombia grew in 2013, due to increased consumer and mortgage lending by the financial sector, which increased the sales of related insurance products.

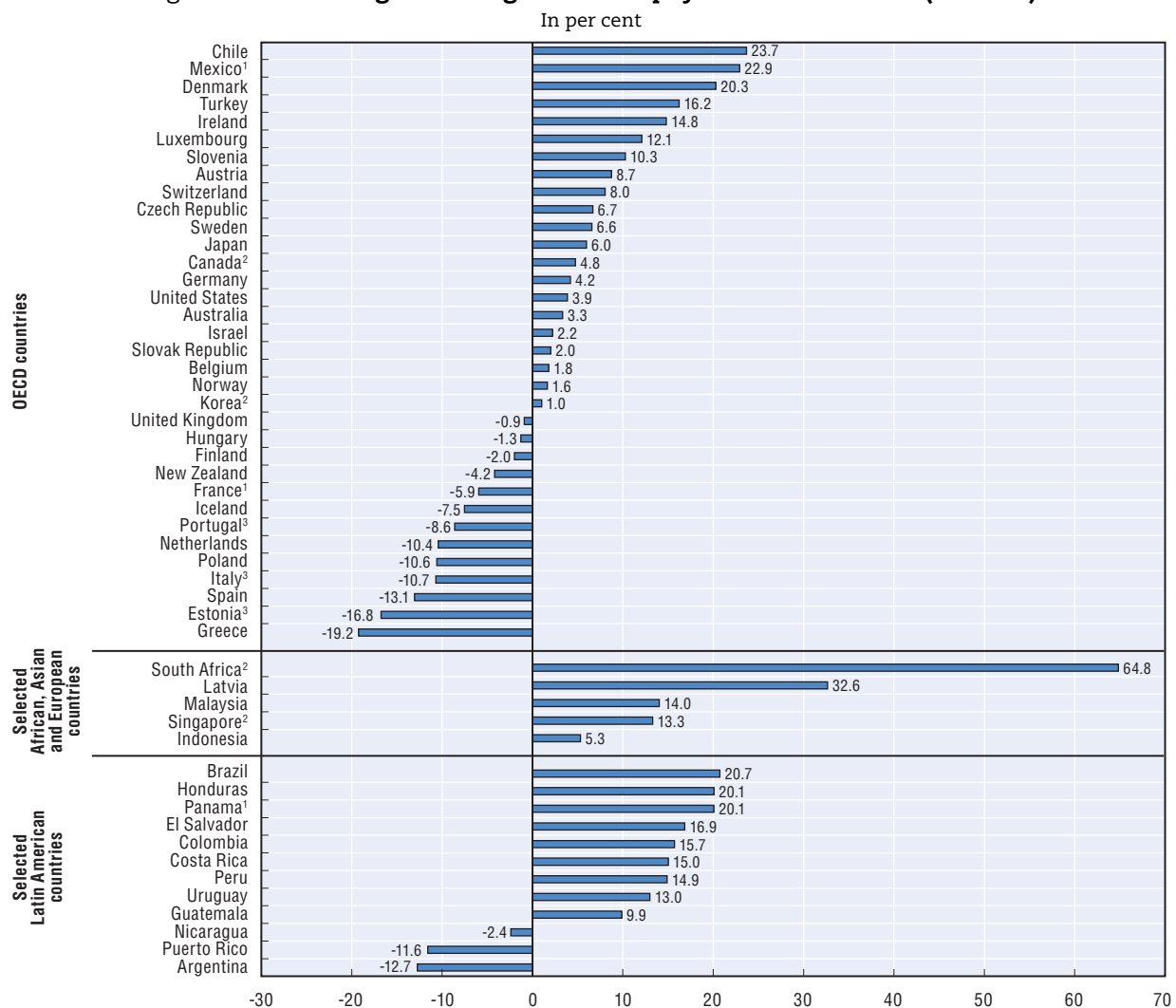
### **Claims development: Life sector**

Nominal claims in the life segment grew at a moderate rate in most countries, similar to 2012 and in contrast to 2010 and 2011 where claims grew at a significant pace across many countries reflecting surrenders of policies.

The largest growth in claim payments was in Chile, Denmark and Mexico. In Mexico, the increase in life claims was driven by increases in claims payments in traditional life insurance and annuities. Gross claims payments also increased substantially in a number of non-member countries, including Brazil, Honduras, Latvia, Panama and South Africa. In Latvia, the increase in claims was partly related to the expiry of a large number of endowment assurance contracts and the resulting payout of insurance indemnities.

In some countries, such as Luxembourg, the increase in claims was partly due to surrenders related to unit-linked products where investment returns have been poor.

Estonia, Greece, Italy, the Netherlands, Poland, Portugal and Spain experienced substantial reductions in gross life claims. In some of these countries, the reduction of surrenders may be contributing to this trend. In Estonia, life insurance claims have been decreasing for a number of years, mostly in unit-linked products.

Figure 3. **Nominal growth in gross claim payments: Life sector (2012-13)**

Note: The claims payments indicator includes variations in outstanding claims provisions to reflect better the magnitude of the obligations that the industry had in 2013 as a result of insured events that occurred.

1. 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.
2. Variations in outstanding claims provisions are not taken into account in the chart.
3. Data refer to undertakings subject to domestic undertakings and branches of insurance undertakings with head office outside EU or EEA countries.

Source: OECD Global Insurance Statistics.

### Claims development: Non-life sector

Nominal non-life claims grew at a faster rate in a number of countries than in 2011 and 2012 when growth was more moderate. The occurrence of natural disasters had an impact on claims in a number of countries. Increases in gross non-life claims in Austria and the Czech Republic were influenced by summer floods. Australia experienced an increase in non-life claims as a result of natural disasters in 2013, including flood and storm damage from ex-tropical cyclone Oswald and, to a lesser extent, bushfires in parts of Australia. In Norway, there was a sharp increase in the number of claims for water damage to dwellings and commercial buildings.

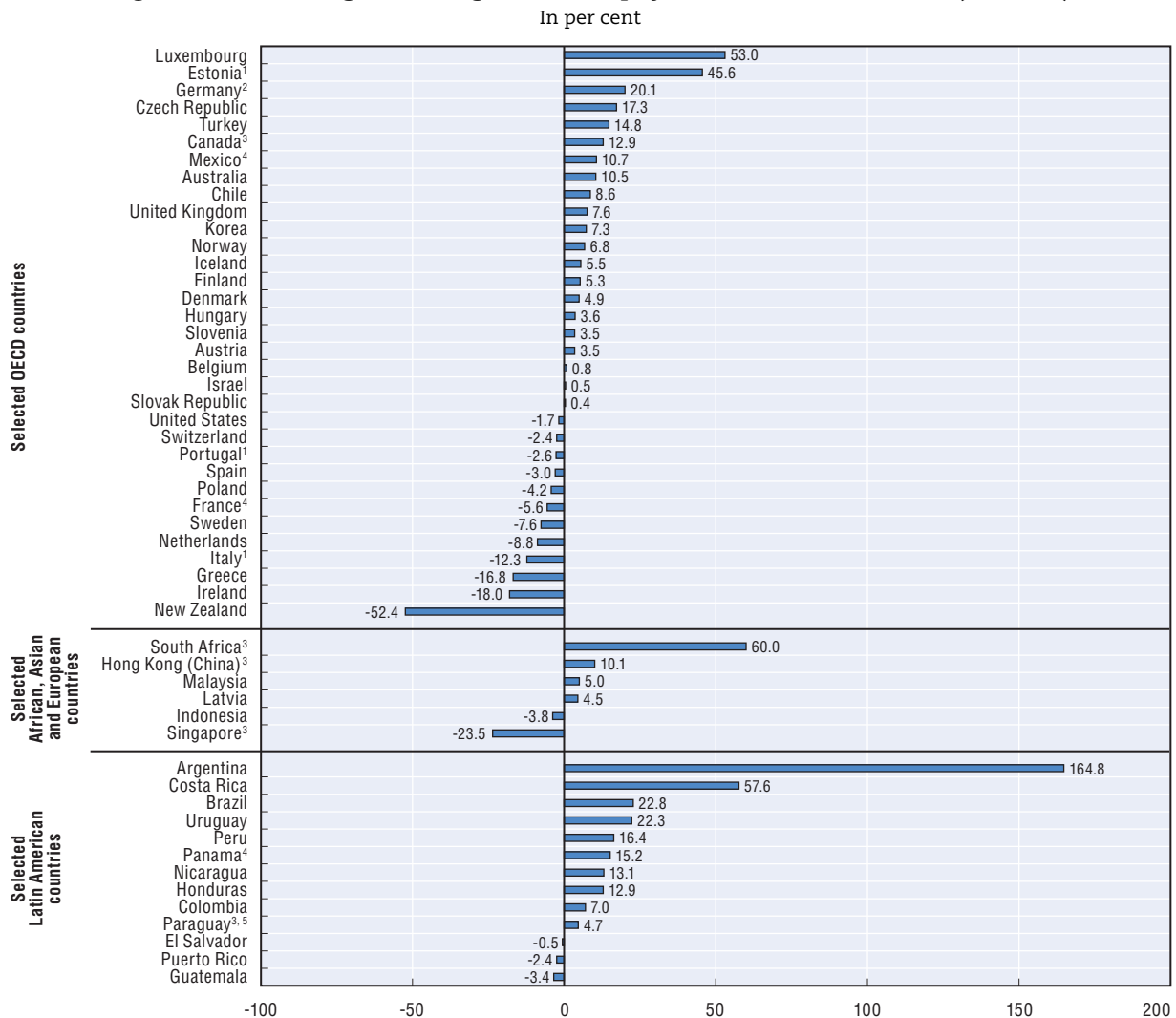
In Hungary, motor vehicle claims drove a moderate increase in non-life claims in 2013, after several years of declining claims. Luxembourg experienced the greatest increase in

non-life claims payments. Significant increases in non-life claims also occurred in Estonia and Mexico. In Estonia, the increase was likely due to the pan-Baltic merger described above.

Most non-OECD countries also experienced growth in gross non-life claims, often significant, with the exception of El Salvador, Guatemala, Indonesia, Puerto Rico and Singapore.

A number of countries experienced significant declines in gross claim payments, including Greece, Ireland, Italy and New Zealand. In Greece and Italy, the decline in gross

Figure 4. **Nominal growth in gross claim payments: Non-Life sector (2012-13)**



Note: The claims payments indicator includes variations in outstanding claims provisions to reflect better the magnitude of the obligations that the industry had in 2013 as a result of insured events that occurred.

1. Data refer to undertakings subject to domestic undertakings and branches of insurance undertakings with head office outside EU or EEA countries.
2. The increase of claims payments is due large number of natural events which led to unusually high claims expenditures for the German property and casualty insurers.
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 outstanding claims 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. Claims payments of composite undertakings are not taken into account in the chart.

Source: OECD Global Insurance Statistics.

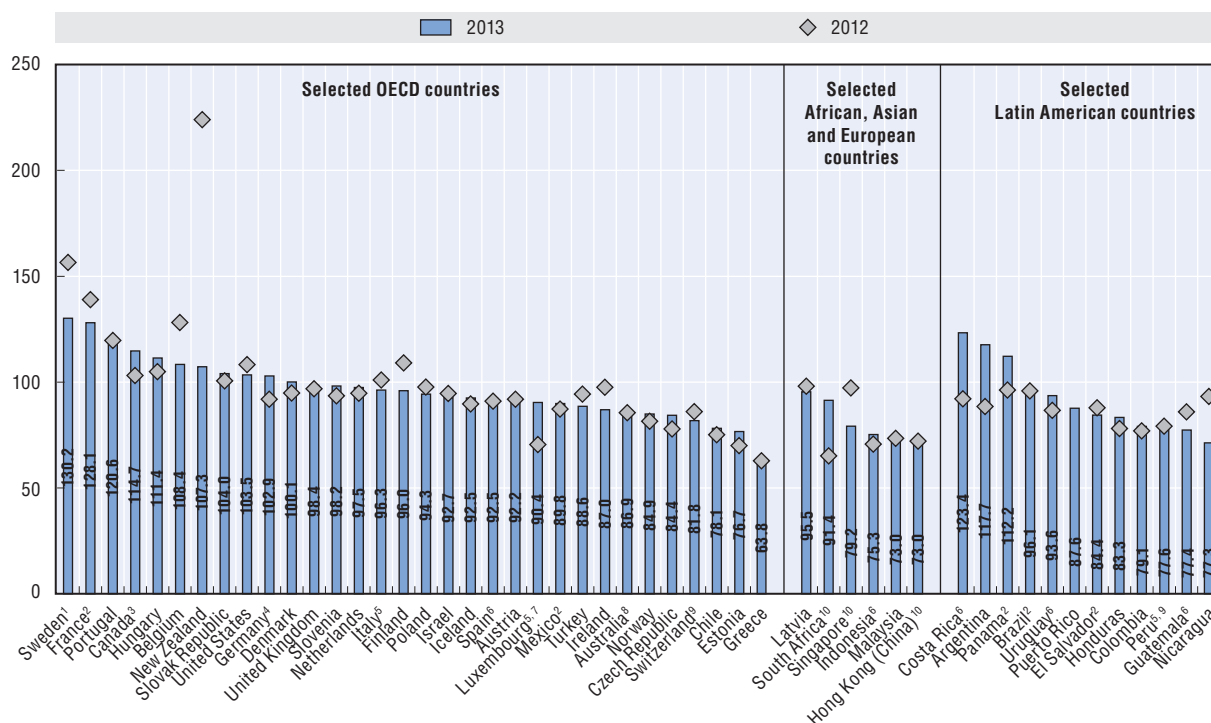
claims continues the trend from previous years, and may be related to macroeconomic conditions and other factors, such as reduced car ownership in Greece. In Ireland, the decline in claims incurred is due to a fall in claims paid across all the largest non-life companies in 2013 and to a fall in claims provisions that is largely attributable to a single large entity in administration that was over-provided. In New Zealand, the decline was due to reduced claims related to the Christchurch earthquake after two years of significantly high claims.

### Combined ratio: Non-life sector

The combined ratio<sup>1</sup> measures the operational underwriting profitability of insurance companies in the non-life sector on their direct business, allowing for the disaggregation of

Figure 5. **Combined ratio for non-life segment (2012-2013)**

In per cent



Note: The displayed combined ratio is an aggregate covering different types of business and hence different types of risks. For instance, in the United States, data for the non-life sector are the combination of figures from three types of business: title, property/casualty and health.

- Commissions are not included in the calculation of the combined ratios. The reason behind the high ratios is that one of the larger Swedish insurance companies had written negative premiums in their annual statement. In 2012 this company decided to lower the premiums to 0 retroactively for the period 2007 – 2008 and in 2013 for the period 2005 – 2006. This lowered the total gross premiums in non-life insurance sector in Sweden and consequently increased the combined ratios.
- 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.
- The non-life business of composite undertakings is not taken into account in the chart.
- Natural events pushed the average combined ratio of the property and casualty insurers higher than 100% in 2013.
- The value of commissions is not used in the calculation of the combined ratio because it is already included in gross operating expenses.
- The value for commissions in 2013 is not used in the calculation of the combined ratio for 2013 because it is already included in gross operating expenses.
- Data refer to the whole business of Luxembourgish companies in Luxembourg and abroad.
- Earned premiums (instead of gross written premiums) were used in the calculation of the combined ratio. The numerator of the combined ratios includes reinsurance business.
- Data include the reinsurance business accepted by direct insurers.
- Variations in outstanding claims provisions are not taken into account in the calculation of the combined ratio.

Source: OECD Global Insurance Statistics.



the sources of profitability. 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 the 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.

Roughly two-thirds of reporting countries had a combined ratio below 100% in 2013, which means that there was an overall underwriting profit in these countries. In 2013, the countries which experienced a combined ratio in excess of 100% included Belgium, Canada, Denmark, France, Germany, Hungary, New Zealand, Portugal, Slovak Republic, Sweden and the United States. Of which, France and Sweden continued to have the highest combined ratios in 2013; although it did fall relative to 2012 in these two countries.

Italy and Finland had combined ratios that fell under 100% in 2013, after having combined ratios above 100% in 2012, which is likely a result of significant reductions in gross claims in the case of Finland. The combined ratio in Turkey declined in 2013, largely due to improved underwriting results in motor vehicle insurance with to the introduction of the liberalised premium regime.

The combined ratio for non-OECD countries has generally been lower than OECD countries, i.e., non-OECD insurers have generally achieved better underwriting performance.<sup>2</sup> In 2013, in three Latin American countries (Argentina, Costa Rica and Panama), the combined ratio increased to reach over 100%.

## Investment allocation and performance

The investment portfolios of insurance companies in the majority of countries data continued to be heavily allocated towards bonds. This trend can be found in all three insurance sectors (life, non-life and composite). Investment in bonds was predominantly comprised of public sector bonds with a smaller proportion invested in private sector bonds in most countries.

Real estate investment remained low across the various insurance sectors, with the insurance sector in a number of countries not allocating any of their portfolios to real estate investments. There were some significant shifts in investment allocations, although these were not generalised across countries.

Investment returns generally improved across OECD countries, particularly in the life sector. The performance of the non-life sector was more mixed, while non-OECD countries generally faced a deterioration in investment returns, especially in the life sector.

### **Portfolio investment: Life insurance**

Overall, the most favoured investment strategy was to invest in bonds. In 2013, the life insurance sector in 13 countries (Colombia, France, Hungary, Israel, Italy, Mexico, Peru, Portugal, Puerto Rico, Slovak Republic, Spain, Turkey and Uruguay) allocated in excess of 75% of their investments to bonds.

The life insurance sector in Uruguay allocated, as a whole, almost all of their investments in bonds. The life insurance sector in Hungary, Israel, Italy, Mexico, Slovak Republic and Turkey invested more than 85% of portfolio assets in bonds. Life insurance companies in most of the other reporting countries allocated more than 50% of their investment portfolios to bonds.

In Denmark, Iceland, Indonesia, Latvia, Panama, Singapore, Slovenia, South Africa and Sweden, life insurance companies allocated more than 20% of their portfolios to shares. In

Panama, 78% of the investment portfolio of life insurers was invested in shares (possibly including investments in mutual funds),<sup>3</sup> and insurers in Denmark and South Africa allocated about half of their investment portfolios to shares.

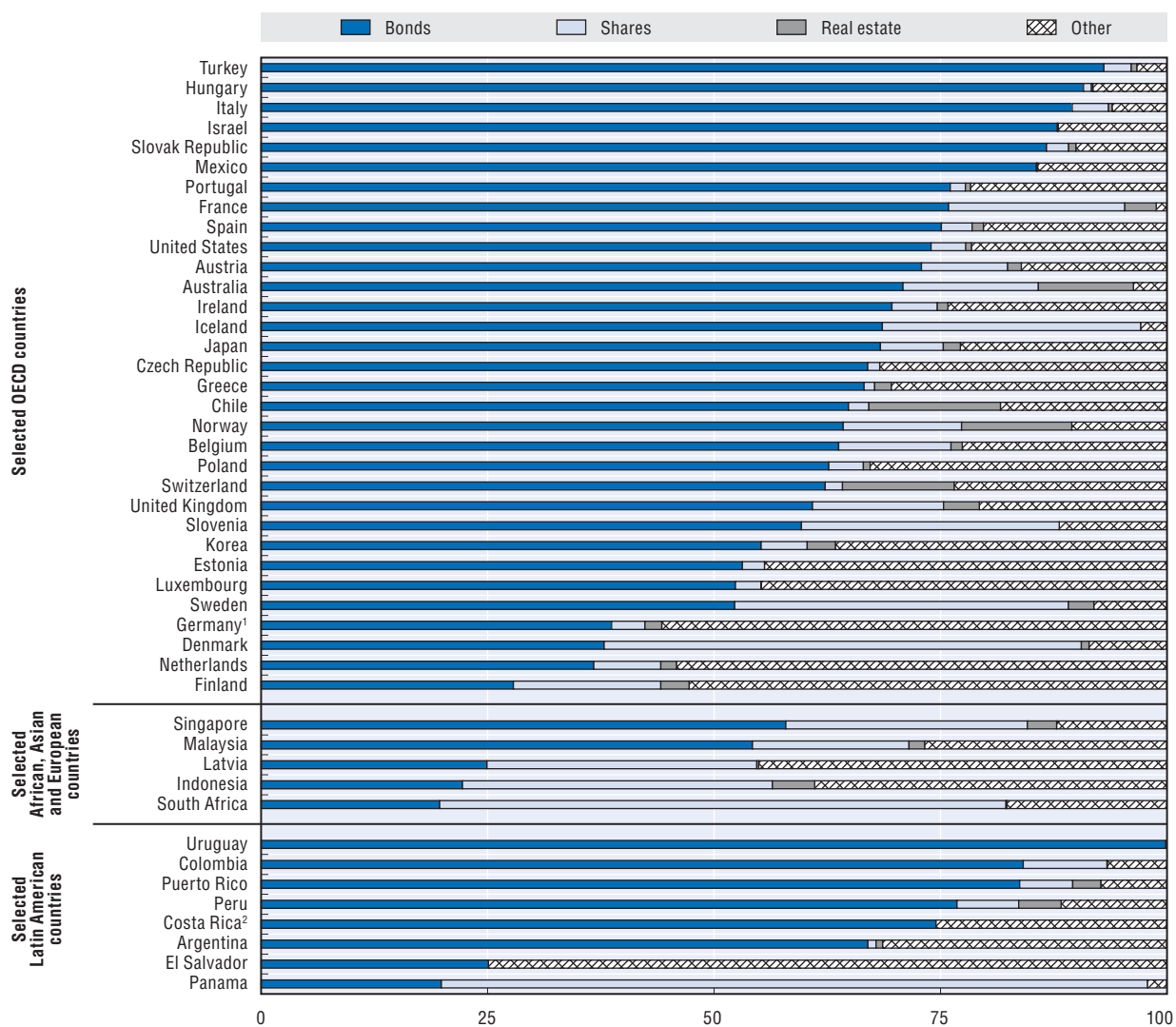
Investment in real estate was minimal. Australia, Chile, Norway and Switzerland were the only countries where life insurance companies made significant investments in real estate (between 10 and 15%).

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

Most countries reported relative stability in terms of the allocation of assets across bonds, shares and other asset types. In a few countries, there was a shift in the allocation of assets from bonds, towards shares and other assets in 2013 relative to 2012, including in

Figure 6. **Investment portfolio allocation: Life insurers (2013)**

As a percentage of total investments



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.

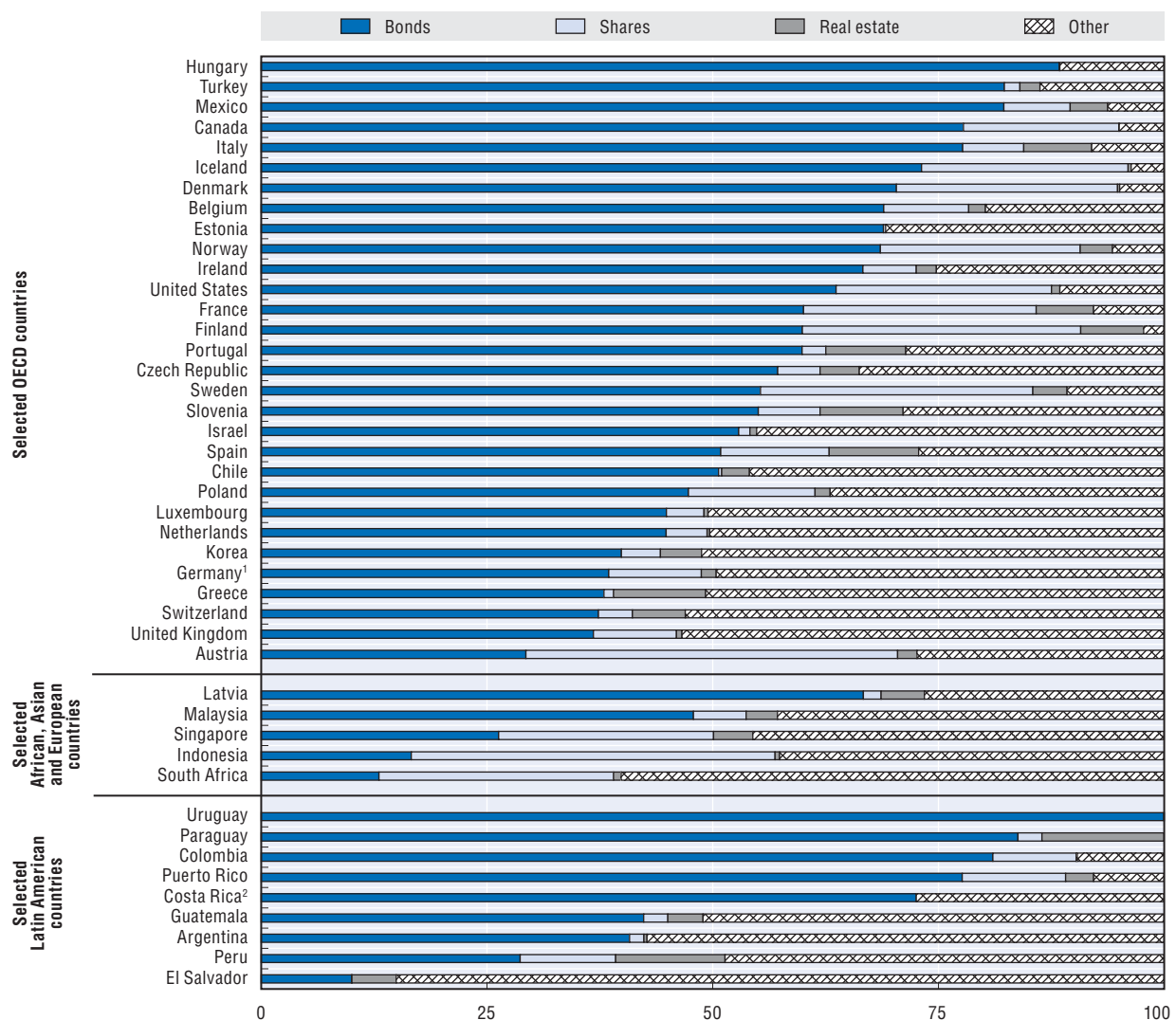
the Czech Republic, Denmark, France, Greece, Iceland, South Africa and Luxembourg. The opposite trend occurred for instance in Latvia, Spain, Switzerland and Turkey, shifting from other assets, towards bonds and shares.

### Portfolio allocation: Non-life insurers

Most countries reported general stability in non-life insurance companies' allocation of investment to different asset classes. However, the non-life insurance sector in a number of countries experienced a shift, in some cases substantial, away from bond investments towards shares and other assets in 2013, including, for instance, Denmark, France, Greece, Iceland, Ireland, Israel, Italy, Luxembourg, Norway, Sweden and Switzerland. Iceland and Indonesia's non-life sector, respectively, increased their allocation to shares by 5 and 14 percentage points.

Figure 7. **Investment portfolio allocation: Non-Life insurers (2013)**

As a percentage of total investments



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.

Chile, Estonia, Finland, Netherlands, Slovenia and Turkey notably, experienced an opposite shift in investment allocations among non-life companies, increasing their investment into bonds and away from shares and other assets.

The non-life insurance sector demonstrated a portfolio investment strategy dominated by investment in bonds. In more than half of the reporting countries, the non-life insurance sector allocated over half of portfolio assets to bonds. Non-life sectors in nine countries invested in excess of 75% of their investment portfolio in bonds (Canada, Colombia, Hungary, Italy, Mexico, Paraguay, Puerto Rico, Turkey and Uruguay).

Hungary and Uruguay have the greatest proportion of investments in bonds. In Uruguay, all non-life insurer investment was in bonds, while in Hungary almost 90% of the investment portfolio was allocated to bonds.

Only the non-life insurers in Austria and Indonesia allocated more than 40% of portfolio assets to shares.

Real estate was a small part of investment portfolios in almost all countries. The non-life insurance sector in three countries (Greece, Paraguay and Peru) invested 10% or more of portfolio assets in real estate. Finland, Italy, Slovenia, Spain and Portugal also invested substantial shares of their assets in real estate, but at less than 10% of portfolio assets.

#### **Portfolio Allocation: composite insurers**

The investment portfolio of composite insurers was dominated by bonds.

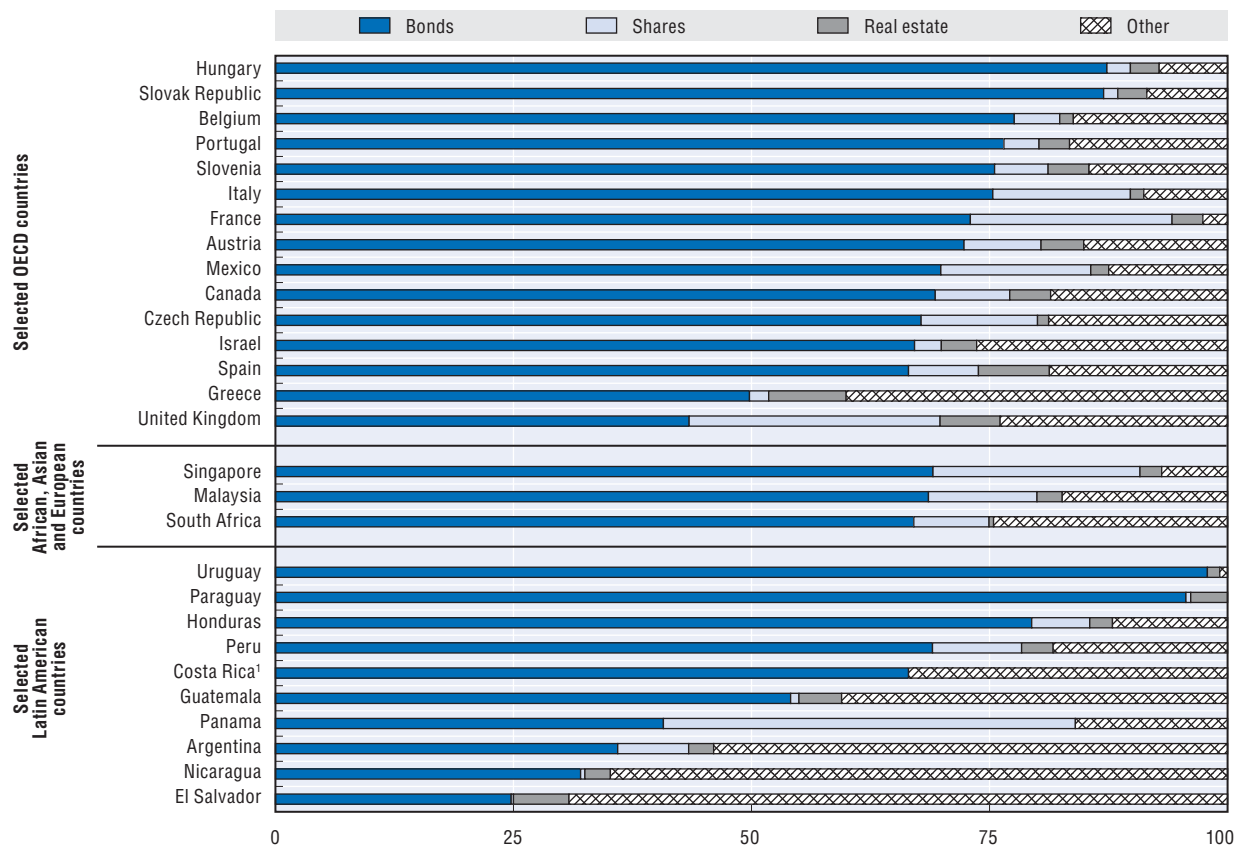
Composite sectors in the vast majority of countries invested smaller proportions of their portfolios into shares than into bonds. Composites in selected OECD countries invested more than 15% of their portfolios into shares: France, Mexico (which may include investments in mutual fund units which in turn may invest in bonds),<sup>4</sup> and the United Kingdom.

The composite sectors in El Salvador, Greece, Spain and the United Kingdom invested a moderate share of their portfolio in real estate assets (between 5 and 10% of their portfolios).

In terms of shifts in allocations, the most common shift among the countries with composite insurance companies was a shift away from investments in bonds, towards allocations to shares and other assets, relative to 2012. That said, the composite sector in a number of countries made a shift in the opposite direction.

Figure 8. **Investment portfolio allocation: Composite insurers (2013)**

As a percentage of total investments



1. Other investments include investments in bonds and other financial instruments that are not related with technical provisions.  
Source: OECD Global Insurance Statistics.

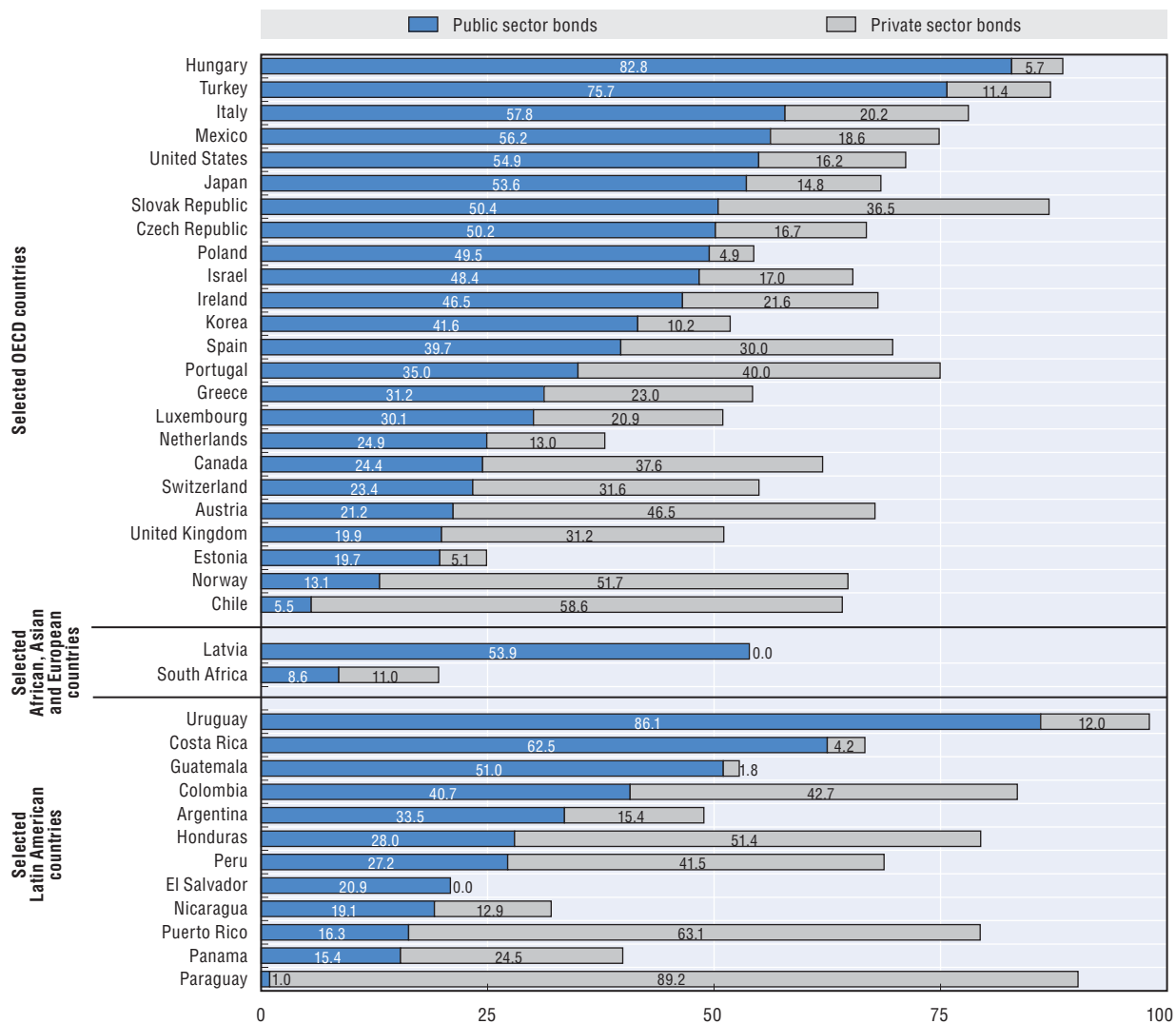
### Bond allocation

Among the countries with data available on the breakdown of bond allocation between public and private bonds, insurance companies (life, non-life and composite) in approximately two thirds of reporting countries invested in excess of 50% of their bond portfolio in public sector bonds. Countries which had the highest proportion of public sector bonds in their bond portfolios included Hungary, Turkey and Uruguay.

The insurance sectors in Chile, Norway, Paraguay and Puerto Rico had the largest share of their bond allocation dedicated to private bonds.

The insurance sectors in Czech Republic, Hungary, Italy, Japan, Mexico, Slovak Republic, Turkey and the United States invest more than half of their portfolios in public bonds, and all allocate more to public than private sector bonds.

Figure 9. **Portfolio allocation to bonds, public and private-sector bonds (2013)**  
As a percentage of total investments



Source: OECD Global Insurance Statistics.

Table 1. **Insurers' portfolio allocation in bonds and shares by type of insurer (2012-13)**

As a percentage of total investments

		Life		Non-life		Composite	
		2012	2013	2012	2013	2012	2013
<b>Selected OECD countries</b>							
Australia	<i>Bonds</i>	70.8	70.9	66.5	70.7	n.a	n.a
	<i>Shares</i>	20.5	15.0	c	c	n.a	n.a
	<i>Other</i>	8.7	14.2	c	c	n.a	n.a
Austria	<i>Bonds</i>	75.3	72.9	29.2	29.3	70.8	72.3
	<i>Shares</i>	10.5	9.5	43.7	41.2	8.3	8.1
	<i>Other</i>	14.2	17.5	27.2	29.5	20.9	19.6
Belgium	<i>Bonds</i>	69.0	63.8	71.0	69.0	80.1	77.6
	<i>Shares</i>	11.3	12.4	9.1	9.4	3.7	4.8
	<i>Other</i>	19.7	23.8	19.9	21.6	16.2	17.6

Table 1. Insurers' portfolio allocation in bonds and shares by type of insurer  
(2012-13) (cont.)

As a percentage of total investments

		Life		Non-life		Composite	
		2012	2013	2012	2013	2012	2013
Canada	<i>Bonds</i>	..	..	80.5	77.8	68.9	69.3
	<i>Shares</i>	..	..	16.2	17.2	6.7	7.8
	<i>Other</i>	..	..	3.3	5.0	24.3	22.9
Chile	<i>Bonds</i>	65.3	64.9	47.2	50.7	n.a	n.a
	<i>Shares</i>	2.7	2.3	0.4	0.4	n.a	n.a
	<i>Other</i>	31.9	32.9	52.3	49.0	n.a	n.a
Czech Republic	<i>Bonds</i>	77.9	67.0	53.1	57.2	70.3	67.8
	<i>Shares</i>	1.1	1.3	4.6	4.7	11.2	12.2
	<i>Other</i>	21.0	31.7	42.3	38.1	18.5	19.9
Denmark	<i>Bonds</i>	40.6	37.9	73.8	70.4	n.a	n.a
	<i>Shares</i>	48.3	52.7	21.4	24.5	n.a	n.a
	<i>Other</i>	11.1	9.4	4.9	5.1	n.a	n.a
Estonia	<i>Bonds</i>	48.6	53.2	56.8	68.9	n.a	n.a
	<i>Shares</i>	2.4	2.4	4.2	0.2	n.a	n.a
	<i>Other</i>	49.0	44.4	39.1	30.8	n.a	n.a
Finland	<i>Bonds</i>	30.1	27.9	57.4	59.9	..	..
	<i>Shares</i>	19.6	16.3	31.3	30.8	..	..
	<i>Other</i>	50.3	55.9	11.3	9.2	..	..
France	<i>Bonds</i>	84.4	75.9	61.2	60.1	81.0	73.0
	<i>Shares</i>	11.6	19.5	25.6	25.8	12.8	21.2
	<i>Other</i>	4.0	4.6	13.2	14.1	6.2	5.8
Germany <sup>1</sup>	<i>Bonds</i>	38.2	38.7	37.5	38.5	n.a	n.a
	<i>Shares</i>	3.6	3.7	10.3	10.2	n.a	n.a
	<i>Other</i>	58.2	57.6	52.2	51.3	n.a	n.a
Greece	<i>Bonds</i>	75.6	66.6	38.9	38.0	46.3	49.8
	<i>Shares</i>	0.9	1.1	1.0	1.0	1.9	2.0
	<i>Other</i>	23.5	32.3	60.1	61.0	51.8	48.2
Hungary	<i>Bonds</i>	91.6	90.8	89.3	88.4	87.6	87.3
	<i>Shares</i>	0.8	0.9	0.6	0.0	2.4	2.5
	<i>Other</i>	7.5	8.3	10.0	11.6	10.0	10.2
Iceland	<i>Bonds</i>	73.6	68.6	78.9	73.1	n.a	n.a
	<i>Shares</i>	18.7	28.5	17.9	22.9	n.a	n.a
	<i>Other</i>	7.8	2.9	3.2	4.0	n.a	n.a
Ireland	<i>Bonds</i>	64.2	69.7	68.9	66.6	n.a	n.a
	<i>Shares</i>	5.0	5.0	5.3	5.9	n.a	n.a
	<i>Other</i>	30.9	25.3	25.8	27.4	n.a	n.a
Israel	<i>Bonds</i>	..	88.0	68.2	52.9	67.3	67.1
	<i>Shares</i>	..	0.0	0.8	1.2	2.5	2.8
	<i>Other</i>	..	12.0	31.0	45.9	30.1	30.1
Italy	<i>Bonds</i>	90.0	89.6	78.4	77.7	74.8	75.3
	<i>Shares</i>	4.0	4.0	6.7	6.8	14.0	14.4
	<i>Other</i>	6.0	6.4	14.9	15.5	11.2	10.2
Japan	<i>Bonds</i>	68.0	68.4	35.5	..	n.a	n.a
	<i>Shares</i>	6.6	7.0	25.4	..	n.a	n.a
	<i>Other</i>	25.3	24.6	39.1	..	n.a	n.a
Korea	<i>Bonds</i>	53.9	55.2	41.7	39.9	n.a	n.a
	<i>Shares</i>	5.8	5.1	5.3	4.3	n.a	n.a
	<i>Other</i>	40.3	39.7	51.5	55.8	n.a	n.a
Luxembourg	<i>Bonds</i>	55.7	52.4	49.2	44.9	..	..
	<i>Shares</i>	1.6	2.8	3.5	4.2	..	..
	<i>Other</i>	42.7	44.8	47.3	51.0	..	..

**Table 1. Insurers' portfolio allocation in bonds and shares by type of insurer (2012-13) (cont.)**

As a percentage of total investments

		Life		Non-life		Composite	
		2012	2013	2012	2013	2012	2013
Mexico	<i>Bonds</i>	86.3	85.6	80.6	82.3	66.2	69.9
	<i>Shares</i>	0.0	0.0	7.3	7.3	15.5	15.8
	<i>Other</i>	13.7	14.3	12.1	10.4	18.3	14.4
Netherlands	<i>Bonds</i>	40.2	36.7	40.9	44.8	n.a	n.a
	<i>Shares</i>	21.2	7.4	5.5	4.5	n.a	n.a
	<i>Other</i>	38.6	55.9	53.6	50.6	n.a	n.a
Norway	<i>Bonds</i>	65.6	64.3	72.3	68.6	n.a	n.a
	<i>Shares</i>	11.8	13.1	21.9	22.2	n.a	n.a
	<i>Other</i>	22.6	22.6	5.8	9.3	n.a	n.a
Poland	<i>Bonds</i>	62.5	62.7	50.8	47.3	n.a	n.a
	<i>Shares</i>	3.9	3.8	19.2	14.0	n.a	n.a
	<i>Other</i>	33.6	33.5	30.0	38.6	n.a	n.a
Portugal	<i>Bonds</i>	80.8	76.1	58.5	59.9	79.4	76.5
	<i>Shares</i>	1.8	1.7	2.7	2.6	2.8	3.7
	<i>Other</i>	17.4	22.2	38.9	37.5	17.8	19.8
Slovak Republic	<i>Bonds</i>	86.9	86.7	97.0	..	84.2	87.0
	<i>Shares</i>	2.4	2.4	0.0	..	1.9	1.5
	<i>Other</i>	10.6	10.8	3.0	..	14.0	11.5
Slovenia	<i>Bonds</i>	56.0	59.7	53.8	55.1	69.0	75.5
	<i>Shares</i>	27.1	28.5	7.7	6.8	8.9	5.6
	<i>Other</i>	16.9	11.9	38.5	38.1	22.1	18.8
Spain	<i>Bonds</i>	73.9	75.1	51.4	50.9	63.8	66.5
	<i>Shares</i>	2.7	3.4	10.4	12.0	7.8	7.3
	<i>Other</i>	23.4	21.5	38.3	37.1	28.4	26.2
Sweden	<i>Bonds</i>	56.4	52.3	59.2	55.3	n.a	n.a
	<i>Shares</i>	33.2	36.9	28.7	30.2	n.a	n.a
	<i>Other</i>	10.4	10.8	12.2	14.5	n.a	n.a
Switzerland	<i>Bonds</i>	60.7	62.3	38.6	37.3	n.a	n.a
	<i>Shares</i>	1.1	1.9	3.8	3.8	n.a	n.a
	<i>Other</i>	38.2	35.8	57.7	58.9	n.a	n.a
Turkey	<i>Bonds</i>	92.2	93.1	79.2	82.3	n.a	n.a
	<i>Shares</i>	2.5	3.0	4.5	1.7	n.a	n.a
	<i>Other</i>	5.4	3.9	16.3	16.0	n.a	n.a
United Kingdom	<i>Bonds</i>	61.7	60.9	35.9	36.8	45.9	43.4
	<i>Shares</i>	12.8	14.5	13.5	9.2	22.9	26.4
	<i>Other</i>	25.5	24.6	50.6	54.0	31.2	30.2
United States	<i>Bonds</i>	74.2	74.0	64.9	63.7	n.a	n.a
	<i>Shares</i>	3.6	3.8	22.0	23.9	n.a	n.a
	<i>Other</i>	22.1	22.2	13.1	12.4	n.a	n.a
<b>Selected African, Asian and European countries</b>							
Indonesia	<i>Bonds</i>	27.0	22.2	15.3	16.6	..	..
	<i>Shares</i>	24.0	34.2	26.7	40.3	..	..
	<i>Other</i>	49.0	43.5	58.1	43.1	..	..
Latvia	<i>Bonds</i>	21.9	24.9	58.8	66.7	..	..
	<i>Shares</i>	22.2	29.8	2.8	2.0	..	..
	<i>Other</i>	55.9	45.3	38.4	31.3	..	..
Malaysia	<i>Bonds</i>	57.2	54.3	53.8	47.9	70.5	68.6
	<i>Shares</i>	15.8	17.3	5.5	5.8	10.1	11.4
	<i>Other</i>	27.0	28.4	40.7	46.3	19.5	20.0



Table 1. Insurers' portfolio allocation in bonds and shares by type of insurer  
(2012-13) (cont.)

As a percentage of total investments

		Life		Non-life		Composite	
		2012	2013	2012	2013	2012	2013
Singapore	<i>Bonds</i>	59.6	58.0	25.0	26.3	69.1	69.1
	<i>Shares</i>	23.3	26.7	22.8	23.8	19.0	21.8
	<i>Other</i>	17.1	15.4	52.2	49.9	11.9	9.2
South Africa	<i>Bonds</i>	22.9	19.7	12.2	13.0	39.3	67.0
	<i>Shares</i>	50.3	62.5	24.5	26.0	5.6	7.9
	<i>Other</i>	26.8	17.7	63.3	61.0	55.2	25.1
<b>Selected Latin American countries</b>							
Argentina	<i>Bonds</i>	65.1	67.0	36.0	40.8	35.0	36.0
	<i>Shares</i>	1.0	0.9	1.1	1.6	6.9	7.4
	<i>Other</i>	34.0	32.1	63.0	57.6	58.0	56.6
Bolivia	<i>Bonds</i>	50.4	..	20.9	..	..	..
	<i>Shares</i>	1.8	..	4.1	..	..	..
	<i>Other</i>	47.8	..	74.9	..	..	..
Colombia	<i>Bonds</i>	83.8	84.2	81.8	81.0	n.a	n.a
	<i>Shares</i>	7.3	9.3	8.5	9.2	n.a	n.a
	<i>Other</i>	8.8	6.6	9.7	9.7	n.a	n.a
Costa Rica <sup>2</sup>	<i>Bonds</i>	93.2	74.5	97.4	72.6	67.2	66.5
	<i>Shares</i>	0.0	0.0	0.0	0.0	0.0	0.0
	<i>Other</i>	6.8	25.5	2.6	27.4	32.8	33.5
El Salvador	<i>Bonds</i>	27.7	25.1	13.7	10.0	33.8	24.8
	<i>Shares</i>	0.0	0.0	0.0	0.0	0.2	0.2
	<i>Other</i>	72.3	74.9	86.2	90.0	66.0	75.0
Guatemala	<i>Bonds</i>	..	..	38.3	42.4	54.0	54.1
	<i>Shares</i>	..	..	0.8	2.7	0.6	0.9
	<i>Other</i>	..	..	60.9	55.0	45.4	45.0
Honduras	<i>Bonds</i>	..	..	..	..	..	79.4
	<i>Shares</i>	..	..	..	..	..	6.1
	<i>Other</i>	..	..	..	..	..	14.5
Nicaragua	<i>Bonds</i>	..	..	..	..	17.1	32.0
	<i>Shares</i>	..	..	..	..	0.6	0.5
	<i>Other</i>	..	..	..	..	82.3	67.5
Panama	<i>Bonds</i>	21.2	19.9	..	..	48.6	40.8
	<i>Shares</i>	76.1	78.0	..	..	43.1	43.3
	<i>Other</i>	2.6	2.1	..	..	8.3	16.0
Paraguay	<i>Bonds</i>	..	..	..	83.8	..	95.6
	<i>Shares</i>	..	..	..	2.6	..	0.5
	<i>Other</i>	..	..	..	13.5	..	3.9
Peru	<i>Bonds</i>	79.8	76.9	26.6	28.7	74.4	69.0
	<i>Shares</i>	5.1	6.8	10.3	10.6	8.6	9.4
	<i>Other</i>	15.0	16.3	63.1	60.7	17.0	21.6
Puerto Rico	<i>Bonds</i>	82.7	83.8	71.8	77.7	..	..
	<i>Shares</i>	4.6	5.9	10.1	11.5	..	..
	<i>Other</i>	12.7	10.4	18.2	10.9	..	..
Uruguay	<i>Bonds</i>	72.5	99.9	73.2	100.0	90.6	97.9
	<i>Shares</i>	0.0	0.0	0.0	0.0	0.3	0.0
	<i>Other</i>	27.5	0.1	26.8	0.0	9.1	2.1

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.

### Investment returns

Based on available data, the life insurance industry's real net investment returns in 2013 were relatively stable compared to 2012. Investment returns edged higher in 2013 in the majority of reporting OECD countries. In Hungary, Iceland and Luxembourg, life insurance companies achieved real net investment returns in 2013 that increased by 4 percentage points (pp) or more over 2012.

Among non-OECD member countries, investment returns declined in all but Argentina and Colombia. Investment returns in the life sectors in Indonesia, Malaysia and Uruguay declined by 6 pp or more, relative to returns in 2012.

Among OECD countries, the change in real net investment returns for non-life insurance companies was more balanced as non-life insurers in ten countries achieved marginal improvements, while those in nine countries faced declining returns. The same applied in non-member countries where non-life companies achieved increasing returns in three countries, and faced declining returns in four countries.

In Poland, real net investment returns in the non-life sector increased by 5.2 pp over 2012. In Israel, real net investment returns for the non-life sector declined by 4.3 pp in 2013 but remained positive.

The investment returns of the composite sector improved in most countries. Composite insurance companies in Hungary and Portugal achieved somewhat higher returns of 5% or higher. The composite sector in Canada, by contrast, faced a decline of 7.6 pp in 2013 relative to 2012.

Table 2. **Average real net investment return by type of insurer (2012-2013)**

In per cent

	Life		Non-life		Composite	
	2012	2013	2012	2013	2012	2013
<b>Selected OECD countries</b>						
Australia	12.2	13.0	5.4	3.2	n.a	n.a
Austria	..	..	1.3	..	1.2	..
Belgium	2.3	3.6	0.7	2.0	2.2	3.1
Canada	..	..	3.6	2.0	5.9	-1.6
Chile	5.4	4.8	3.4	4.5	n.a	n.a
Czech Republic	-0.6	0.0	3.2	-0.1	1.0	1.0
Estonia	1.2	0.5	..	0.1	n.a	n.a
Germany	3.0	4.0	1.7	2.4	n.a	n.a
Hungary	1.7	5.6	1.6	2.8	1.5	5.3
Iceland	-4.0	1.5	-3.9	-0.5	n.a	n.a
Ireland	5.3	-1.4	3.8	2.2	n.a	n.a
Israel	..	-0.2	7.0	2.7	5.0	4.8
Italy	3.2	3.3	2.9	2.2	2.1	3.3
Japan	3.3	0.8	3.1	..	n.a	n.a
Korea	2.8	3.0	2.3	2.3	n.a	n.a
Luxembourg	-2.2	1.9	-2.2	-0.1	n.a	n.a
Netherlands	5.8	4.7	4.4	1.8	n.a	n.a
Norway	4.4	3.2	4.4	..	n.a	n.a
Poland	4.0	4.5	4.7	9.9	n.a	n.a
Portugal	1.0	2.3	0.6	2.2	4.0	5.5
Spain	2.2	4.0	-0.2	3.1	-0.2	3.9
Switzerland	4.0	3.1	4.0	4.0	n.a	n.a
Turkey	0.2	-0.7	-5.6	-3.6	n.a	n.a

Table 2. **Average real net investment return by type of insurer (2012-2013)** (cont.)

In per cent

	Life		Non-life		Composite	
	2012	2013	2012	2013	2012	2013
<b>Selected African, Asian and European countries</b>						
Indonesia	8.2	0.2	3.4	-0.5	..	..
Latvia	6.0	2.0	2.3	2.5	..	..
Malaysia	8.1	0.5	2.8	0.5	6.5	4.0
Singapore	4.0	0.8	-0.1	1.9	3.4	-0.6
<b>Selected Latin American countries</b>						
Argentina	8.2	10.0	5.3	8.1	8.9	12.9
Colombia	3.4	3.8	5.6	5.3	n.a	n.a
Costa Rica	4.3	..	3.8	..	4.7	3.7
El Salvador	3.1	..	2.9	..	6.3	..
Honduras	..	..	..	..	..	3.2
Nicaragua	..	..	..	..	-0.7	-0.6
Peru	3.9	3.4	7.4	10.7	6.8	7.8
Puerto Rico <sup>1</sup>	4.2	..	4.0	..	..	..
Uruguay	0.5	-5.5	0.6	-2.5	2.3	1.2

Note: Average real net investment return calculations are based on nominal net investment return reported by countries and CPI figures.

1. The rates of return are nominal.

Source: OECD Global Insurance Statistics.

## Profitability: Return on equity

In general, return on equity (ROE)<sup>5</sup> across the insurance industries in reporting countries has demonstrated significant volatility over the last three years, with dramatic changes in profitability from year-to-year (both positive and negative).

The greatest increases in the ROE of the life insurance sector since 2011 occurred in Greece, Italy and Portugal, which have a common experience of economic instability generated by the financial crisis. The life insurance sector in Portugal achieved the most significant recovery in ROE, from a negative 7.8% in 2011, to returns of 17.6% in 2012 and 30.6% in 2013. The life insurance sector in Hungary and the Slovak Republic achieved a significant recovery in ROE in 2013 relative to the negative returns in 2012. For other countries, the overall trend was a moderately positive ROE over the period 2011–2013 in the range of 5 to 10% in most countries.

In the non-life insurance sector, ROE over the last three years has been volatile across countries, with substantial changes from year-to-year. The non-life sector in the Czech Republic and Hungary has faced negative returns on equity every year since 2011, although returns have improved. Non-life insurance companies in the Slovak Republic achieved a significant positive reversal in ROE from -43.5% in 2011 to 27% in 2013. Non-life insurers in Greece, Finland, Iceland, Mexico, Poland and Switzerland have achieved ROEs above 10% in all years since 2011.

For composite insurers, ROE is generally increasing in most countries, with particularly significant gains in Greece, where the composite sector achieved positive ROE for the first time since 2009. The composite sector in all countries had positive ROE in 2013.

**Table 3. Return on equity by type of insurer (2011-13)**  
In per cent

	ROE								
	Life			Non-life			Composite		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
<b>Selected OECD countries</b>									
Australia	15.4	15.9	11.9	9.6	17.7	17.3	n.a	n.a	n.a
Belgium	3.4	10.6	8.0	5.7	6.2	4.0	2.5	20.6	11.4
Canada	3.4	-5.2	0.9	9.8	11.3	4.2	7.1	9.9	12.3
Chile	5.3	15.0	8.7	12.2	9.4	11.0	n.a	n.a	n.a
Czech Republic	14.0	9.9	11.3	-8.4	-2.7	-7.8	16.6	20.6	17.7
Denmark	3.0	9.6	3.2	6.7	15.0	11.5	n.a	n.a	n.a
Estonia	9.8	17.0	4.9	13.8	16.7	4.8	n.a	n.a	n.a
Finland	-2.7	21.8	13.5	10.2	24.7	27.5	..	..	..
France	2.5	5.5	5.3	7.1	3.6	7.4	5.5	8.6	9.6
Germany	9.7	9.6	6.1	3.8	3.9	4.3	n.a	n.a	n.a
Greece	-6.0	-14.5	7.1	10.1	18.8	18.4	-36.5	-62.5	38.8
Hungary	-0.8	-8.1	6.6	-32.9	-6.3	-13.5	11.3	12.0	15.1
Iceland	21.4	18.2	18.8	12.3	20.4	10.4	n.a	n.a	n.a
Ireland	-8.2	10.5	14.5	10.0	16.1	9.2	n.a	n.a	n.a
Israel	..	..	..	3.9	17.9	32.6	-0.6	15.2	17.7
Italy	-16.5	25.1	9.9	-0.6	6.2	7.0	-6.5	9.4	8.8
Japan	..	..	15.0	..	6.8	..	n.a	n.a	n.a
Korea	8.5	7.6	5.5	15.3	11.8	8.4	n.a	n.a	n.a
Luxembourg	3.7	7.3	8.9	22.7	23.2	8.5	n.a	n.a	n.a
Mexico	12.7	19.5	13.8	11.8	21.0	13.3	16.3	18.5	18.5
Netherlands	..	..	2.6	..	..	11.7	..	..	..
New Zealand	..	..	12.7	..	..	13.7	..	..	..
Norway	..	10.9	7.0	..	36.1	16.1	n.a	n.a	n.a
Poland	22.5	21.6	20.4	18.0	16.8	29.1	n.a	n.a	n.a
Portugal	-7.8	17.6	30.6	3.0	-0.1	0.5	4.5	17.7	7.5
Slovak Republic	6.1	-3.8	9.4	-43.5	19.3	27.0	15.6	11.4	11.8
Spain	..	24.6	13.9	..	11.2	11.3	..	11.6	14.0
Switzerland	20.7	8.0	10.5	16.2	16.9	22.6	n.a	n.a	n.a
Turkey	13.2	13.3	12.7	0.3	-12.9	12.8	n.a	n.a	n.a
United Kingdom	7.0	3.2	12.9	-2.1	5.4	9.6	15.4	19.0	25.3
United States	5.3	12.0	12.0	5.0	6.9	10.1	n.a	n.a	n.a
<b>Selected African, Asian and European countries</b>									
Indonesia	..	..	6.7	..	..	15.5	..	..	..
Latvia	-21.3	30.8	-3.9	0.7	7.3	6.7	..	..	..
Malaysia	23.4	20.3	19.7	13.4	12.7	12.9	28.4	22.6	22.1
Singapore	20.6	22.5	9.4	-62.8	15.5	15.5	15.5	35.9	3.9
South Africa	91.0	49.3	47.4	35.0	170.2	21.0	31.7	8.6	23.4
Thailand	14.7	..	..	-123.4	..	..	n.a	n.a	n.a
<b>Selected Latin American countries</b>									
Argentina	..	..	33.5	..	..	21.6	..	..	16.6
Colombia	7.1	14.7	6.7	6.3	7.6	5.7	n.a	n.a	n.a
Costa Rica	..	3.3	12.6	..	-0.1	-18.1	..	8.9	6.4
El Salvador	..	29.9	28.9	..	4.3	4.7	..	20.3	19.5
Guatemala	..	..	..	..	..	28.8	..	..	25.8
Nicaragua	..	..	..	..	..	..	..	..	23.4
Panama	..	..	3.3	..	..	..	..	..	10.9
Paraguay	..	..	..	..	..	..	..	..	29.3
Peru	..	15.5	19.5	..	9.8	11.1	..	20.9	15.6
Puerto Rico	..	..	9.5	..	..	14.0	..	..	..
Uruguay	..	..	26.4	..	..	17.4	..	..	23.7

Note: ROE was calculated by dividing segment net income for the year N by average segment equity over N-1 and N.  
Source: OECD Global Insurance Statistics.

### Change in equity position

The change in equity position permits an understanding of the evolution of shareholder capital.<sup>6</sup> Changes may occur due to gains and losses recognised in the income statement, 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.

Table 4 below shows that shareholder equity of the life insurance sector decreased in just under half of reporting countries. In the non-life sector, shareholder equity declined in 15 countries while shareholder equity in the composite sector declined in eight countries. The sharpest decline was observed in the life insurance sector in the Czech Republic, where shareholder equity declined by 46.3% relative to 2012. In Estonia, the equity position in the life segment also dropped significantly. In the non-life sector in Canada, Denmark, Slovak Republic, the United Kingdom and Uruguay, there was a decline in shareholder equity that was greater than -25%.

Shareholder equity in the non-life industry in Israel grew dramatically. Among OECD countries, the life insurance sectors in Norway, Spain and the United Kingdom, and both life and non-life insurance industries in Austria, Finland, Greece, Switzerland and Turkey, also exhibited significant increases in shareholder equity.

Table 4. **Change in equity position by type of insurer (2012-13)**

In per cent

	Life		Non life		Composite	
	2012	2013	2012	2013	2012	2013
<b>Selected OECD countries</b>						
Australia	8.9	-1.2	1.9	-12.1	n.a	n.a
Austria	..	17.1	..	4.2	..	4.4
Belgium	8.6	-9.8	5.7	-8.2	0.9	2.8
Canada	-19.0	22.6	3.9	-26.7	8.8	2.8
Chile	9.0	-0.4	33.7	13.1	n.a	n.a
Czech Republic	0.3	-46.3	4.6	4.6	15.4	2.0
Denmark	7.7	0.2	7.0	-27.7	n.a	n.a
Estonia	18.6	-39.1	-0.2	0.0	n.a	n.a
Finland	25.2	4.8	15.5	23.2	..	..
France	8.0	0.3	-4.5	1.8	2.8	6.5
Germany	10.8	1.7	5.6	3.4	n.a	n.a
Greece	12.1	6.0	-13.9	16.4	83.0	87.8
Hungary	-8.7	-12.0	-10.6	2.9	-5.8	-13.8
Iceland	2.1	7.2	35.9	-8.8	n.a	n.a
Ireland	15.8	-1.8	-18.8	3.3	n.a	n.a
Israel	..	..	-0.5	201.4	19.9	-10.0
Italy	28.3	-9.0	8.6	8.5	10.5	23.0
Japan	..	8.4	1.4	..	n.a	n.a
Korea	27.2	-3.1	18.7	-0.6	n.a	n.a
Luxembourg	44.6	-4.8	10.5	2.1	n.a	n.a
Mexico	16.3	9.4	2.7	6.8	7.7	2.2
Netherlands	..	24.9	..	-8.0	n.a	n.a
New Zealand	..	3.0	..	9.1	..	..
Norway	100.2	11.5	224.9	-13.7	n.a	n.a
Poland	15.7	-13.3	17.7	-2.8	n.a	n.a
Portugal	88.6	1.2	1.5	5.8	52.4	-6.7

Table 4. **Change in equity position by type of insurer (2012-13)** (cont.)

In per cent

	Life		Non life		Composite	
	2012	2013	2012	2013	2012	2013
Slovak Republic	-7.5	-7.0	105.0	-29.4	10.1	-1.5
Slovenia	0.0	-8.0	-6.7	0.0	57.3	-34.5
Spain	32.8	43.2	6.7	8.1	0.8	14.8
Switzerland	7.8	9.5	-6.1	10.9	n.a	n.a
Turkey	14.5	7.1	-1.8	36.9	n.a	n.a
United Kingdom	0.6	9.4	1.7	-26.8	13.1	4.5
United States	4.2	3.4	6.3	6.5	n.a	n.a
<b>Selected African, Asian and European countries</b>						
Indonesia	..	3.3	..	13.7	..	..
Latvia	31.6	-4.2	0.4	-15.9	..	..
Malaysia	10.2	-0.2	28.0	-5.0	6.4	7.9
Singapore	108.9	7.3	268.1	2.7	431.1	55.9
South Africa	-20.5	66.1	43.8	1.3	-35.9	37.0
<b>Selected Latin American countries</b>						
Argentina	..	8.0	..	39.0	..	30.1
Colombia	4.5	-4.3	-4.4	4.6	n.a	n.a
Costa Rica	13.0	24.1	7.2	116.0	9.7	15.1
El Salvador	7.5	12.1	-1.0	16.0	11.7	-8.0
Guatemala	..	..	..	16.8	..	14.4
Nicaragua	..	..	..	..	..	10.3
Panama	..	8.9	..	..	..	-5.1
Paraguay	..	..	..	..	..	217.8
Peru	9.1	4.5	10.9	4.9	16.5	-10.0
Puerto Rico	..	-3.3	..	34.8	..	..
Uruguay	..	-20.6	..	-25.5	..	7.3

Note: Change in equity position is calculated as the change in shareholder equity divided by the level of shareholder equity from the previous year.

Source: OECD Global Insurance Statistics.

## Notes

1. The combined ratio in this chapter is defined as a sum of gross claims paid, the variations 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.
2. 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.
3. Reporting countries are requested to provide, for mutual funds and other collective investment schemes, portfolio allocation on a "look through" basis (i.e., reporting should provide data on the ultimate asset class for investments in funds). However, not all countries are able to provide data on that basis.
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5. The return on equity (ROE) is calculated, in this chapter, as the current year's net income divided by the average of the current and the previous year's shareholder equity as reported on the balance sheet calculated at an industry level.
6. The shareholder equity position is obtained by dividing the total shareholder equity with total assets of the insurer, indicating the level of assets owned by shareholders. This is as opposed to debt to equity ratio, which indicates the leverage of the insurer.



**From:**  
**OECD Insurance Statistics 2014**

**Access the complete publication at:**  
[https://doi.org/10.1787/ins\\_stats-2014-en](https://doi.org/10.1787/ins_stats-2014-en)

**Please cite this chapter as:**

OECD (2015), "Insurance market trends", in *OECD Insurance Statistics 2014*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/ins\\_stats-2014-5-en](https://doi.org/10.1787/ins_stats-2014-5-en)

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