



New Swiss Re sigma study on world insurance in 2011 shows non-life insurance premiums continued to grow in 2011 despite an overall decline in premiums

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- **Non-life insurance premiums continued to grow 1.9% in 2011, on the back of solid economic growth in emerging markets and selective rate increases in some advanced markets.**
- **Life insurance premiums declined 2.7%. Premiums dropped sharply in Western Europe, China, and India, while growth resumed in the US.**
- **Going forward, non-life premiums are expected to continue expanding moderately in the advanced markets. Life insurance premium growth in the emerging markets will revive.**

**Zurich, 27 June 2012 — Swiss Re's latest *sigma* study reveals that global overall premiums declined 0.8% in real terms in 2011.<sup>1</sup> While non-life premiums expanded 1.9% on solid economic growth in emerging markets and selective rate increases in some advanced markets, global life insurance premiums fell 2.7%. Capital and solvency remained solid despite extraordinarily costly natural catastrophe events and historically low interest rates that lowered insurers' overall profitability.**

#### **Non-life premium growth continued in 2011**

Global non-life insurance premiums grew 1.9% in 2011. In the emerging markets, non-life premium growth remained robust at 8.6%, backed by strong economic expansion. The advanced markets recorded marginal 0.5% growth, supported by rate increases in some regions and lines of business. However, the unfolding recession in Europe and the weak economy in the US dampened demand for insurance cover. Daniel Staib, one of the authors of the study, says: "Non-life premium growth in the advanced markets has been supported by gradual rate increases in personal lines of business and in regions affected by large natural catastrophes. Despite the adverse environment in 2011, non-life insurers' capital position remained sound, putting the industry in a strong position to grow steadily in the future."

#### **Life premiums decreased 2.7% worldwide**

Life insurance premiums declined overall. However, many markets continued to show firm growth. In fact, the decline was primarily caused by a few large markets where insurance premiums fell steeply.

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<sup>1</sup> All growth rates are in real terms, ie adjusted for inflation (measured based on local consumer price indices).



In the advanced markets, premiums dropped 2.3% overall, even though premiums grew in the US and Japan, the two largest markets. In the US, premiums from new life insurance business rebounded, led by strong demand for variable annuity products with guarantees. In Japan, sales of individual whole life policies strengthened and annuity products recovered. However, the advanced markets suffered from a steep decline of in-force life insurance business in Western Europe.

Tighter regulations on bancassurance distribution in China and India, the two largest emerging markets, led to an overall decline in emerging market life premiums of 5.1%. However, other emerging regions such as Latin America and the Middle East showed healthy, continuing growth, even though insurance penetration in the Middle East still remains very low compared with other emerging markets.

Regarding profitability, Staib explains: "The profitability of the life insurance industry has stabilized, but remains low. Low interest rates remain the key issue for the life insurance sector, affecting investment returns and eroding the profitability of guarantee products."

### **Outlook: non-life insurance ready for take-off**

Going forward, moderate premium growth overall is expected in 2012. In non-life, robust growth in the emerging markets and hardening prices are expected to support premium growth. However, the turn of the pricing cycle will likely be gradual and limited to certain markets and lines of business.

Slower economic growth in the advanced markets will weigh on insurance demand for life and non-life insurance. However, life insurance premium growth is set to revive in the emerging markets. In India and China, insurers are already adapting to the new regulations by consolidating their distribution channels and restructuring products. Elsewhere in the emerging markets, life premium growth is set to continue to benefit from rising income and increasing risk awareness. Savings products and credit life insurance in particular are expected to make further inroads into Latin America. Very low interest rates will continue to be a challenge for the entire insurance industry.

"Last year was not a great one for premium growth, but 2012 should be a lot better as rates continue to improve in non-life markets and India and China return to robust growth in life markets," says Kurt Karl, Swiss Re's Chief Economist.

This *sigma* study is the first public assessment of the performance of global insurance markets in 2011. The 84 markets where data or estimates for 2011 are available, account for 99% of global premium volume. Overall, the report is based on 147 insurance markets.



## Developments in the major insurance markets in 2011

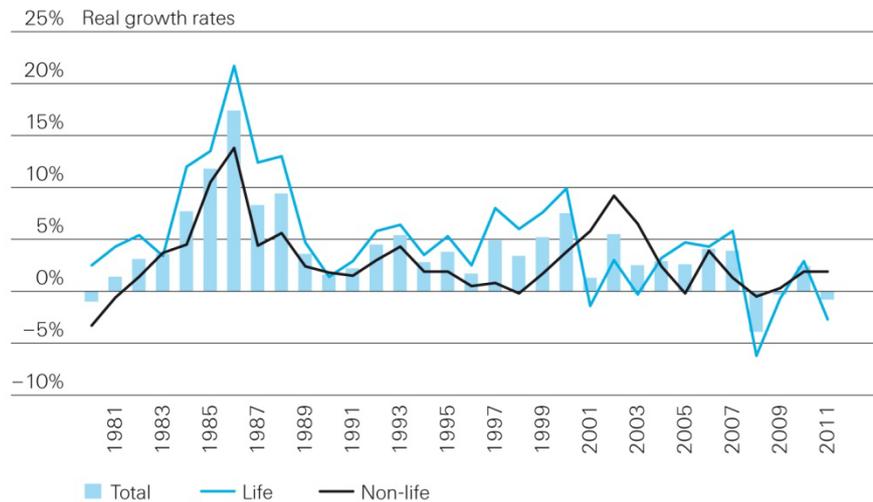
	Ranking by premium volume 2011	Life Premiums		Non-life premiums		Total premiums		Insurance density (USD) 2011	Insurance penetration 2011
		USD bn	Change* vs 2010	USD bn	Change* vs 2010	USD bn	Change* vs 2010		
<b>Advanced markets</b>		<b>2 262</b>	<b>-2.3%</b>	<b>1 635</b>	<b>0.5%</b>	<b>3 897</b>	<b>-1.1%</b>	<b>3 712</b>	<b>8.6%</b>
United States	1	538	2.9%	667	-1.3%	1 205	0.5%	3 846	8.1%
Japan	2	525	6.5%	131	2.8%	655	5.8%	5 169	11.0%
United Kingdom	3	210	-3.3%	109	1.4%	320	-1.8%	4 535	11.8%
France	4	175	-15.6%	98	1.8%	273	-10.0%	4 041	9.5%
Germany	5	114	-7.1%	131	1.2%	245	-2.8%	2 967	6.8%
Italy	7	105	-20.2%	55	-1.8%	161	-14.7%	2 530	7.0%
Hong Kong	23	25	4.4%	3	1.8%	28	4.1%	3 904	11.4%
<b>Emerging markets</b>		<b>365</b>	<b>-5.1%</b>	<b>334</b>	<b>9.1%</b>	<b>700</b>	<b>1.3%</b>	<b>118</b>	<b>2.7%</b>
Latin America and Caribbean		65	9.5%	89	10.7%	154	10.1%	261	2.8%
Brazil	14	41	10.2%	37	7.1%	78	8.7%	398	3.2%
Mexico	28	10	7.2%	12	12.3%	22	9.9%	193	1.9%
Central and Eastern Europe		21	0.1%	72	6.7%	93	5.3%	287	2.6%
Russia	19	1	41.8%	42	11.3%	43	12.0%	303	2.4%
South and East Asia		228	-10.4%	119	10.2%	347	-4.3%	97	3.0%
China	6	135	-14.8%	87	10.4%	222	-6.4%	163	3.0%
India	15	60	-8.5%	12	13.5%	73	-5.5%	59	4.1%
Middle East and Central Asia		10	9.4%	30	8.9%	40	9.4%	124	1.5%
United Arab Emirates	45	1	12.9%	5	9.7%	7	10.3%	1 380	1.8%
Africa		46	1.3%	22	3.3%	68	1.8%	65	3.6%
<b>World</b>		<b>2 627</b>	<b>-2.7%</b>	<b>1 970</b>	<b>1.9%</b>	<b>4 597</b>	<b>-0.8%</b>	<b>661</b>	<b>6.6%</b>

Notes: \* in real terms, ie adjusted for inflation.

Insurance penetration = premiums as a % of GDP; insurance density = premiums per capita.

Sources: final and provisional figures released by supervisory authorities and insurance associations.  
Estimates by Swiss Re Economic Research & Consulting.

## Premium growth since 1980



Source: Swiss Re Economic Research & Consulting



## Notes to editors:

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The English, German, French, and Spanish versions of *sigma* study No 3/2012, "World insurance in 2011: non-life ready for take-off" are available for download on Swiss Re's website: [www.swissre.com/sigma](http://www.swissre.com/sigma). The Chinese and Japanese versions of the *sigma* will also be available on the website soon.

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