



New Swiss Re *sigma* study:
World insurance in 2007: emerging markets leading the way

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Zurich, 24 June 2008 – According to the latest Swiss Re *sigma* study, world insurance premium income grew 3.3% in real terms in 2007, reaching USD 4 061 billion. This growth was primarily driven by the life business in industrialised and emerging markets and to a lesser extent by the non-life business in the emerging markets.

Life insurance premiums increased 5.4%, which is above the previous ten year average. Non-life premium growth was robust in the emerging markets (+10%), but decreased in the industrialised countries (-0.3%). However, both the life and non-life industries are financially sound despite the challenging economic environment.

Life insurance: pension and annuity products drive growth

According to Daniel Staib, one of the study's authors, "Despite a macroeconomic environment characterised by marginally slower economic growth and rising inflation, life insurance continued to expand in 2007 with world life insurance premiums increasing by 5.4% to USD 2 393 billion." Sales of retirement and other wealth accumulation products spurred growth in the industrialised economies. Life insurance in the emerging markets was fuelled by strong economic performance and catch-up potential.

Key drivers of growth in the life business:

- the trend towards single premium business and pension and annuities products continued to drive sales in countries where an aging population and reductions in state social security benefits were causing a shift from a traditional life insurance model to a pension-driven one;
- the growing economies of the emerging markets with a relatively young population and an expanding middle class are driving sales across all products;
- in 2007, the severe credit crisis and turbulent financial markets did not significantly affect life insurance sales.

Non-life insurance: profitable despite slow growth

Global non-life premium growth slowed to 0.7% in real terms, totalling USD 1 668bn in 2007. Non-life premium growth continued to follow divergent trends in the industrialised and the emerging markets. While premium volume retreated in the industrialised markets, growth slowed marginally in the emerging markets. Though downward pressure on premium rates continued in some countries, overall technical results were favourable and profitability remained sound.

Outlook: healthy growth in life, a stagnant non-life sector

Growth in life insurance premiums in 2008 is expected to moderate as capital and stock market turmoil dampen demand. Daniel Staib notes, "As the economic environment and capital markets stabilise, life insurance is projected to resume its strong performance in the medium term, both in terms of growth and profitability." In regard to the non-life business, he adds, "Non-life insurance premiums are expected to fall in the industrialised economies. However, non-life premiums will continue to grow in the emerging economies, albeit at a slightly slower rate than in the recent past." The effects of the sub-prime crisis are expected to be limited, resulting in lower investment results. A further concern is rising global inflation, which will increase claims costs in liability insurance and other long-tail business lines as well as hamper profitability.

Note: Swiss Re's sigma study "World insurance in 2007" examines the insurance markets of 147 countries, making explicit reference to 88.

Developments in the major insurance markets in 2007

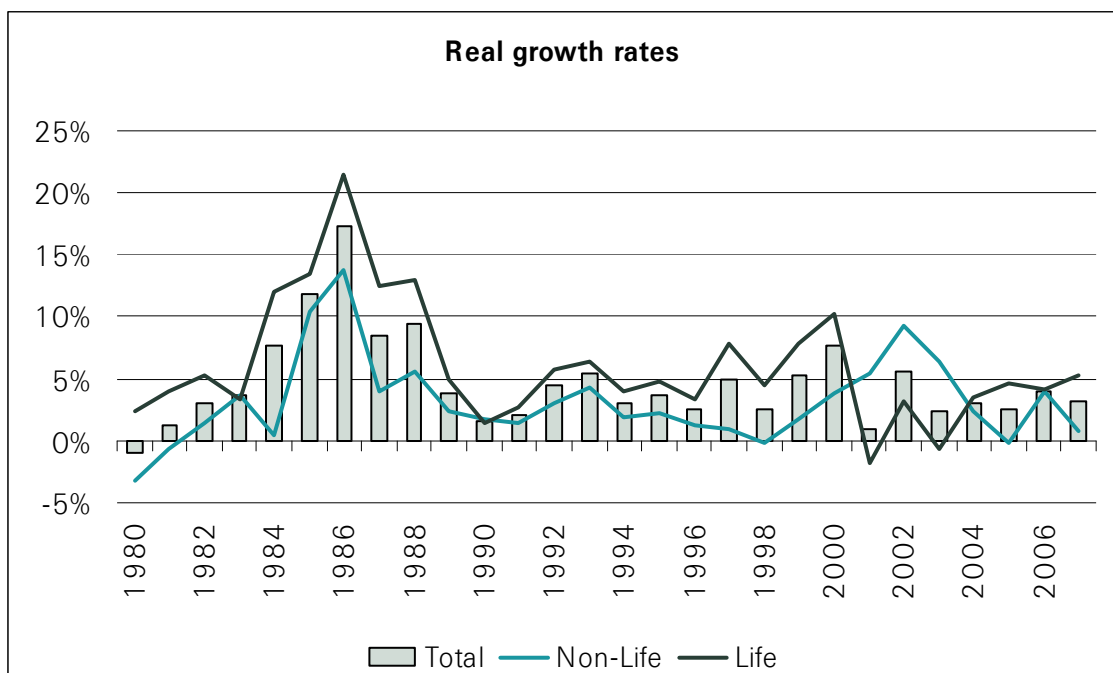
	Life Premiums		Non-life premiums		Total premiums	
	USD bn	Change* vs 2006	USD bn	Change* vs 2006	USD bn	Change* vs 2006
Industrialised countries	2 174	4.7%	1 472	-0.3%	3 647	2.5%
United States	578	5.5%	651	-1.3%	1 230	1.8%
Japan	331	-3.6%	94	-1.6%	425	-3.2%
United Kingdom	350	22.5%	114	-2.3%	464	15.3%
Germany	102	-1.3%	120	-1.4%	223	-1.3%
France	187	-4.3%	82	0.5%	269	-2.9%
Italy	88	-13.6%	54	0.1%	142	-8.8%
Newly industrialised Asian economies**	163	15.5%	53	9.7%	216	14.0%
Emerging markets	219	13.1%	196	10.2%	414	11.8%
Latin America and Caribbean	36	11.4%	52	8.3%	87	9.6%
Brazil	18	15.5%	21	6.1%	39	10.3%
Central and Eastern Europe	18	17.0%	56	11.7%	74	12.9%
Russia	1	30.3%	29	16.2%	30	16.6%
South and East Asia	124	16.8%	53	13.9%	177	15.9%
China	59	18.6%	34	19.7%	92	19.0%
Middle East and Central Asia	6	8.7%	17	9.6%	23	9.3%
Africa	38	3.4%	15	0.6%	53	2.8%
World	2 393	5.4%	1 668	0.7%	4 061	3.3%

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

** Hong Kong, Singapore, South Korea, Taiwan

Sources: final and provisional figures released by supervisory authorities and insurance associations, and some estimates.

Real premium growth in 2007; growth in life faster than non-life



Notes for editors

Swiss Reinsurance Company Ltd

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How to order this *sigma* study:

The English, German, French, Italian and Spanish versions of the *sigma* study No 3/2008, "World Insurance in 2007: emerging markets leading the way" are available electronically on Swiss Re's website: www.swissre.com/sigma. The versions in Chinese and Japanese will appear in the near future.

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