



New Swiss Re *sigma* study “World insurance in 2010” reveals growth in global premium volume and capital

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- **Global premium volume rose solidly in 2010, driven by economic growth, rebound in capital and solvency**
- **Emerging countries continued to gain in importance - China became the 6th largest insurance market**
- **Investment income suffered from low interest rates**

Zurich, 6 July 2011 – According to Swiss Re’s latest “World insurance in 2010” *sigma* study, world insurance premium volume increased 2.7% on an inflation-adjusted basis. Life premiums rose by 3.2%, non-life by 2.1%. Premium growth in emerging markets accelerated. The industry’s capital and solvency improved, while low interest rates weighed on investment income.

The insurance industry is back to growth, as shown by Swiss Re's annual assessment of global insurance markets for 2010. Premium volume grew in three quarters of the 78 markets covered in the publication. Growth was particularly strong in emerging markets. At the same time capital and solvency in the insurance industry improved robustly but low interest rates still had a negative impact on profitability.

Global life premiums rose by 3.2%

Life insurance premiums globally grew 3.2% to USD 2 520 billion in 2010. Growth was especially strong in Asian emerging markets and robust in some large European markets. In the US and the UK, premiums declined, though at a more modest pace than 2009. While low interest rates negatively impacted life insurers’ profitability, they contributed to a strong improvement in the life industry’s accounting capital position by increasing the value of life insurers' bond portfolios.

Daniel Staib, one of the authors of the new *sigma* study, says: “The dominating picture is that the industry is on the way back to the long-term growth trend. In fact, in some continental European countries, growth in the past year could be said to be very strong because sales of single premium products with comparatively attractive guarantees increased strongly.”

In emerging markets, life premiums rose by 1.3%. South & East Asia was the region that had the strongest growth, at 1.8%, led by China, with strong demand for both traditional and investment-linked products. Latin America and the Caribbean were not far behind, at 1.2%, led by Brazil.

Non-life premium increased by 2.1% in 2010

Global non-life insurance premiums rose by 2.1% in 2010. In emerging and newly industrialised Asian countries, the strong economic rebound increased demand for insurance cover. Premium volume rose in Europe and the US as well. Industry capital continued its positive development and rose to a record high in 2010.

Underwriting results deteriorated by most in the US and turned negative in large European markets, in the latter case due to dismal motor results. In the eight largest markets, premium income did not fully cover claims payments and other costs for the second year in a row. "The average combined ratio of these leading markets worsened to 103%, compared to 101% in 2009. Given recent catastrophe loss events, it is clear that global underwriting results will deteriorate further in 2011. This indicates that prices are inadequate. In some markets, such as Italy and the UK, rates began to mount, most notably in the personal motor business, signaling that the underwriting cycle is at long last beginning to turn," says Staib.

Outlook: Strong focus on growth in 2011

Despite lingering uncertainty, the economic recovery should continue and bolster premium growth in the life and non-life sectors globally in 2011. However, investment income in both life and non-life sectors will remain low given that interest rates will only rise slowly, at best.

"In terms of the mature markets, growth in life insurance is expected to turn positive in the US, while in Western Europe, premium growth could slow down slightly, as rising interest rates will make life policies with interest rate guarantees less attractive," says Staib. Over the longer term, the fact that our ageing societies increasingly need provisions for old age continues to be positive for life insurers. In non-life, the trend is towards higher premium growth in 2011. This trend will strengthen as premium rates begin to get adjusted upwards.

The global market share of emerging countries is expected to continue to increase strongly from today's 1.4% over the next ten years. China is likely to become the second largest insurance market within a decade (in 2010 it is the sixth largest).

The main risks to the outlook are an escalation of the euro sovereign debt crisis or a major oil shortage caused by turmoil in major oil producing countries.

The study is the first public assessment of the performance of global insurance markets in 2010. The 78 markets, where data or estimates for 2010 are available, account for 98% of global premium volume. Overall, the report is based on 147 insurance markets.

Developments in the major insurance markets in 2010

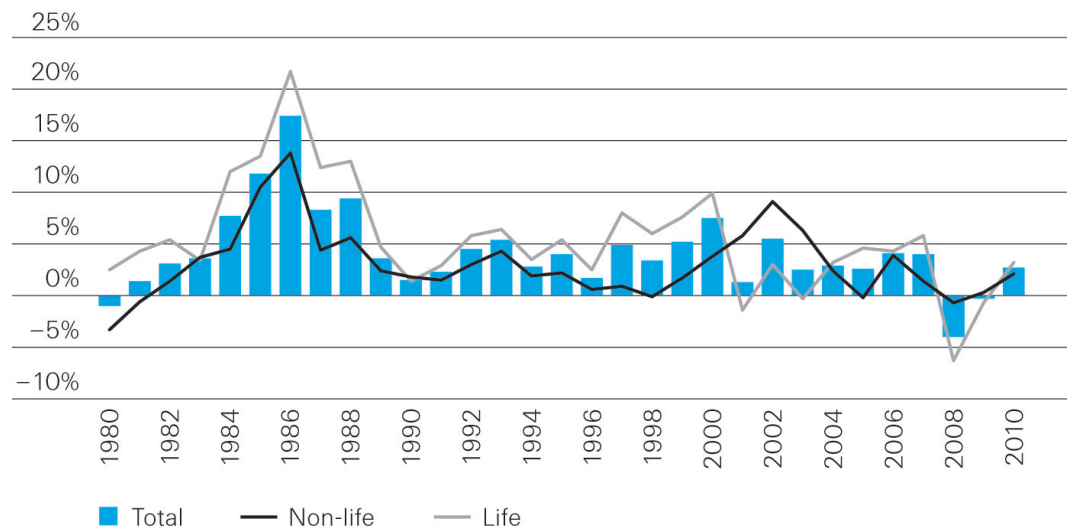
	Ranking by premium volume 2010	Life Premiums		Non-life premiums		Total premiums		Insurance density (USD) 2010	Insurance penetration 2010
		USD bn	Change* vs 2009	USD bn	Change* vs 2009	USD bn 2010	Change* vs 2009		
Industrialised countries		2'156	1.8%	1'533	1.0%	3'689	1.4%	3'527	8.6%
United States	1	506	-0.7%	660	0.2%	1'166	-0.2%	3'759	8.0%
Japan	2	441	0.0%	116	0.6%	557	0.1%	4'390	10.1%
United Kingdom	3	214	-3.3%	96	-1.2%	310	-2.7%	4'497	12.4%
France	4	192	2.6%	88	0.9%	280	2.1%	4'187	10.5%
Germany	5	115	6.6%	125	1.5%	240	3.9%	2'904	7.2%
Italy	7	122	9.6%	52	0.1%	174	6.6%	2'766	8.1%
Hong Kong	24	23	10.0%	3	2.5%	26	9.0%	3'636	11.4%
Emerging markets		364	13.1%	286	8.4%	650	10.9%	110	3.0%
Latin America and Caribbean		55	12.2%	73	5.5%	128	8.2%	219	2.7%
Brazil	15	33	12.6%	31	7.9%	64	10.3%	328	3.1%
Mexico	29	9	4.5%	10	-4.8%	19	-0.7%	173	1.9%
Central and Eastern Europe		20	5.7%	68	-2.1%	88	-0.4%	272	2.6%
Russia	19	1	33.9%	41	-1.1%	42	-0.6%	297	2.3%
South and East Asia		238	17.5%	98	21.9%	336	18.8%	94	3.7%
China	6	143	25.6%	72	27.5%	215	26.2%	158	3.8%
India	11	68	4.2%	11	9.8%	78	4.9%	64	5.1%
Middle East and Central Asia		8	6.4%	25	7.5%	33	7.4%	104	1.5%
United Arab Emirates	46	1	4.1%	5	7.2%	6	6.7%	1'248	2.1%
Africa		47	-2.4%	20	4.1%	67	-1.1%	65	3.9%
World		2'520	3.2%	1'819	2.1%	4'339	2.7%	627	6.9%

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, and some estimates.

Real premium growth in life and non-life



Notes for editors

Swiss Reinsurance Company Ltd

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How to order this *sigma* study:

The English, German, French and Spanish versions of the *sigma* study No 2/2011, "World Insurance in 2010: Premiums back to growth – capital increases" are available electronically on Swiss Re's website: www.swissre.com/sigma. The versions in Chinese and Japanese will appear in the near future.

Printed editions of *sigma* No 2/2011 in English, French, German and Spanish are also now available. The printed versions in Chinese and Japanese will be available shortly. Please send your orders, complete with your full postal address, to:

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