German Insurance Association

Development in German motor insurance after market liberalization in 1994

Round table on motor insurance, Moscow, 5 June 2014

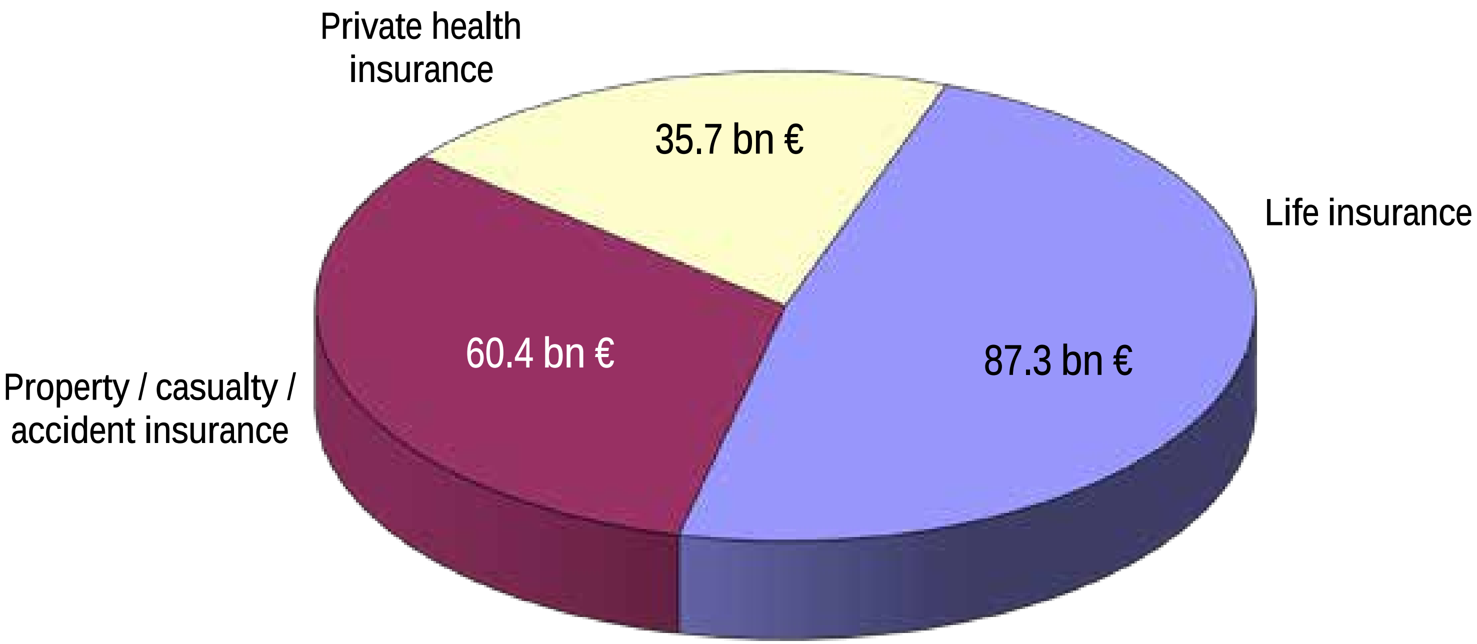
Frank Thyrolf, German Insurance Association

1 German insurance market overview in brief

2 Development in German motor insurance after market liberalization in 1994

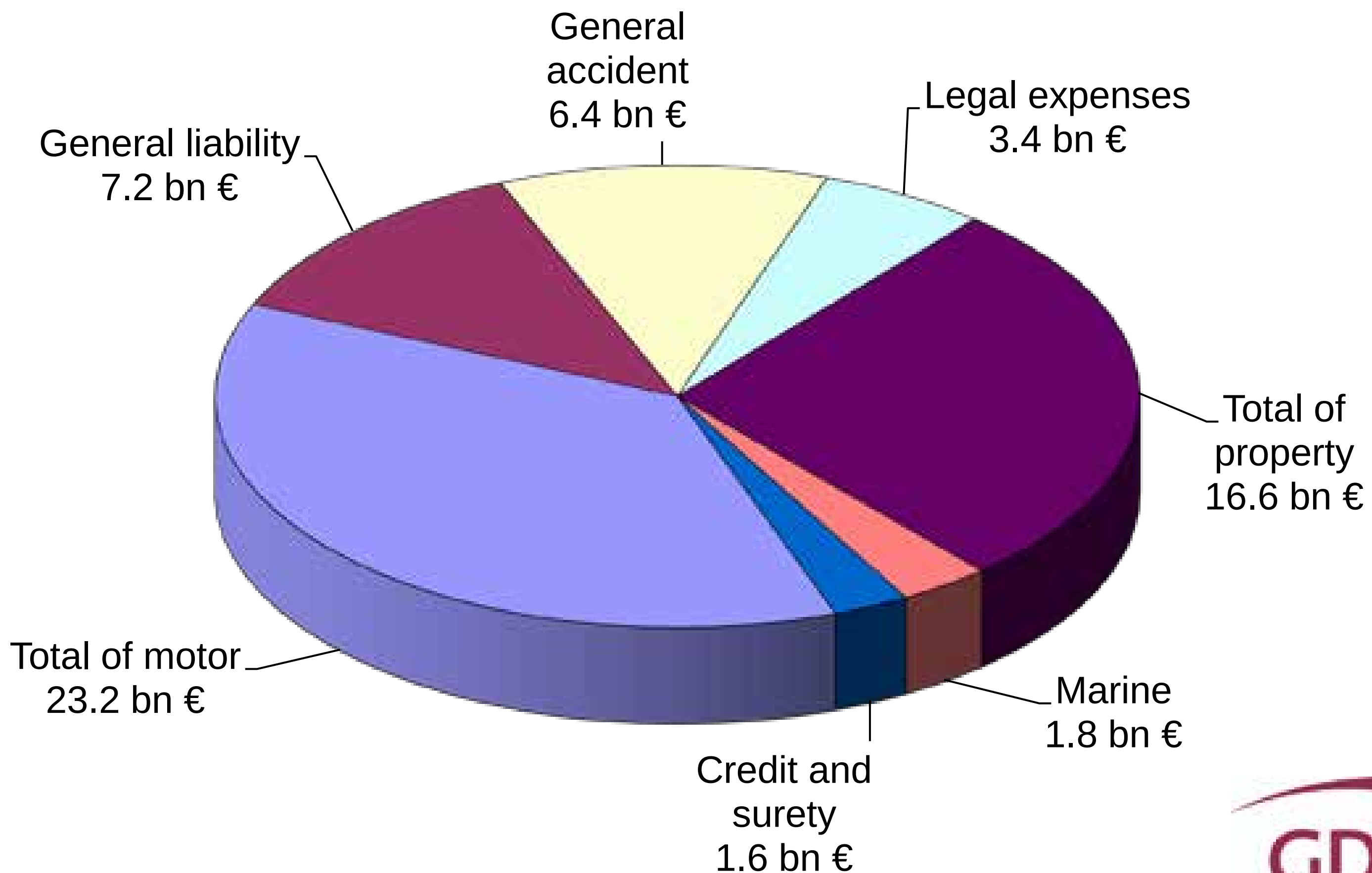
1.1 Distribution of gross premiums written among German life, non-life and private health insurance in 2013

Total: 180.4 bn €



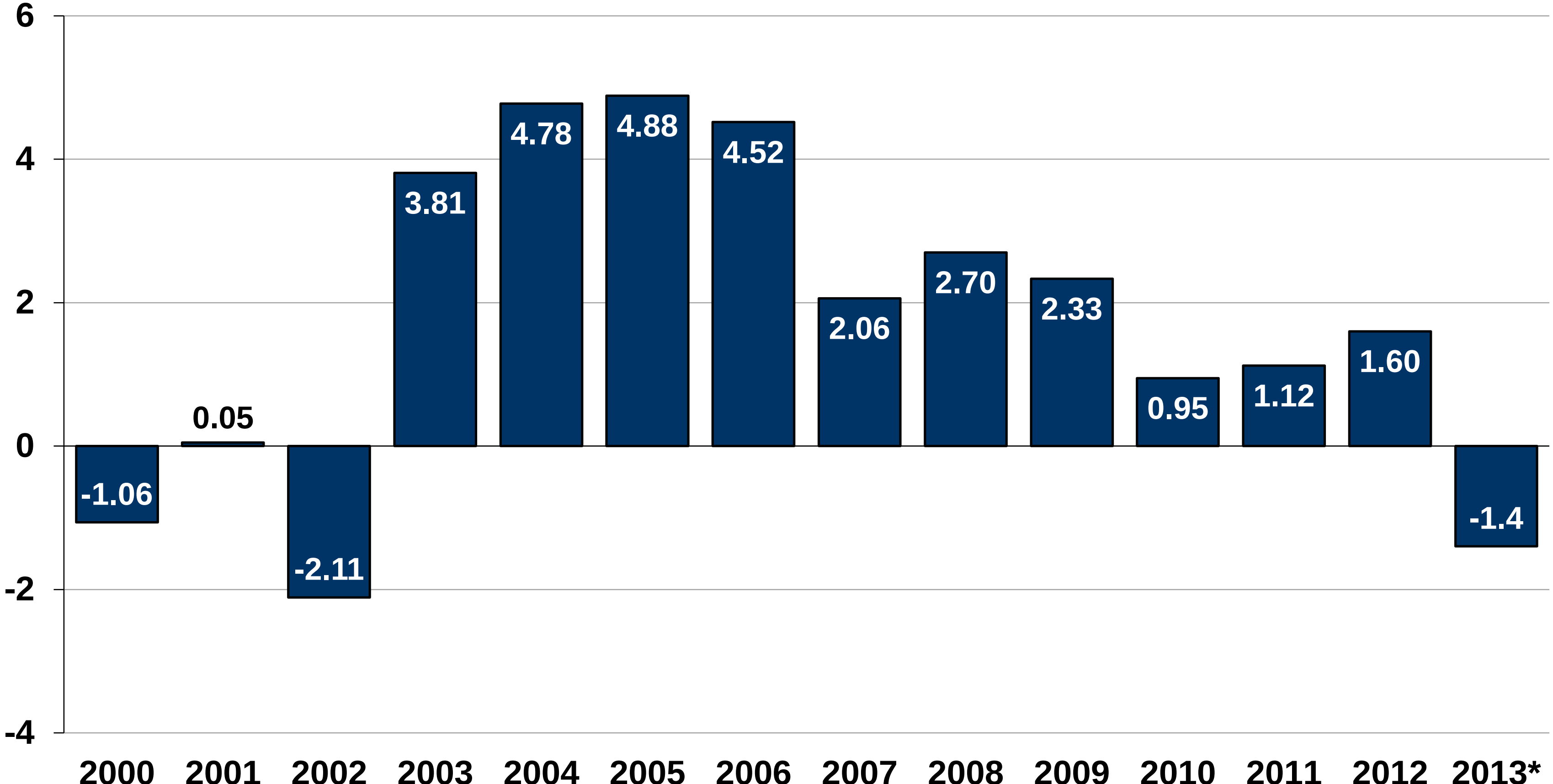
1.2 Distribution of gross premiums written among German non-life insurance classes in 2013

Total: 60.4 bn €



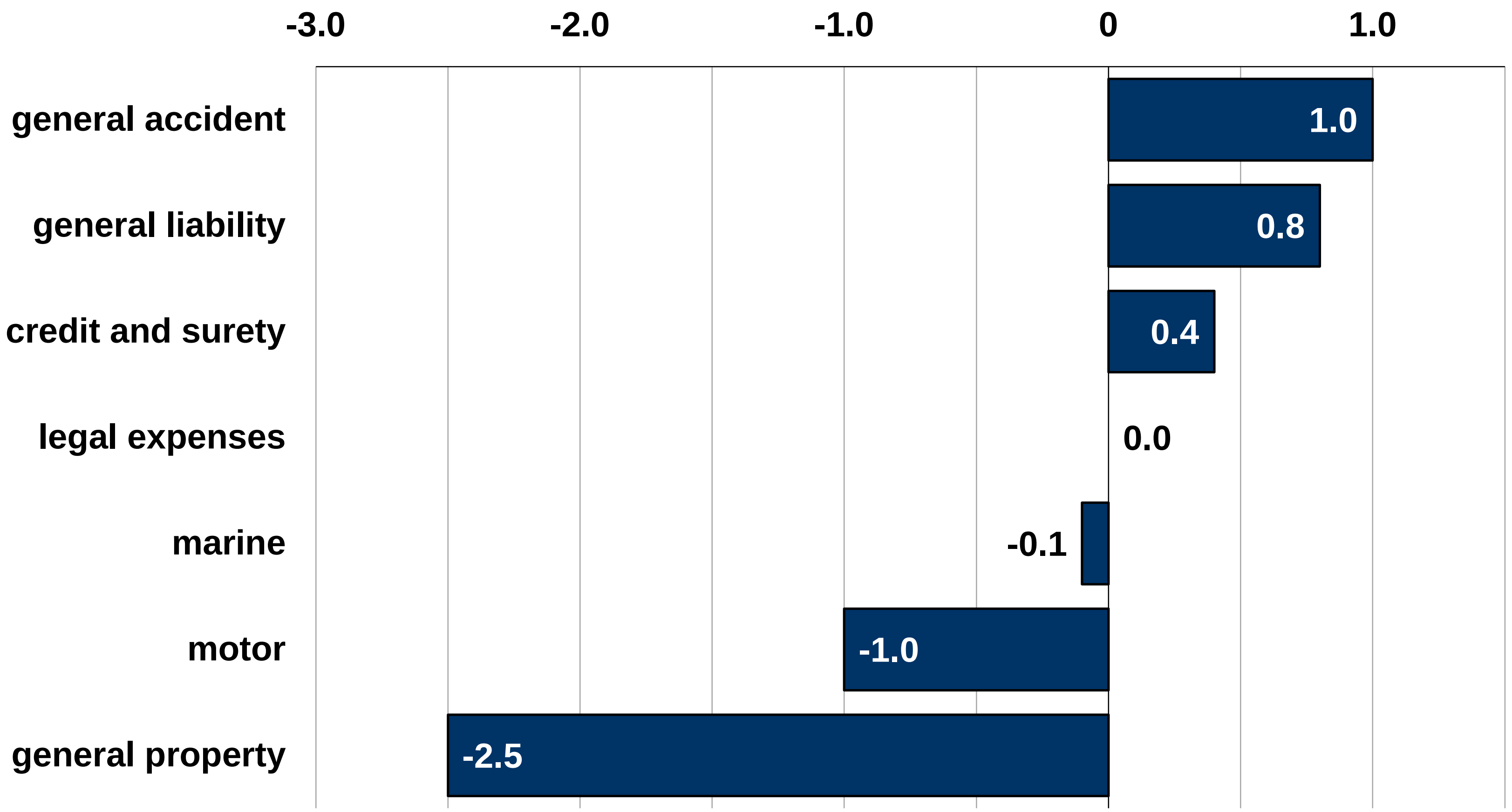
1.3 Underwriting results in German non-life insurance 2000 – 2013

(incl. run-off results, without investment income; in EUR bn)



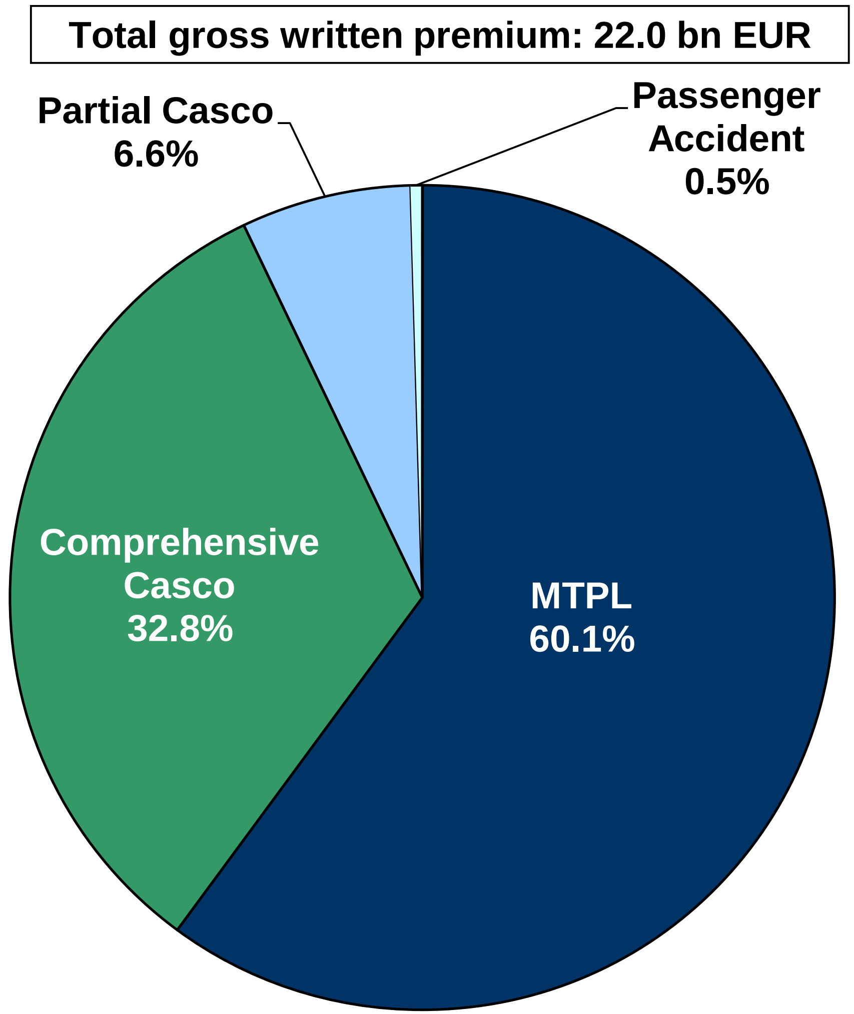
*extrapolated based on latest GDV monthly reports

1.4 Underwriting results by insurance classes in 2013*
(in EUR bn)



*extrapolated based on latest GDV monthly reports

1.5 Gross written German motor premiums 2013: 23.2 bn EUR



1.6 Market shares of the 10 largest German non-life insurers
(as a percentage of gross premiums written)

	Group	market share in 2012
1.	Allianz	15.3 %
2.	R+V / Kravag	7.2 %
3.	AXA	6.0 %
4.	HUK-Coburg	5.9 %
5.	Generali	5.4 %
6.	ERGO	5.2 %
7.	Talanx	5.0 %
8.	Zurich	4.0 %
9.	VKB	3.3 %
10.	LVM	2.9 %
	Total	**60.3 %**

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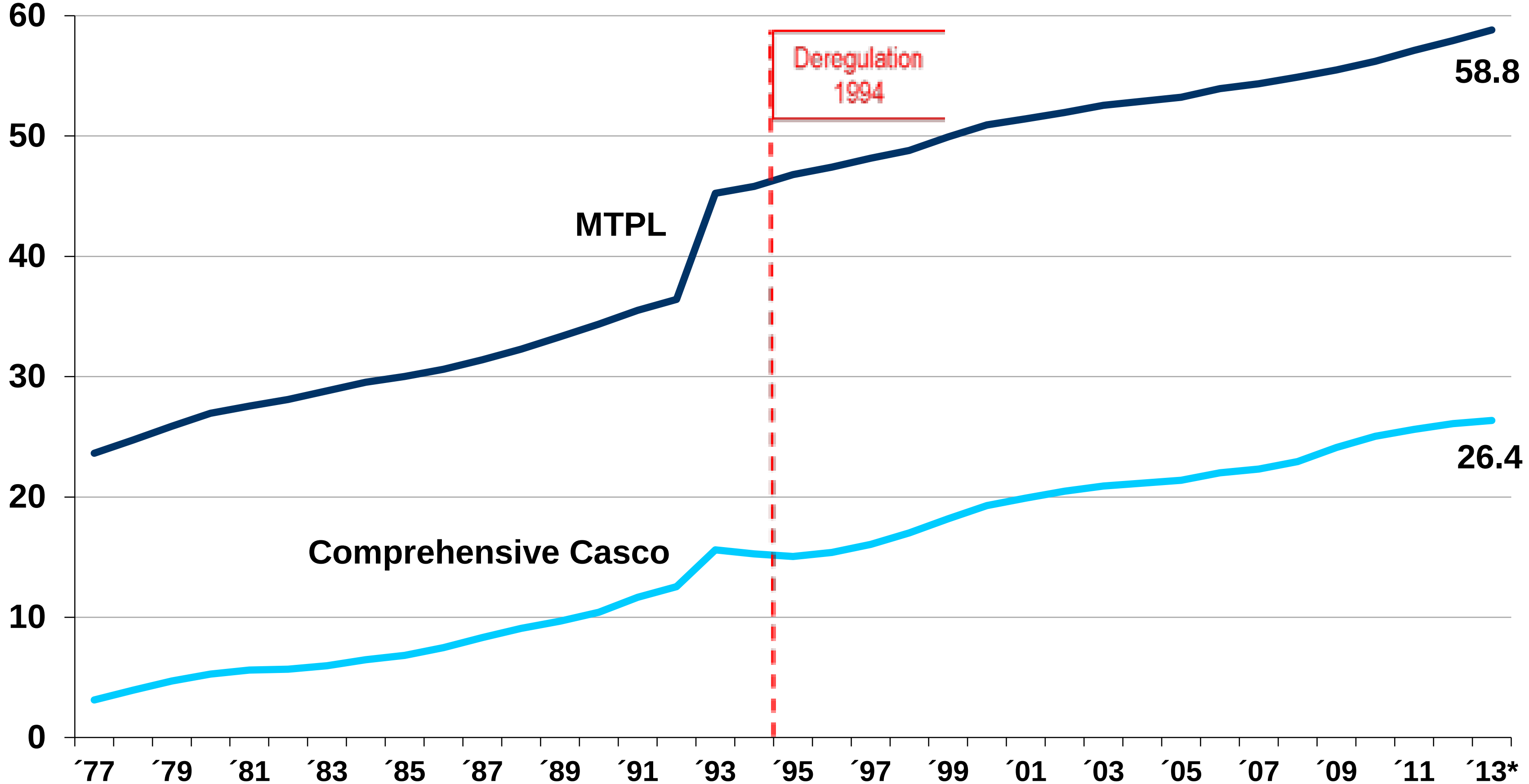
General remarks on market liberalization in 1994 (1) (4)

- Since 1994, there is generally
  - no supervisory restriction for developing rates and risk factors by the insurance companies;
  - no need for approving the rates by the supervisory authority.
- Cooperation between insurance companies as well as between the insurance association and insurance companies has to correspond to the rules of antitrust law and law of competition:
  - Statistical cooperation of insurance companies has to be voluntary.
  - Support of the insurance companies in calculation matters by the insurance association
    - has to correspond to acknowledged actuarial rules and
    - is limited to nonbinding recommendations.

Development of contracts in MTPL and comprehensive casco
(standardized contracts; in mill.)



*extrapolated based on latest GDV monthly reports

General remarks on market liberalization in 1994 (2) (3)

Consequences of the abolition of tariff supervision

- Abolition of tariff supervision caused mixed feelings at all parties involved:
  - The Supervisory Authority was worried about loosing power and influence.
  - Insurance companies were aware of facing strong competition.
  - Consumer Associations feared that the freedom of rate setting would lead to overcharged insurance rates. **But the opposite occurred:**
- Strong competition between insurance companies led to a dramatic decline of insurance rates.

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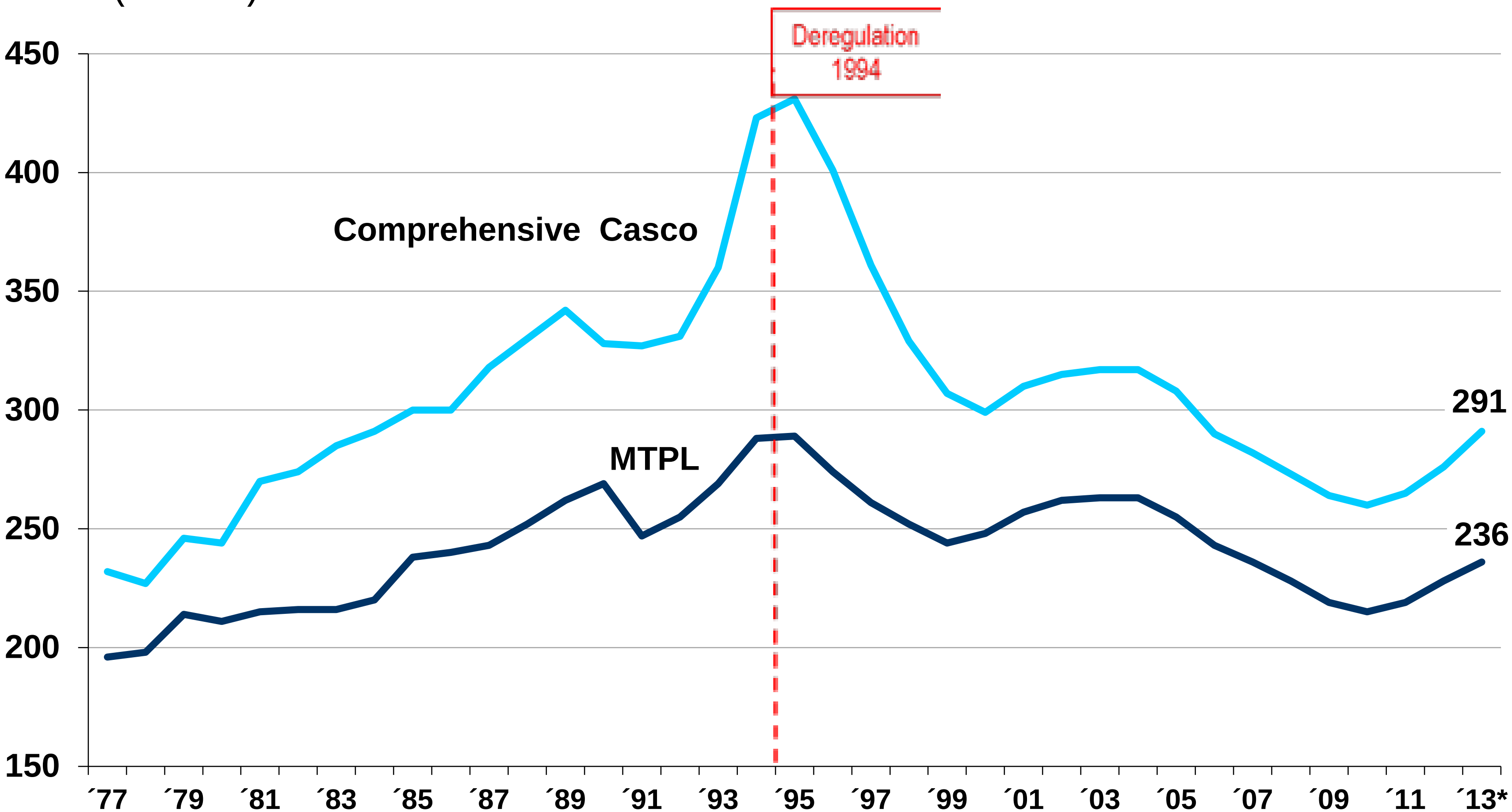
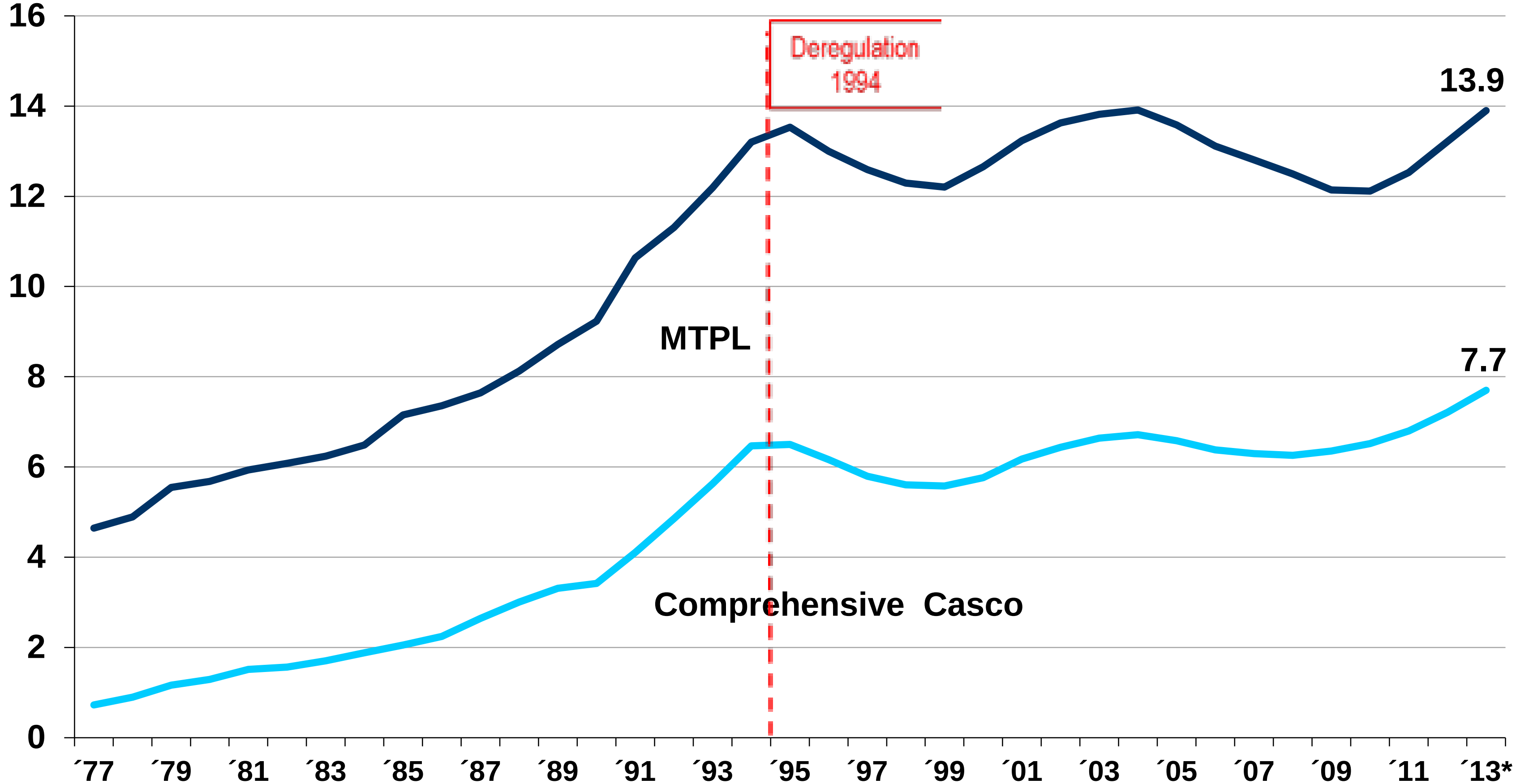
2.1 Development of German average annual motor premium
(in EUR)



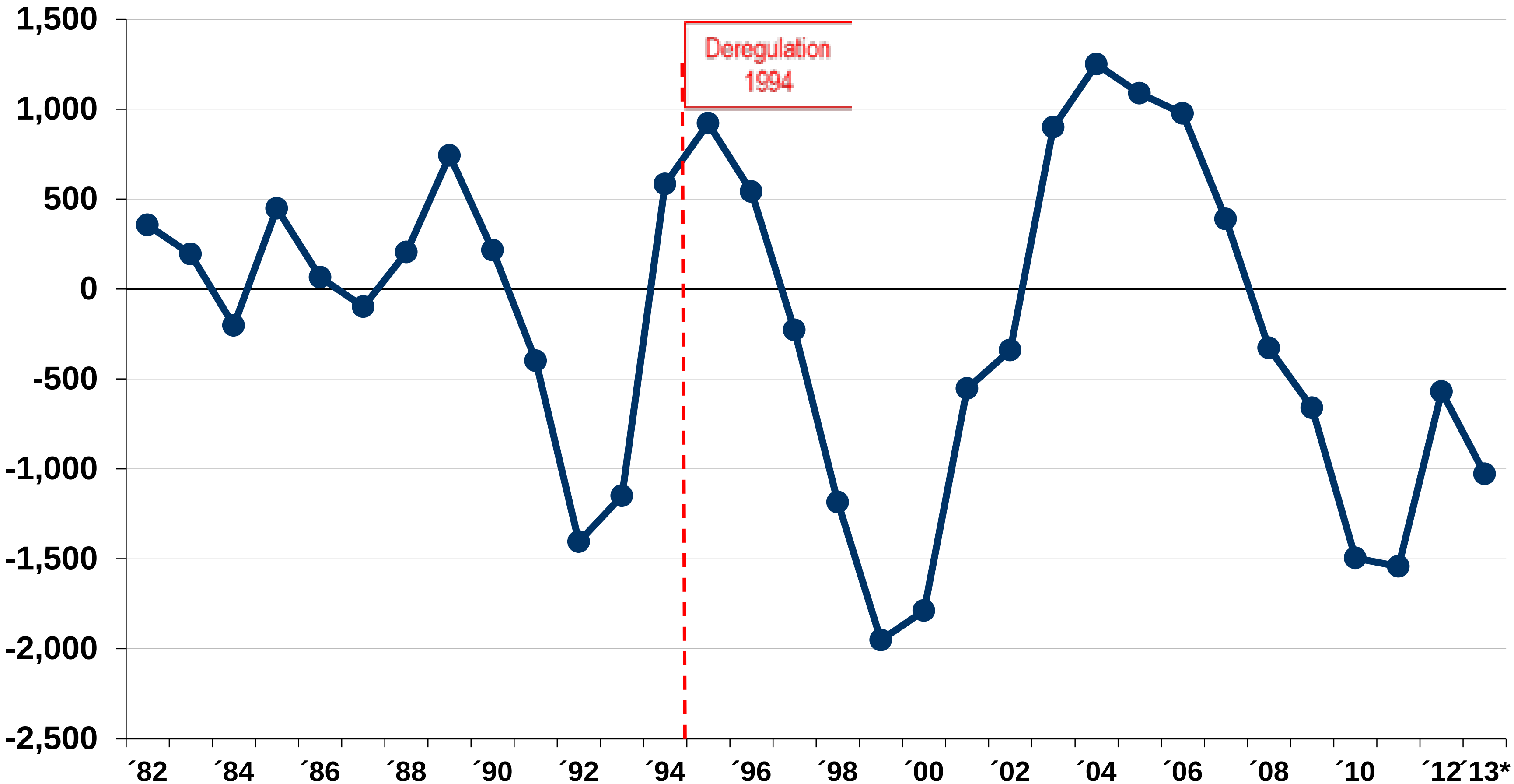
*extrapolated based on latest GDV monthly reports

2.2 Development of German gross motor premium income
(in EUR bn)



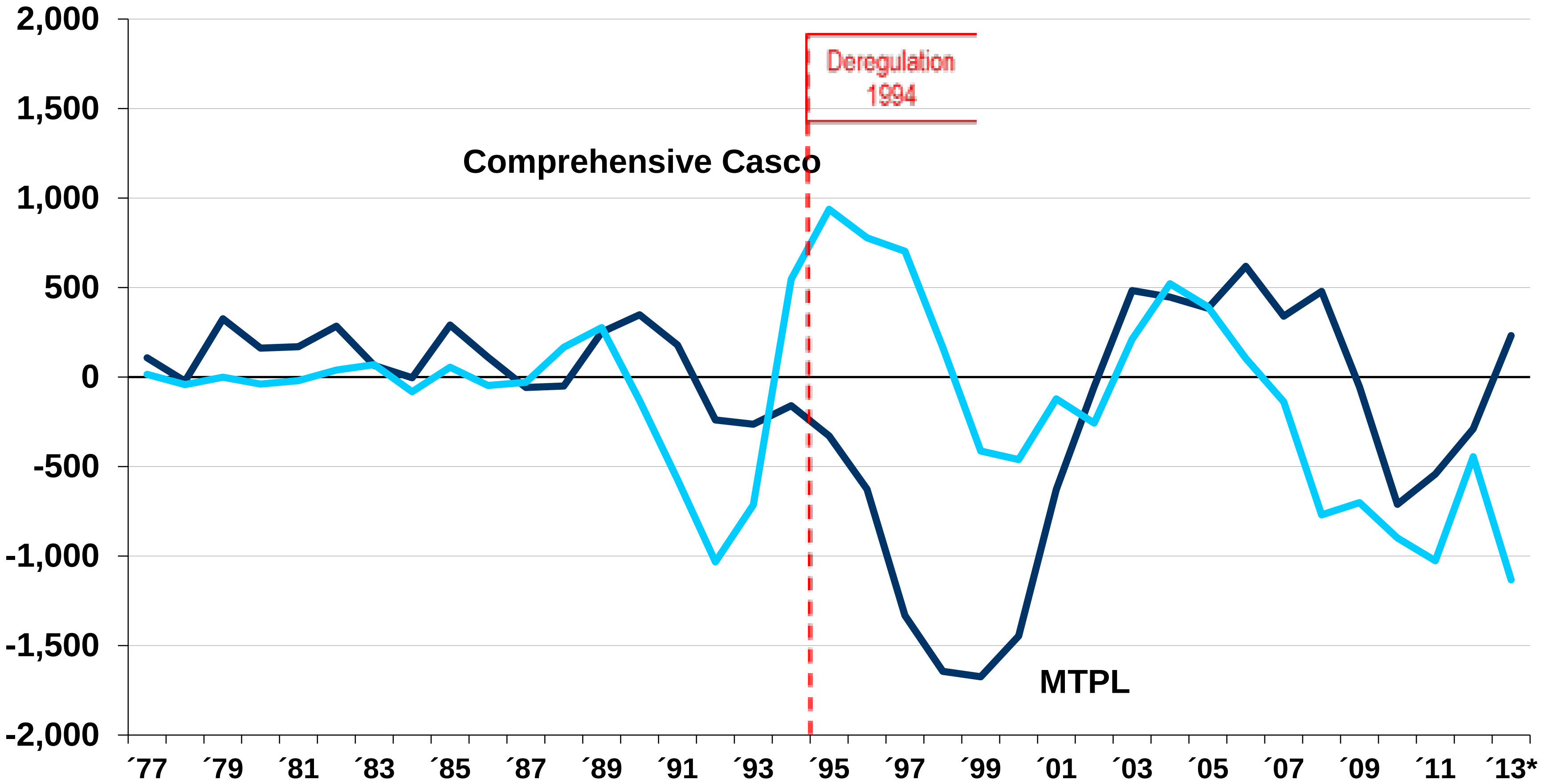
*extrapolated based on latest GDV monthly reports

2.3 Trend of underwriting results in German motor insurance
in EUR mill.



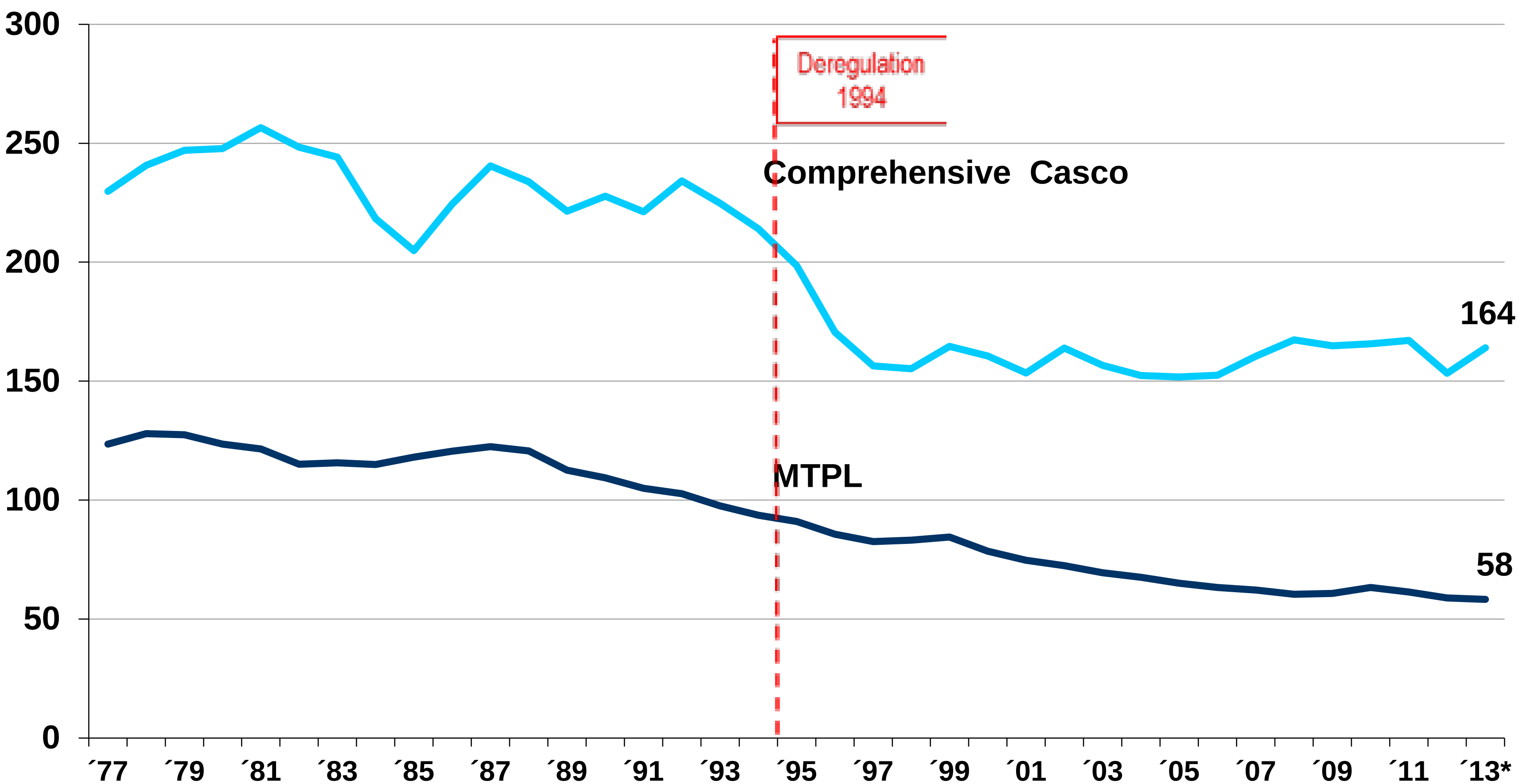
*extrapolated based on latest GDV monthly reports

2.4 Development of German motor insurance underwriting results (including costs and run-off-profits; in EUR mill.)



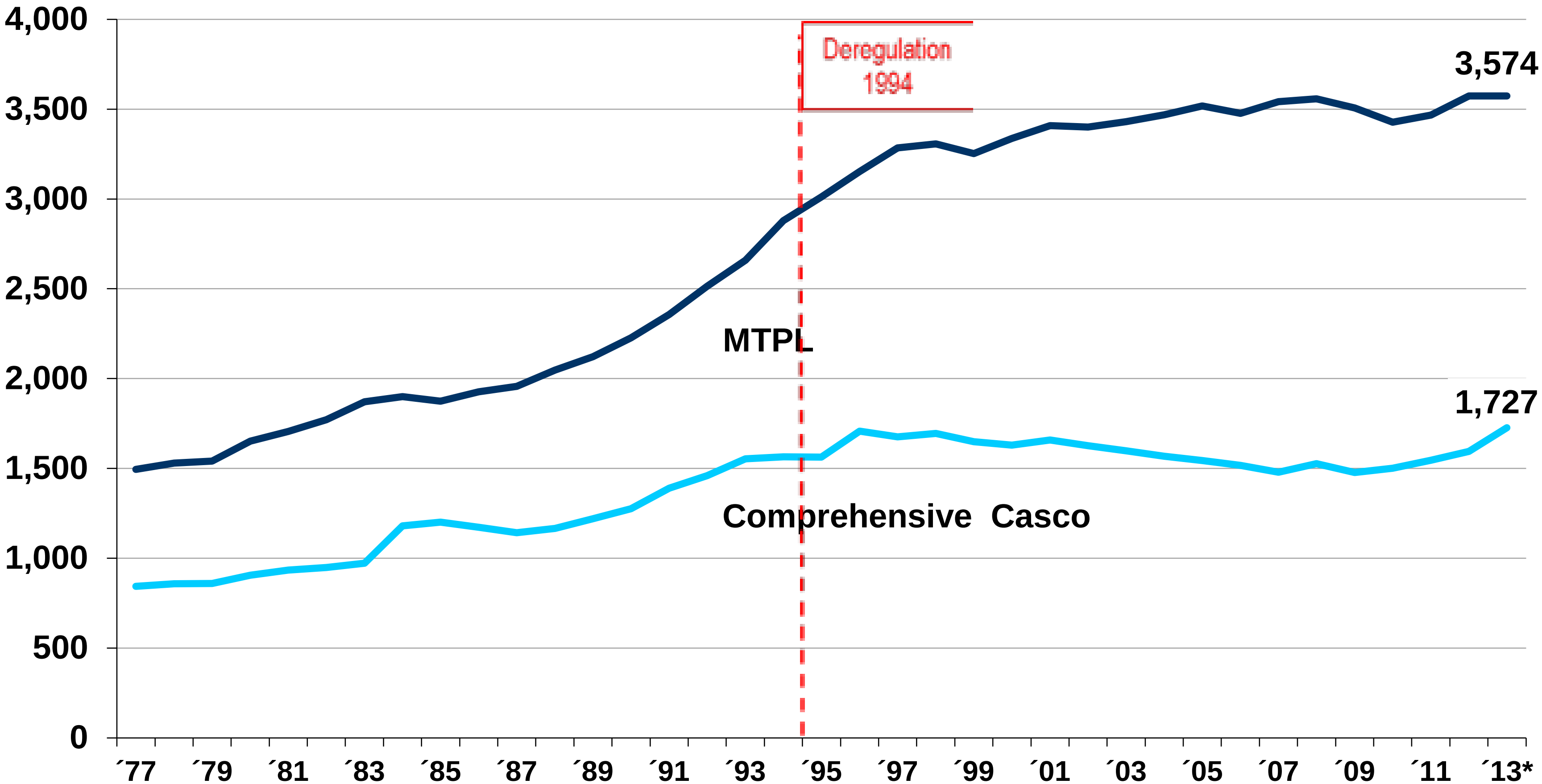
*extrapolated based on latest GDV monthly reports

2.5 Development of claims frequency
(per mill)



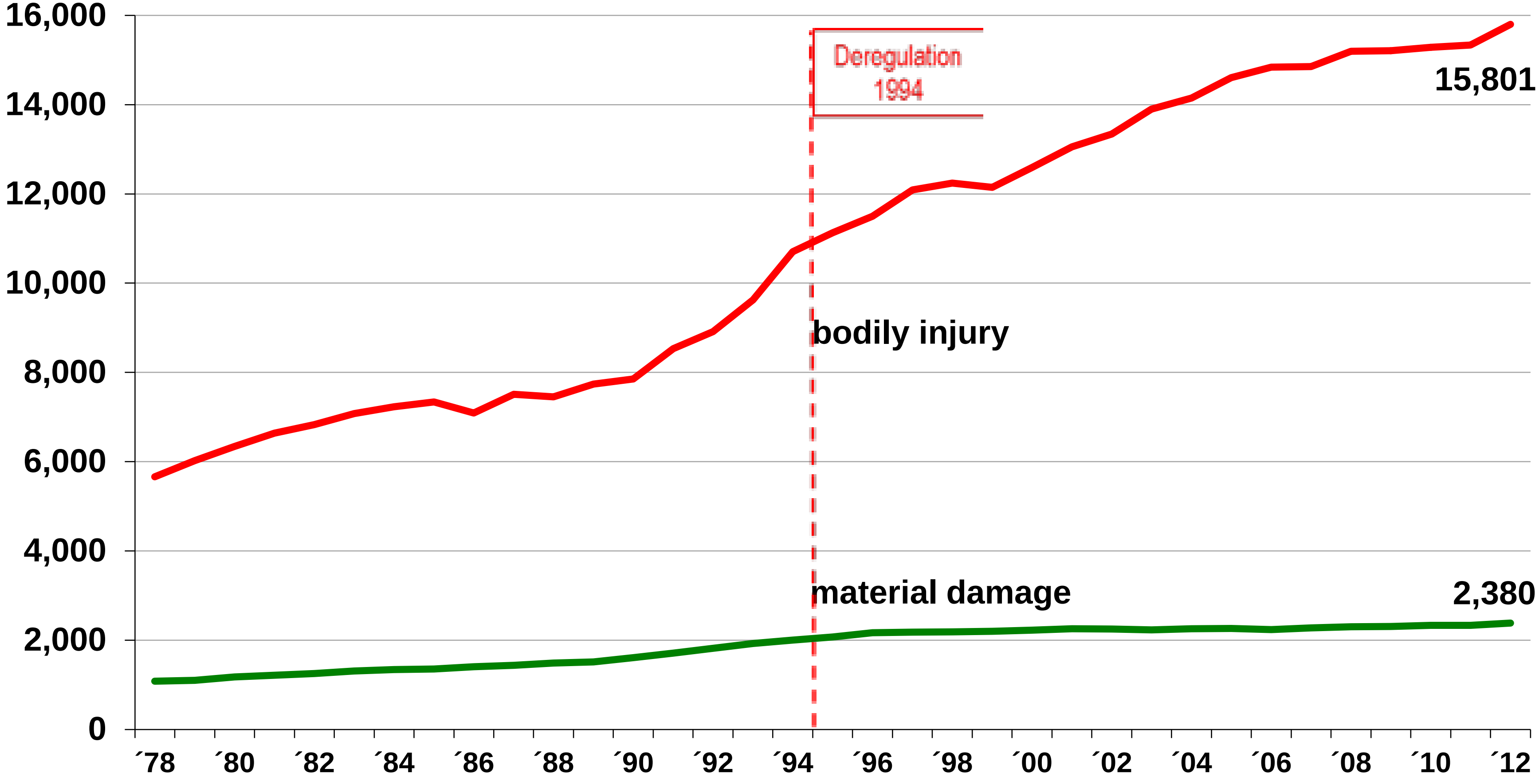
*extrapolated based on latest GDV monthly reports

2.6 Development of average amount of claims
(in EUR)



*extrapolated based on latest GDV monthly reports

2.7 Development of average amount of claims for bodily injury and material damage – MTPL (in EUR)



German Insurance Association

Gesamtverband der Deutschen Versicherungswirtschaft e. V.

German Insurance Association, Frank Thyrolf

Wilhelmstraße 43 / 43 G, D - 10117 Berlin

Phone: +49 30 2020-5767

Fax: +49 30 2020-6767

www.gdv.de

51, rue Montoyer, B - 1000 Brussels

Phone: +32 2 28247-30

Fax: +32 2 28247-39

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