

INSURANCE

A CORNERSTONE OF EUROPEAN SOCIETY

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The contribution that European insurers make to our society extends far beyond the coverage they provide to policyholders, according to Michaela Koller, director general, Insurance Europe.

Europe is today the world's largest insurance market. In 2013 European insurance premiums totalled €1 119bn, accounting for 35% of the global total. During the same period the volume of claims and benefits paid to European policyholders came to €943bn.

Those payments do not, however, just represent sums of money. They represent the confidence of individuals and businesses to engage in the economic activity that is so important in driving growth in Europe's economy.

An economic catalyst

Insurance policies and products enable individuals and businesses to reduce, to an important extent, uncertainty in their futures. The policies and products they buy provide the reassurance that, should the worst happen, they will be financially covered for the risks they insure.

becomes ever more interconnected and complex, this role will also continue to grow in importance.

Securing our future

As the proportion of Europe's population in retirement increases and the workforce who pay for state-provided pensions diminishes, it will invariably fall to the private sector to provide more innovative products that allow people to provide for their old age. Consequently the savings products that insurers offer will play an increasingly crucial part in ensuring our economic sustainability.

Society also benefits from life insurance and assurance products that offer individuals the peace of mind in knowing that, should they pass away unexpectedly, costs will be covered, mortgages paid and their loved ones provided for.

Providing jobs and investment

These components play important roles in ensuring Europe's economic stability and prosperity. They are not, however, the only ways in which Europe's insurers contribute to our society.

The industry directly employs almost a million people, with a further million employed indirectly. This supports much sought after jobs at a time of economic uncertainty.

In a more abstract sense insurers also have a hand in affecting people's behaviour for the better, for example, by encouraging people to live more healthily and drive more safely in return for smaller life and car insurance premiums. Insurers also

encourage better business practices and can often provide valuable advice on how firms can operate more effectively and efficiently.

The investments that insurers make also underscore their importance as a cornerstone of our society. Today insurers are Europe's largest institutional investor, and in 2013 had over €8 500bn of assets under management, representing a 49% nominal increase since 2004, as shown in Figure 1.

Due to insurers' underlying business model, these are mostly long-term investments. Taking a long-term view on investment means insurers have played an important stabilising role during the financial crisis — focusing on the true long-term value of their investments, instead of short-term market movements. Since the insurance industry in Europe accounts for approximately 24% of all European government bonds, 21% of

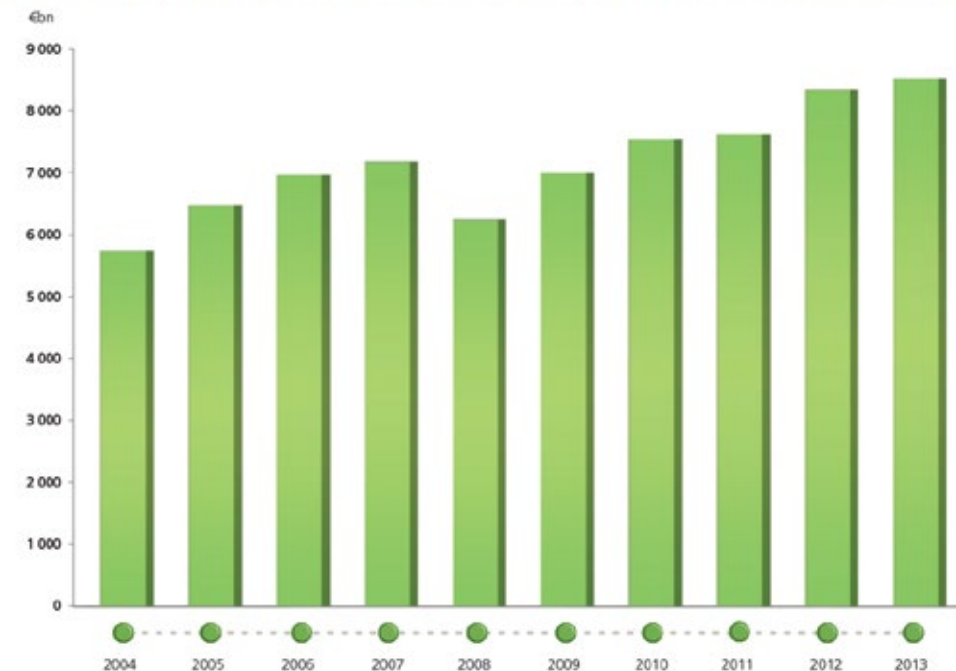
European corporate bonds and 18% of the European equity market, this role should not be underestimated.

Unfortunately the contributions made by the insurance industry do not always gain as much attention as they could.

By making these investments insurers are contributing to the very fabric of our society, encouraging stability and promoting growth at a grassroots level by enabling governments and companies to make investments themselves. Given the difficult economic challenges Europe currently faces these contributions are more important now than ever before.

Figure 1.:

Total European insurers' investment portfolio — 2004–2013 (€bn)



The industry directly employs almost a million people, with a further million employed indirectly.

For this reason, modern European society could not thrive without the underlying protection that insurance offers, especially given the fundamental role it plays in creating the confidence which allows economic activity to take place. As our regional, and indeed global, economy

Working with regulators

In order for an industry to remain healthy it must be effectively regulated. Europe's insurers recognise this and welcome the chance to engage with regulators and policymakers. This engagement is crucial in working to ensure that regulation delivers the protection that policyholders need while avoiding placing any unnecessary burdens on the industry. Given that the level of regulatory scrutiny which insurers face at a local, regional and global level is higher than ever before, it is more important than ever that we work with regulators and policymakers to ensure that such regulation is balanced and appropriate.

The need to get our message across

Unfortunately the contributions made by the insurance industry do not always gain as much attention as they could. The European insurance industry does not tend to shout about its achievements, or the significant contribution it makes. Perhaps then,

given the huge benefits we offer to European society, it is time for us all to work harder to get this message across.

Box out: 2013: A year in European insurance: Some key numbers

Of the total €1 119bn of European insurance premiums collected in 2013; €667bn were life premiums, €334bn were property, casualty and accident premiums, and €118bn health premiums, accounting for 60%, 30% and 10% of the total market respectively, as Figure 2 shows. *Note: GWP = gross written premiums*

In terms of claims and benefits paid to policyholders: 66% were life insurance benefits, 24% were property and casualty (P&C) and accident claims and the remaining 10% were health insurance claims as shown in Figure 3.

As Figure 4 shows, an average of €1 887 per capita was spent on insurance in Europe in 2013, compared to €1 541 ten years earlier in nominal terms. Of the per capita spent in 2013, €1 124 went on life, €564 on P&C, and €199 on health insurance.

Figure 2.:

Total European GWP — 2013



Figure 3.:

European benefits and claims paid — 2013 (€bn)



Figure 4.:

Average premium per capita — 2013

