

Comparison of different insurance markets & products in different regions and countries

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An Interlocking Puzzle Of Factors That Make Growth Tough To Find

- A challenge of a potential hard landing of the world economy.
- The global landscape is hardly uniform:
 - Mature markets show signs of stability;
 - Emerging markets show greater earnings prospects, a trend we saw in 2015.
- Worldwide underwriting performance, though still steady, is deteriorating modestly.
- Strong capital from underwriting earnings and strong asset quality (with prudent capital management providing a solid foundation).
- Some issues with investment income.

Regional trends

(%)	Global*	APAC	Latin America	CEEMEA	Western Europe	North America
Median Financial Strength Rating (FSR)	A-	A-	BBB	BBB	A	A
Capital redundancy level (2017, weighted)	A	BBB	BBB	A	AA	AA
Earnings growth CAGR (2015-2017)	7.2	11.4	20.8	23.7	4.4	6.6
Nominal Gross Premium Growth 2016 - Overall	3-5	5-7	8	6	2	5-7
- Life	2.8	4	8	7.3	1.8	2.5
-P/C	7	7	10	6	2.3	4
-Health	7	7	8	N/A	0.2	15
- Mortgage	1	(10.0)	N/A	N/A	N/A	3.4

*Includes core and highly strategic entities. Gross premium growth is weighted. N/A-Not applicable.

Asia-Pacific: Lackluster Earnings, But Still Growing

(%)	2016F nominal GPW year over year	2013- 2015 average GPW year over year	2016F net combined ratio	2013- 2015 average net combined ratio	2016F ROE	2013- 2015 average ROE
Australia	3.5	3.7	95	91.1	15	14.9
Hong Kong	2.8	4.5	92	90.3	N.A.	N.A.
Japan	2.5	2.9	97	98.8	4.5	4.7
Korea	4	4	102	103.5	10	9.5
New Zealand	2	6.5	95	95	6	7.2
Singapore	4	3.1	90	86.5	13.5	14.1
China	13	14.5	100	99.6	13	13.5
India	16.5	13.4	113.6	113.7	6	6.2

* F-Forecast. N.A.-Not available.

** Data is solely for P/C sector

Latin America: Higher Interest Rates Will Help Insurers Facing Tougher Conditions

(%)	Sector	2016F nominal GPW year over year	2013-2015 average GPW year over year	2016 F ROE	2013-2015 average ROE	2016F net combined ratio	2013-2015 average net combined ratio	2016 F ROA	2013-2015 average ROA
Brazil	P/C	12	15.5	12	12.7	87	87	N.A.	N.A.
	Life	10	10.6	15	16.6	N.A.	N.A.	N.A.	1.3
	Health	8	15.3	15	16.3	105	108.3	N.A.	N.A.
Mexico	P/C	10	8.7	N.A.	N.A.	95	94.4	N.A.	N.A.
	Life	8	8.6	20	20.6	N.A.	N.A.	3	2.8

Western Europe: Low Interest Rates Are The Top Concern

(%)	2016F nominal GPW year over year	2013- 2015 average GPW year over year	2016F net combined ratio	2013- 2015 average net combined ratio	2016F ROE	2013- 2015 average ROE
Austria	1.2	1.3	98	97.4	7	8
France	4	1.3	100-103	100.3	5-7	4.7
Germany	0.5	2.8	98	97.4	10	12.7
Italy	1.8	(2.8)	95	93.6	N.A.	N.A.
Netherlands	4.4	(2.9)	100	100.5	N.A.	N.A.
Norway	3.2	3.9	88	85.8	22	24.9
Portugal	7	(0.1)	95.5	95.2	3	(9.3)
Spain	1.5	0.1	95	94.7	12	12
Sweden	3.1	4.1	96.5	94.2	N.A.	0
United Kingdom	2.5	1.5	102	102.4	11	12.7
* F. Forecast. N.A.-Not available. ** Data is solely for P/C sector						

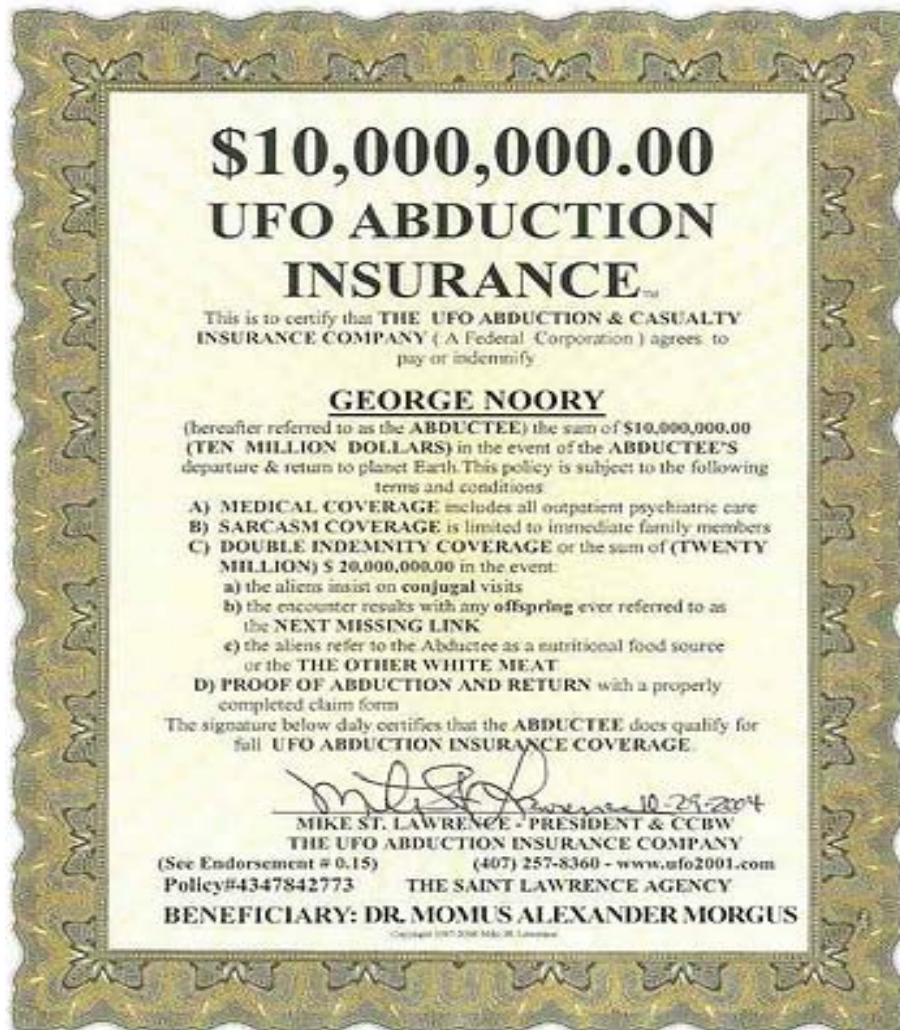
CEEMEA: New Regulations And Falling Oil Prices Create Problems

(%)	2016F nominal GPW year over year	2013- 2015 average GPW year over year	2016F net combined ratio	2013- 2015 average net combined ratio	2016F ROE	2013- 2015 average ROE
Bahrain	6.6	8.6	100.0	100.3	N.A.	N.A.
Kazakhstan	5.0	8.5	100.0	98.0	10.0	20.8
Kenya	N.A.	11.5	97.0	99.7	N.A.	11.8
Oman	7.9	9.6	97.0	94.0	10.0	10.5
Qatar	20.0	6.1	95.0	94.1	15.0	16.1
Russia	0.7	5.7	100.0	98.3	6.0	9.0
Saudi Arabia	9.9	21.5	91.0	97.0	6.6	(0.5)
South Africa	5.5	8.0	95.0	96.9	15.0	16.2
* E-Forecast. N.A. - Not available.						
Turkey	10.0	15.3	103.0	105.0	6.0	3.3
** Data is solely for P/C sector						
United Arab Emirates	10.0	10.5	99.0	100.0	5.0	5.3

North America: A Jittery Start Won't Make For A Year Of Jitters

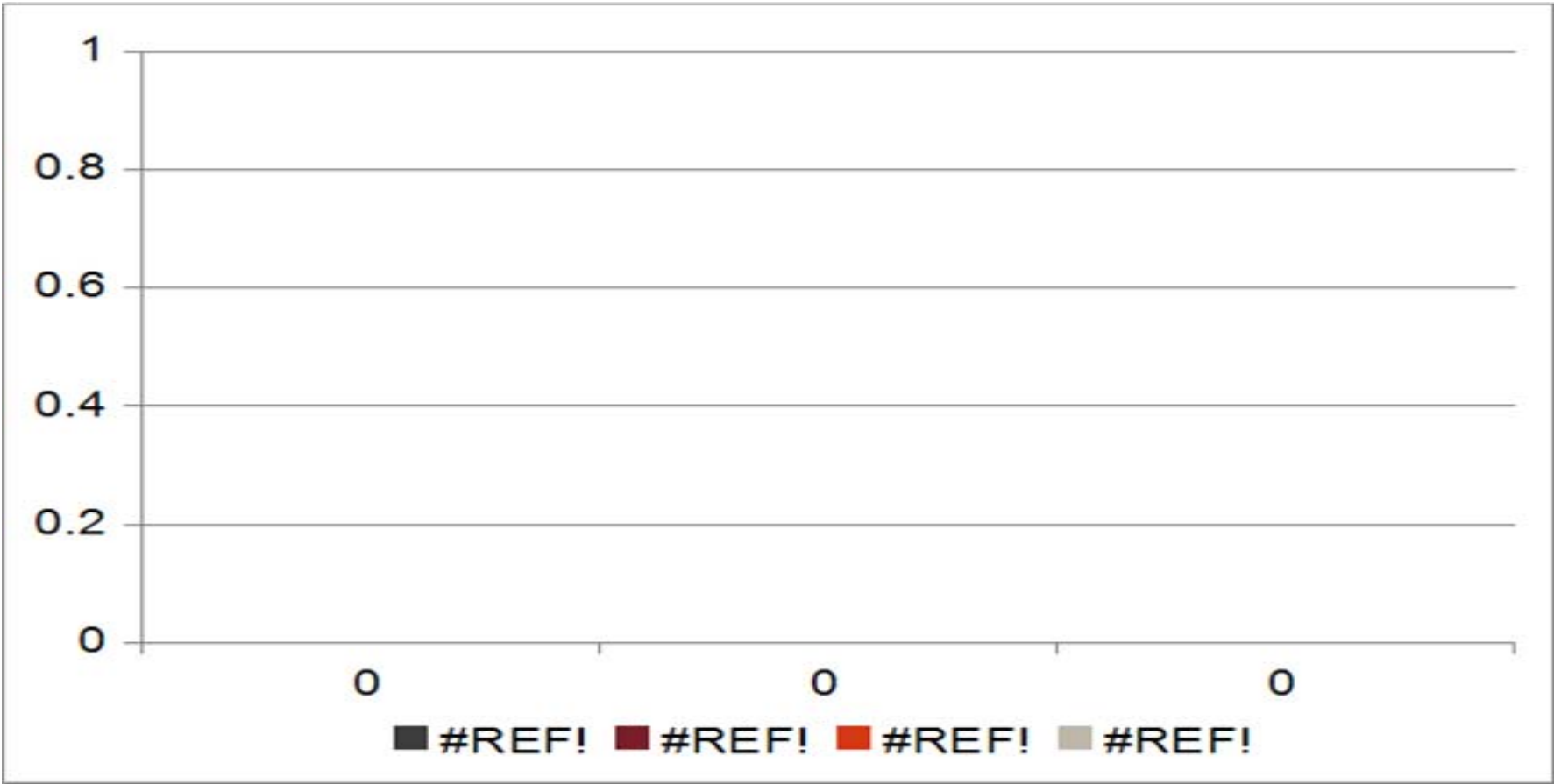
Country	Sector	2016F nominal GPW year over year	2013- 2015 average GPW year over year	2016F net combine d ratio	2013- 2015 average net combine d ratio	2016 F ROA	2013- 2015 average ROA	2016 F ROE	2013- 2015 average ROE
U.S.	P/C	4.9	4.3	96-99%	97.3	N.A.	N.A.	7.0	7.4
	Life	2.5	(0.5)	N.A.	N.A.	0.9	1.0	14.0	14.4
	Mortgage insurance	3.4	7.6	50-55%	73.4	N.A.	N.A.	12- 15%	10.6
	Health	14.9	13.4	N.A.	N.A.	N.A.	N.A.	9.0	9.7
Canada	P/C	3.0	7.3	98.4	97.3	N.A.	N.A.	7.0	9.4
	Mortgage insurance	0.6	0.9	42-47%	37.4	N.A.	N.A.	6-9%	9.3

New products



Source: The UFO Abduction Insurance Company, VPI PET Insurance

Global Ratings Distribution



* Based on 1st quarter 2016

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