

APPENDICES



2007 global reinsurance market statistical tables

The figures included in the tables below represent the aggregated results of the reporting reinsurers listed in Appendix III. Except where indicated otherwise below the relevant table, the data in tables 1.1 – 2.3 relates to the reporting entities' reinsurance business only; in tables 3.1 – 5.4 data relates to reporting entities' reinsurance and direct business.

Due to variations in jurisdictions' reporting requirements, most of the reporting entities do not compile data in the format or using the categorisations of the tables in this report, nor are they required to do so by their supervisors. In certain circumstances reporting entities have submitted estimates, or the Reinsurance Transparency Group has itself made estimates in order to produce the tables. In some cases, not even estimates could be made so that there are some omissions from some of the tables.

Comments and explanatory notes relevant to specific tables have been included below each table. The main general assumptions and qualifications are included in Appendix IV.

Table 1.1

Table 1.1 analyses gross reinsurance premiums by class of business (life/non-life, with non-life analysed into property, liability and financial lines). The table also shows how much of these premiums are retained and how much is retroceded both to other reporting reinsurers and to non-reporting reinsurers.

Table 1.1: Gross reinsurance premiums assumed by class of business and retrocessions by class of business and reporting status of retrocessionaire					
Gross reinsurance premiums assumed by class of business and retrocessions by class of business and reporting status of retrocessionaire (US\$m)					
Class of business	Gross reinsurance premiums assumed ¹⁾	Of which retroceded to reporting entities	Of which retroceded to non-reporting entities	Net reinsurance premiums assumed	
Life insurance (all) ²⁾	66'718	4'978	14'287	47'394	
Non-life insurance	123'107	9'802	20'580	91'091	
of which Property ³⁾	70'048			48'705	
Liability ⁴⁾	47'182			33'894	
Financial lines ⁵⁾	5'390			5'106	
Total Life and Non-Life	189'824	14'780	34'867	138'485	

- For the United States, the annual statements do not collect information in a manner which enables the retrocession of reinsurance business assumed to be distinguished from the reinsurance of direct business assumed. This table therefore includes an element of reinsurance of direct business within the figures relating to retrocessions, with a corresponding understatement of 'net reinsurance premiums assumed'.
- Because of the above, conclusions on the levels of retrocession and net premiums assumed have not been drawn from this data.

Table 1.2

Table 1.2 analyses gross reinsurance premiums assumed according to the regions of ceding insurers. Aggregated results indicate the origination of ceded risks at a global level. Further analysis of jurisdiction level information also enables information on net cross-regional transfer of reinsurance premiums to be produced.

Table 1.2: Gross Reinsurance premiums assumed by region of ceding insurer		
Gross Reinsurance premiums assumed by reporting entities by region of ceding insurer (US\$m)		
Region of ceding insurer ⁶⁾	Gross reinsurance premiums assumed ¹⁾	
Europe	69'372	
North America	97'809	
Asia and Australia	14'474	
Africa, Near and Middle East	3'081	
Latin America	5'087	
Total	189'824	

Table 2.1

Table 2.1 shows gross reinsurance premiums assumed by class of business, and according to whether the business relates to proportional or non-proportional contracts.

Table 2.1: Reinsurance premiums assumed by class of business and type of contract			
Gross reinsurance premiums assumed ¹⁾ proportional/non-proportional by class of business (US\$m)			
Class of business	Proportional ⁷⁾	Non-proportional ⁸⁾	
Life insurance (all) ²⁾	66'849	327	
Non-life insurance	94'473	28'119	
of which Property ³⁾	51'175	18'905	
Liability ⁴⁾	38'510	8'670	
Financial lines ⁵⁾	4'843	544	
Total Life and Non-Life	161'378	28'446	

- For the US, the annual statements do not collect information in a manner which enables analysis of 'life' business to be split between 'proportional' and 'non-proportional' types of contract. All has been included as 'proportional'.

Table 2.2

Table 2.2 is a high level overview of technical performance, showing 'net premiums earned' and 'net claims incurred' by class of business.

Table 2.2: Technical performance by class of business			
Net premiums earned and net claims incurred by class of business in respect of reinsurance business assumed (US\$m)			
Class of business	Net premiums earned ⁹⁾	Net claims incurred ¹⁰⁾	
Life insurance (all) ²⁾	58'140	15'078	
Non-life insurance	101'176	37'911	
of which Property ³⁾	55'755	21'284	
Liability ⁴⁾	39'907	15'192	
Financial lines ⁵⁾	5'199	1'292	
Total Life and Non-Life	159'316	52'989	

- US data included in this table is in respect of both reinsurance and direct business. The annual statements do not collect information in a manner which distinguishes between direct and reinsurance business for 'net premiums earned'. The US data for 'net claims incurred' is included on a similar basis for purposes of comparability. For all other jurisdictions the data relates to just the reinsurance business of the reporting entities.

Table 2.3

Table 2.3 gives a profile of claims exposures in respect of retained reinsurance risk ('net claims provision') by class of business and, where possible, making a distinction between reported claims and incurred claims which have not yet been reported to the reinsurer, for which the degree of uncertainty may be higher.

Table 2.3: Claims provision for reinsurance assumed by class of business					
Net claims provision for reinsurance assumed, by class of business and reporting status of claim (US\$m)					
Class of business	Net claims provision for reported claims ^{11) & 12)}	Net claims provision incurred but not reported (IBNR) ^{11) & 12)}	Total net claims provision	Net life assurance provision ¹²⁾	Total net claims provision and net life assurance provision
Life insurance (all)				175'258	175'318
Non-life insurance	141'901	115'876	256'951		257'777
of which Property ³⁾	47'621	30'577	77'626		78'199
Liability ⁴⁾	89'666	81'951	171'405		171'617
Financial lines ⁵⁾	4'334	3'155	7'447		7'488
Total Life and Non-Life					433'096

Table 3.1

Table 3.1 analyses derivative financial instruments held by reinsurers, by type of contract. Additional analysis indicates whether the contracts relate to hedging activity or not. The information includes both notional amounts and fair values.

Table 3.1: Reporting entities' use of derivative financial instruments						
Derivative financial instruments by type of instrument (notional and fair values) (US\$m)						
Type of contract	Held for hedging ¹⁴⁾ purposes		Held for non-hedging purposes		Total	
	Notional amount ¹³⁾	Fair value (+/-) ¹³⁾	Notional amount ¹³⁾	Fair value (+/-) ¹³⁾	Notional amount ¹³⁾	Fair value (+/-) ¹³⁾
Interest rate contracts ¹³⁾	85'912	-65	60'319	307	146'231	242
Equity and index contracts ¹³⁾	16'057	1'480	18'447	158	34'504	1'639
Foreign currency contracts ¹³⁾	9'975	161	4'953	95	14'928	256
Credit derivatives ¹³⁾	498	-1	11'419	-99	11'917	-100
Other	22'298	-5	11'710	-38	34'008	-34
Total	134'739	1'569	106'850	425	241'589	2'004

Table 3.2

Table 3.2 records information on CDS and CDO investments, in respect of both protection bought and protection sold positions, including both notional amounts and fair values.

Table 3.2: Reporting entities' participation in credit risk transfer (CRT) activity		
Participation in credit default-swaps and CDOs by notional and fair value (US\$m)		
Type of contract	Total (notional amount) ¹³⁾	Fair value ¹³⁾
Credit default swaps ¹⁵⁾		
of which Protection bought	3'303	11
Protection sold	8'836	-112
CDO investments ¹⁶⁾		
of which Protection bought (i.e. CDOs sold)	66	73
Protection sold (i.e. CDOs bought)	1'473	531
Total protection bought	3'369	84
Total protection sold	10'310	418

Tables 4.1/4.2

Tables 4.1 and 4.2 deal with exposures of reinsurers to counterparties, the former by sector of counterparty (insurers, financial institutions, split where possible between banks and investment institutions, sovereigns and others) and the latter according to whether the counterparty is affiliated. These tables record information on selected assets covering the major asset categories as well as the extent to which recoverables from ceded reinsurance and retrocessions, as well as derivatives, are covered by collateral.

Table 4.1

Table 4.1: Key counterparty exposures (selected assets) by sector of counterparty							
Key counterparty exposures (selected assets) by sector of counterparty (US\$m)							
Selected assets ¹⁷⁾	Total	Insurers ¹⁹⁾	Financial institutions	Of which		Sovereigns ²¹⁾	Other
				Banks ²⁰⁾	Investment institutions		
Recoverables from ceded reinsurance and retrocessions ¹⁸⁾	202'416	202'416					
of which covered by collateral	74'835	74'835					
Debt securities ²²⁾	422'857	175'920	37'716	16'017	14'895	120'840	88'468
Cash and cash equivalents deposited ²³⁾	106'215	81'661	22'146	22'171	320	88	1'975
Shares and other equity investments ²⁴⁾	214'927	120'777	28'494	3'751	19'209	4	65'650
Derivative financial instruments with positive fair value ²⁵⁾	5'718	1'611	4'102	2'616	123	0	5
of which covered by collateral	1'199	0	1'199	701	0	0	0
Receivables arising from insurance and assumed reinsurance business	56'719	56'397	0	0	0	0	115
Other loans and receivables	42'111	22'871	2'258	384	637	746	16'233
Total ¹⁷⁾	1'050'964	664'279	93'691	40'113	34'809	120'802	172'074

* 'Total' represents the total of selected assets allocated by sector in (1) to (4), plus those which could not be allocated by sector.

- Figures relating to 'financial institutions' have been analysed, where possible, according to whether they relate to banks or to investment institutions.

Table 4.2

Table 4.2: Reporting entities' counterparty exposure (selected assets) by affiliation of counterparty				
Key counterparty exposures (assets) by affiliation of counterparty (US\$m)				
Selected assets ¹⁷⁾	Total	Affiliate entities ²⁶⁾	Non-affiliate entities	
Recoverables from ceded reinsurance and retrocessions ¹⁸⁾	202'416	133'660	68'754	
of which covered by collateral	74'835	54'963	19'874	
Debt securities ²²⁾	422'856	2'152	420'703	
Cash and cash equivalents deposited ²³⁾	106'215	37'114	69'100	
Shares and other equity investments ²⁴⁾	214'928	92'429	122'497	
Derivative financial instruments with positive fair value ²⁵⁾	5'718	367	5'350	
of which covered by collateral	1'199	222	977	
Receivables arising from insurance and assumed reinsurance business	56'719	14'427	42'292	
Other loans and receivables	42'111	20'724	21'385	
Total ¹⁷⁾	1'050'964	296'009	744'810	

Tables 4.3/4.4

Tables 4.3 and 4.4 deal with exposures of counterparties to reinsurers, the former by sector of counterparty and the latter according to whether the counterparty is affiliated. The tables record information on selected liabilities and capital items covering the following major categories as well as the extent to which reinsurers have provided collateral in respect of liabilities.

Table 4.3

Table 4.3: Counterparties exposed (selected liabilities and paid up capital) by sector of counterparty						
Counterparties exposed (key liabilities and paid up capital) by sector of counterparty (US\$m) - balance sheet						
Selected liabilities and paid up capital ²⁷⁾	Total	Insurers ¹⁹⁾	Financial institutions		Sovereigns ²¹⁾	Other
			Banks ²⁰⁾	Investment institutions		
Gross claims provision ²⁸⁾ and gross life assurance provision - primary business	201'638					
Gross claims provision ²⁸⁾ and gross life assurance provision - assumed reinsurance business	316'880	316'880				
of which covered by collateral ²⁹⁾	53'335	53'320				
Derivative financial instruments with negative fair value ³⁰⁾	5'931	620	2'638	67	0	1'560
of which covered by collateral ²⁹⁾	2'426	0	2'028	0	0	0
Debt - lender identifiable	31'562	15'831	4'903	2'813	79	7'936
of which subordinated debt ³¹⁾	9'387	27	2'301	1'339	0	5'632
Debt - lender unidentifiable	7'483					
of which subordinated debt ³¹⁾	7'483					
Paid up capital ⁴⁸⁾	65'478					
of which shareholder identifiable	31'076	10'756	46	1'392	89	16'351
Total ²⁷⁾	485'755					

* 'Total' represents the total of selected liabilities and paid up capital allocated by sector in (1) to (4), where relevant, plus those which could not be allocated by sector.

- Figures relating to 'financial institutions' have been analysed, where possible, according to whether they relate to banks or to investment institutions.
- Lloyd's central assets and members' funds, whilst providing its capital base, are not included in 'paid up capital' in tables 4.3 and 4.4 as, for the purposes of these tables, doing so would not be valid.

Table 4.4

Table 4.4: Counterparties exposed (selected liabilities and paid up capital) by affiliation of counterparty			
Counterparties exposed (key liabilities and paid up capital) by affiliation of counterparty (US\$m) - balance sheet			
Selected liability and paid up capital ²⁷⁾	Total	Affiliate entities ²⁶⁾	Non-affiliate entities
Gross claims provision ²⁸⁾ and gross life assurance provision - primary business	201'638	2'857	191'383
Gross claims provision ²⁸⁾ and gross life assurance provision - assumed reinsurance business	315'401	103'254	212'413
of which covered by collateral ²⁹⁾	59'856	21'957	37'899
Derivative financial instruments with negative fair value ³⁰⁾	5'891	325	5'566
of which covered by collateral ²⁹⁾	2'426	0	2'426
Debt - lender identifiable	31'563	7'094	24'468
of which subordinated debt ³¹⁾	9'387	1'392	7'994
Debt - lender unidentifiable	7'483	0	7'483
of which subordinated debt ³¹⁾	7'483	0	7'483
Paid up capital ⁴⁸⁾	64'776	24'813	39'961
of which shareholder identifiable	30'285	12'664	17'620
Total ²⁷⁾	485'755	116'997	307'327

Table 5.1

Table 5.1 looks at reinsurers' invested assets. It records financial instruments held by reinsurers at balance sheet value and at market value, by major type of financial instrument held. It also records the unrealised gains and losses on investments where there is a difference between balance sheet value and market value. Also included is the extent to which financial instruments are represented by investment in the affiliates or in the company's own shares.

Table 5.1: Reporting entities' investments			
Investments ³⁴⁾ by type of financial instrument (US\$m)			
Financial instrument	At book value ³²⁾	At market value ³²⁾	Unrealised gains/losses on potential sale
Debt securities ²²⁾	415'111	419'458	4'346
of which issued by affiliates ²⁶⁾	1'141	3'109	16
Shares and other equity investments ²⁴⁾	188'290	243'250	54'958
of which Own and affiliate shares	88'849	107'428	18'250
Non-negotiable loans (including non mortgage loans)	16'499	16'556	58
Mortgage loans ³³⁾ and real estate	27'252	33'205	5'951
Other	139'904	136'901	-3'001
Total invested assets	787'060	849'372	62'312

- Where jurisdictions account for investments at market value, the market value has been used in both columns.
- For investments where no market value was available book value has been included as a proxy for market value.

Table 5.2

Table 5.2 gives a high level overview of reinsurers' profitability, both in overall terms and for 'life' and 'non-life' business.

Table 5.2: Reporting entities' profitability indicators and ratios			
Reporting entities' profitability indicators and ratios (US\$m)			
Revenue account items	Non-life	Life	Total
Net premiums earned	139,343	57,875	197,218
Net claims incurred	-82,289	-31,706	-113,995
Net operating expenses	-39,461	-11,509	-50,970
Non-technical operating expenses*			-491
Investment income			46,708
Other income/expenses (+/-)			-11,413
Total result			62,057
Loss ratio %	59		
Combined ratio %	87		

- Some jurisdictions allocate income and expenses which are not directly related to underwriting activities to a separate account.
- Note that the figures in table 5.2 include the direct and reinsurance business of reporting reinsurers and therefore differ from those in table 2.2 which are intended to reflect the reinsurance business only.

Table 5.3

Table 5.3 compares the capital base with the size of recoverables arising out of reinsurance operations (direct business) and retrocessions (assumed reinsurance business). This is looked at both gross and net of collateral (and any other offsetting items).

Table 5.3: Global gearing of reporting entities (reinsurance and retrocession dependency)					
Recoverables from reinsurance (direct business) and retrocessions (assumed reinsurance business) and					
Recoverables from reinsurance and retrocessions 19)		Total capital available ⁴⁶⁾	Gearing ⁴⁷⁾	Gearing net of collateral ⁴⁷⁾	
Gross	Net of collateral and offsetting items ⁴⁵⁾				
202'148	110'769	312'716	65%	35%	

- 'Recoverables from reinsurance and retrocessions' which are net of collateral and offsetting items do not include deduction for letters of credit (which is not a balance sheet item) for all jurisdictions. If taken into account, this would reduce the ratio.

Table 5.4

Table 5.4 provides an analysis of capital. Capital represents the capital available to cover losses, and the components included are discussed below. Participating supervisors have consented to the data for this table being published at the national level; due to differences in accounting conventions and regulatory requirements between jurisdictions the information is more meaningful at this level.

Table 5.4 – global level

Table 5.4: Reporting entities' total available capital		
Total available capital (composition) (US\$m)		
Capital items	Total	
Paid up capital ⁴⁸⁾	99'163	
Hybrid capital ⁴⁹⁾	24'372	
Retained earnings	90'129	
Other capital items :		
Contingency reserves ⁵⁰⁾	39'470	
Unrealised gains/losses on potential sales ⁵¹⁾	59'615	
Other items ⁵²⁾	4'636	
Total available capital ⁵³⁾	313'864	
Total regulatory capital required	122'487	

Table 5.4 – by jurisdiction

Table 5.4: Reporting entities' total available capital ⁽¹⁾							
Total available capital (composition) US\$m							
Capital items	Bermuda	France & Spain	Germany	Japan	Switzerland	UK	US
Paid up capital	12,908	8,229	14,313	2,278	9,994	26,353	25,088
Hybrid capital ⁽²⁾	1,326	1,237	3,750	0	5,860	0	12,199
Retained earnings	12,297	2,114	4,975	6,027	8,415	6,229	50,072
Other capital items:							
Contingency reserves ⁽³⁾	0	2,292	18,298	13,295	1,848	211	3,526
Unrealised gains/losses on potential sales ⁽⁴⁾	394	4,547	19,389	24,271	13,344	0	-2,330
Other items ⁽⁵⁾	1,430	214	397	1,864	-610	0	1,342
Total available capital	28,355	18,634	61,122	47,737	38,851	32,794	86,371
Total regulatory capital required ⁽⁶⁾	7,838	1,079	6,547	10,156	5,905	5,511	85,451

Note:

- (1) The figures in this table estimate the total capital of the reporting entities included in these statistics, which is available to meet losses. The figures do not necessarily represent capital as defined either by participating jurisdictions' national GAAP or by their national regulations. They include unrealised gains/losses according to national GAAP. Such a measure could be viewed as a proxy for capital available in the case that reserves/provisions including IBNR do not cover future claims payments. It must be taken into consideration that – depending on national statutory valuation rules – unrealised gains is an allowable component in assessing margin of solvency. The measure "total available capital" in this table is based on a legal entity view and is not to be compared with respective measures on a consolidated group basis as eventually published in other reports or studies or sources.
- (2) 'Hybrid' capital is as defined as eligible by the supervisor or regulation and relates to non-share (stock) capital which is "permanent" in nature, such as long-term debt issued.
- (3) 'Contingency reserve' arises where the event giving rise to the loss has not occurred; it includes 'equalisation provision' and 'catastrophe reserve'.
- (4) 'Unrealised gains/losses on potential sale' represents the potential gains or losses on sale of investments which would have been realised had sale occurred at the reporting date, by comparing the balance sheet value with market value. The total differs from that in Table 5.1 due to restrictions on the extent to which such items are allowed for purposes of assessing regulatory capital.
- (5) 'Other items' include adjustments in respect of taxation, dividends, general bad debt provisions and treasury stock.
- (6) It should be noted that regulatory capital requirements differ between jurisdictions. See Appendix IV for a summary of regulatory capital requirements in participating jurisdictions.