

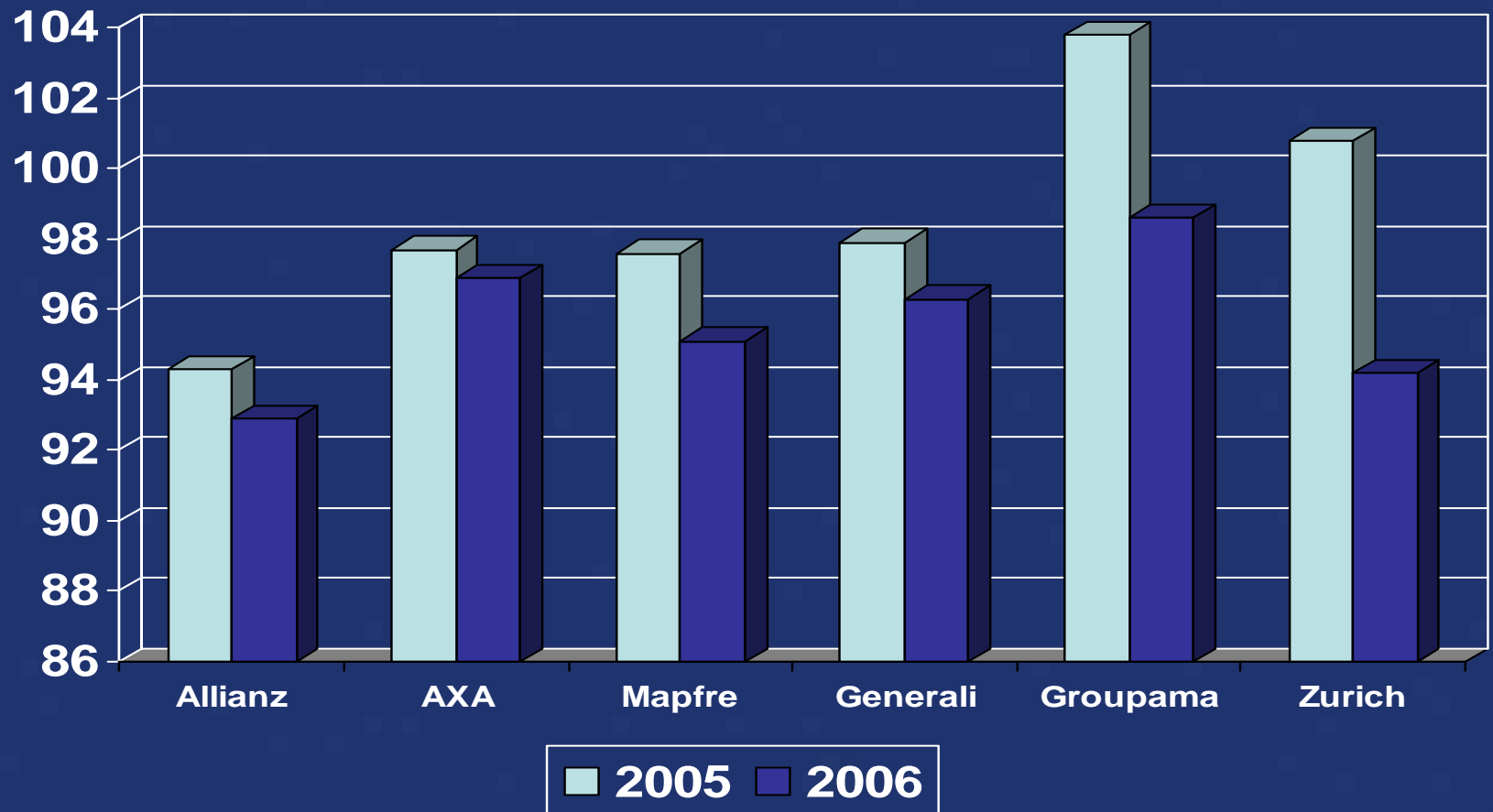
European Non-Life Update

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European Insurance Groups – Improved Underwriting Performance



Challenges for European Non-Life Insurers - 1

- Motor Insurance
 - Softening in most European markets combined with higher claims inflation
 - Claims Inflation in most European countries, especially in MTPL, continues to rise
 - Higher court awards and government regulation are influencing claims costs
 - Stricter penalties for bad drivers have a positive influence on number of accidents in Spain and Italy

Challenges for European Non-Life Insurers - 2

- Property Insurance
 - Significant premium reductions in industrial property insurance
 - Good results in private property with the exception of German building insurance (due to storms and old sewage pipes)
 - Government schemes do not necessarily mean better results

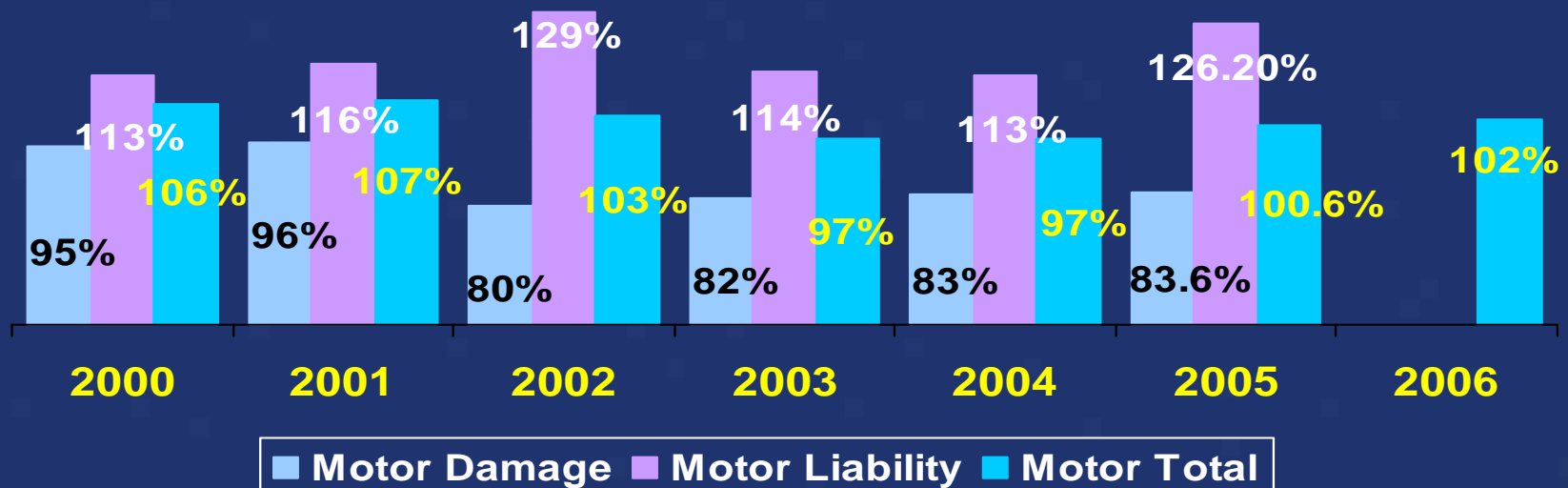
Challenges for European Non-Life Insurers - 3

- Property Insurance
 - Kyrill as a stark reminder of things to come
 - Damage in Germany alone approx. EUR 2 billion



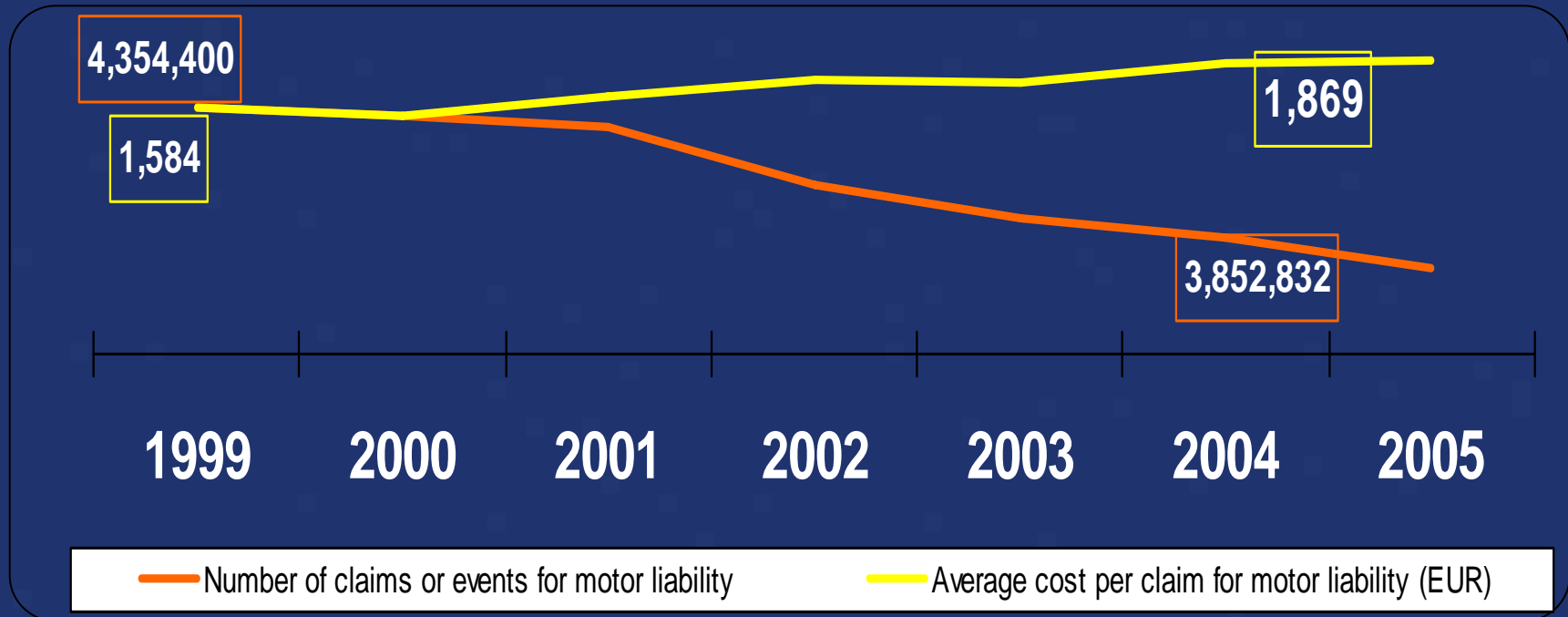
French Motor Insurance Negative Underwriting Performance

Combined Ratio French Motor



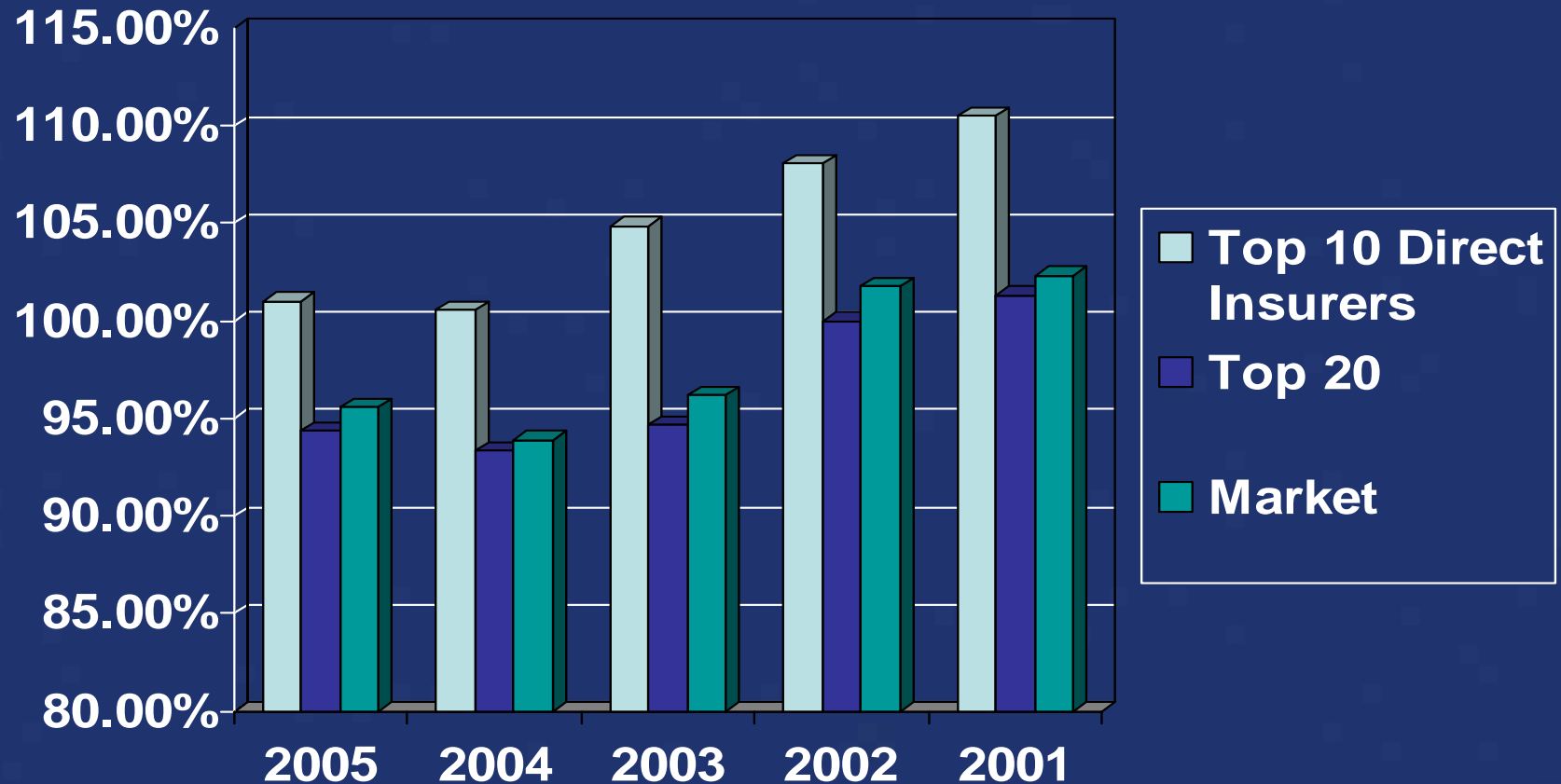
- Underwriting results for motor liability are deteriorating due to continued claims inflation and higher reinsurance costs
- Overall underwriting results are negative

French Motor Insurance MTPL Claims Costs Continue to Increase



- Awards inflation leads to higher costs per claim
- Frequency declining due to government measures

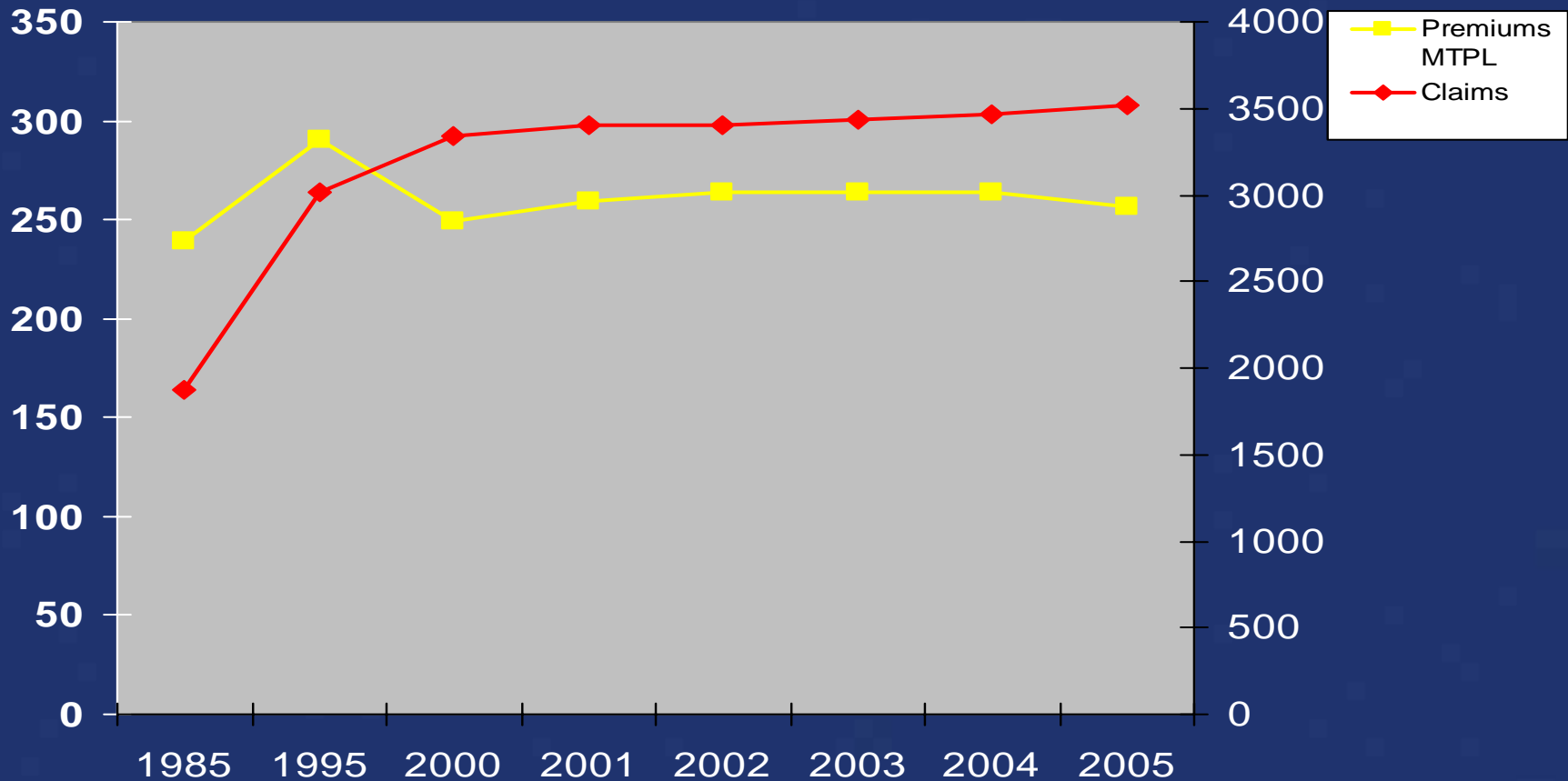
German Motor Insurance - Direct Insurers' underwriting performance still above market



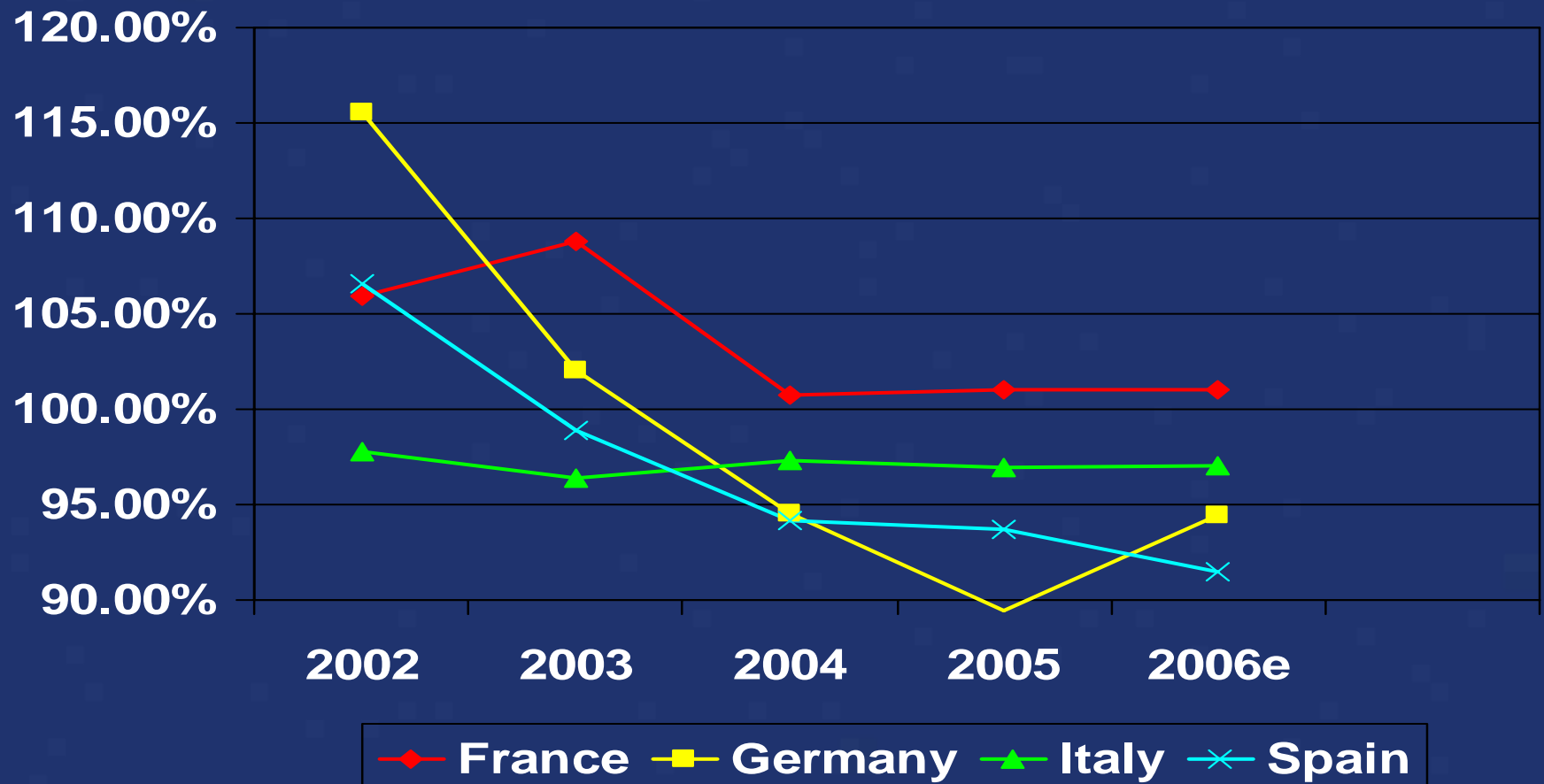
German Motor Insurance

- Average MTPL Premiums decline

Average Claims up



Property Insurance in Europe remains overall profitable



German Insurance Law Changes

- Transition of European Intermediation Directive
 - Could have significant impact on how insurance sold
 - Will lead to higher costs
 - Will it lead to better transparency?
- Easing of Disclosure rules and Avoidance of claims (in motor insurance)

Solvency II – Update

- CEIPOS
 - Advice Papers on Pillar I and II in March 2007
 - QIS 3
 - In A.M.Best's view, Risk Management has a more enduring impact than revised solvency margin calculation