



# European Motor Insurance Markets Addendum

June 2016

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# Introduction

This is an addendum to “European Motor Insurance Markets”, which was published in November 2015 and contained data up to and including 2013. The addendum presents 2014 figures for a number of indicators, with a focus on total motor, motor third-party liability (MTPL) and damage premiums and claims expenditure. It should be read in conjunction with the main report.

The 2014 data confirms what was clearly shown in the main report; there are substantial differences in motor claim costs and frequency between EU member states and resulting variations in premiums to reflect these differences in claims.

Such regional variations are perceived by some as inconsistent with the ideal of a single EU market. However, this diversity reflects member states’ regulatory, risk and economic environments, which all have an impact on the cost of claims. Insurers must take these into account when calculating premiums to ensure they have the financial capacity to cover their risks.

## Total motor (Charts 1–6)

In 2014, motor insurance remained the most widely purchased non-life product in Europe, accounting for 27.3% of non-life business, although its share continues to diminish.

**Total motor premium income** amounted to €124bn in 2014, against €123.5bn in 2013. The 0.4% increase follows a decrease of 0.8% in 2013.

The **leading markets** — Germany, France, Italy, the UK and Spain — accounted for 67.2 % of all European motor premiums in 2014, virtually unchanged from 2013. Differing trends were nevertheless observed: while total premiums grew for the second consecutive year in Germany (5.8% in 2013 and 4.8% in 2014) and France (1.3% in 2013 and 1.8% in 2014), negative growth was recorded in Italy (-7.7% in 2013 and -5.4% in 2014), the UK (-5.2% in 2013 and -2.1% in 2014) and Spain (-3.8% in 2013 and -0.6% in 2014).

Looking at the **long-term European trend**, motor premiums grew 5.1% between 2005 and 2014. This was driven by the almost 15% growth registered in optional damage premiums, as compulsory MTPL cover decreased by nearly 2%.

In 2014, the number of **claims** decreased 2.3% compared to 2013, resulting in a 1.5% decrease in claims expenditure to €92.4bn. This confirms the trends established between 2009 and 2013, when the number of claims and claims expenditure fell by 8.6% and 2.3% respectively.

The reduction in claims expenditure contributed to the **combined ratio** decreasing to 97.3% in 2014, compared to 98.7% in 2013, indicating growing underwriting profitability despite the difficult financial environment. After three years of negative results from 2009 to 2011, profitability returned in 2012 and 2013 and totalled €2.8bn in 2014.

## Compulsory MTPL and optional damage cover (Charts 7–23)

**Compulsory MTPL premiums** represented 57% of total motor premiums in 2014, compared to 57.9% in 2013, thus continuing the decline in the share of such premiums observed in previous years.

In volume terms, MTPL premiums continued to decrease in 2014. After the reduction of 0.8% registered in 2013, premiums decreased by 0.9% in 2014 to €62.5bn. The sharpest decreases were recorded in one of the largest markets, Italy, but also in smaller ones such as Greece, Slovakia and Croatia.

The reduction in premiums and an increase of 1.3% in the number of insured vehicles led to a decrease in the average MTPL premium per insured in 2014, continuing a trend that started in 2012. The average premium was €224, a decrease of 3% on 2013.

**MTPL claims** expenditure increased by almost 2% to €51.8bn in 2014, after two years of decrease in 2012 and 2013. The increase in claims expenditure and the decrease in premiums meant the combined ratio rose for the first time since 2009. The MTPL combined ratio was 105.3% in 2014, compared to 102.7% in 2013.

The number of MTPL claims remained stable, increasing just 0.6% compared to 2013. This was the first increase since 2010.

In 2014, 1.76m claims involved bodily injuries in Europe, down 4.3% on 2013 and continuing a downward trend that started in 2008. As a result, the share of bodily injury claims in total MTPL claims decreased to 12.8%, compared to 14% in 2013.

The average cost of an MTPL claim stabilised at the 2013 level, growing by only 0.3% in 2014 to €3 178. The average MTPL claims frequency also remained broadly stable, slightly decreasing from 6.0% in 2013 to 5.9% in 2014 due to the number of insured vehicles increasing faster than the number of claims notified. The claims frequency involving bodily injury (number of personal injury claims per insured) followed the same trend and dropped to 0.55% in 2014 from 0.6% in 2013, having fallen steadily over the previous six years.

Looking at **optional damage cover**, both premiums and the number of insured vehicles remained stable compared to 2013. Claims expenditure, on the other hand, decreased to €32.2bn from €34.6bn in 2013. This trend is echoed in the number of claims notified (excluding nil claims), which decreased by 3.5% to 20.5m after a 1.3% increase in 2013.

As a result of the decrease in claims expenditure, the combined ratio for optional cover reduced to 83.9% from 87.6% in 2013.

## National differences (Charts 24–31)

As stated in the introduction, the 2014 data confirms that there are substantial regional differences in motor claim costs. In 2014, MTPL claims in the EU ranged in average cost from €1 200 in Portugal to more than €5 000 in Finland and Italy.

The average cost of claims involving bodily injury also differs widely between countries, due to differences in the costs of medical treatment and compensation practices. In 2014, bodily injury claims ranged in average cost from less than €4 000 in the Czech Republic to more than €20 000 in France and Greece.

In order to fully understand the level of risk exposure in a region, both the cost and the frequency of claims must be considered. MTPL claims varied widely in frequency in the EU in 2014, from almost 2.5% in Finland to 8% in Austria. Similar differences can be found in the bodily injury component, with the average frequency ranging from 0.14% in the Czech Republic to 1.01% in Italy. As with the frequency, the volume of bodily injury claims likewise varied significantly, ranging from 3.9% of all MTPL claims in Turkey to 18.5% in Italy.

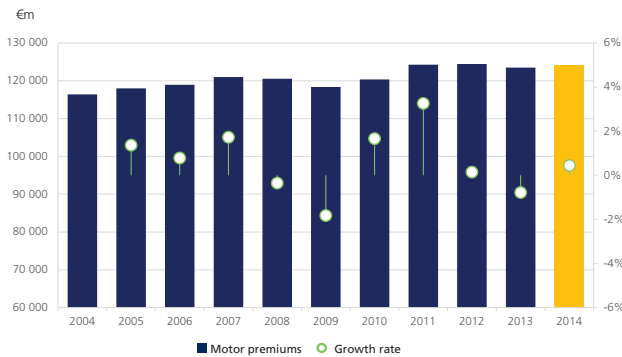
Similarly, damage claims frequency varied from 9% in Sweden to more than 30% in Estonia and Turkey.

# Motor charts

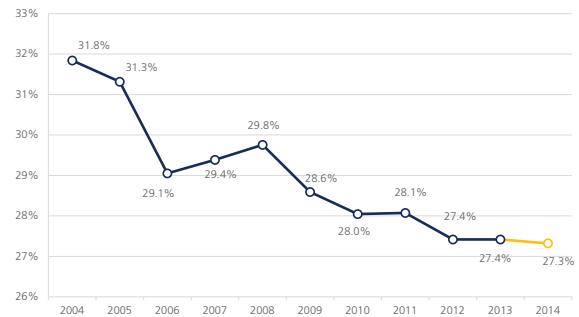
- Charts 1–6 Total motor
- Charts 7–23 Compulsory MTPL and optional damage cover
- Charts 24–31 National differences

The data samples used in the graphs differ depending on the figures available. Sample sizes are consistent with those in the “European Motor Insurance Markets” report. In the very few cases where data for a particular country was not available for 2014, 2013 figures have been used. For non-eurozone countries, figures have been converted into euros using 2013 constant exchange rates.

**Chart 1: Direct motor premiums written in the domestic market — 2004–2014**



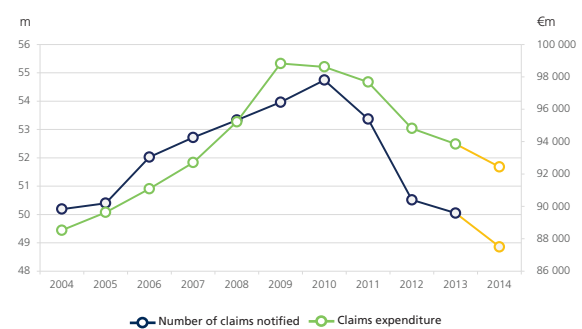
**Chart 2: Motor premiums as proportion of non-life market — 2004–2014**



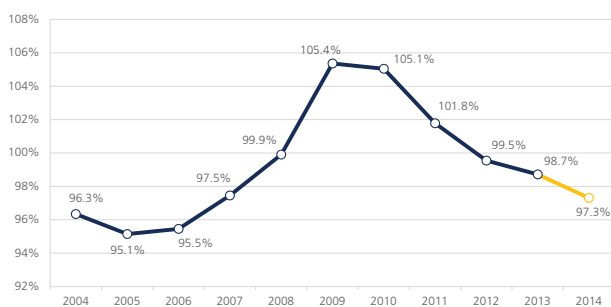
**Chart 3: Total motor claims expenditure — 2004–2014**



**Chart 4: Number of total motor claims and claims expenditure — 2004–2014**



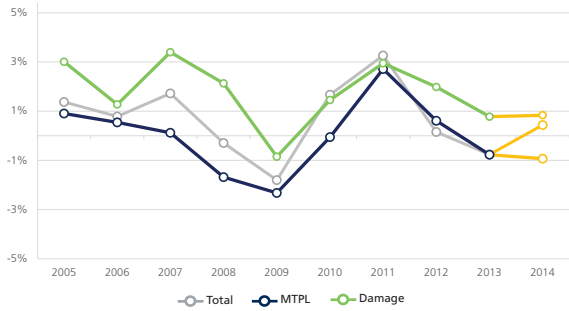
**Chart 5: Average motor insurance combined ratio — 2004–2014**



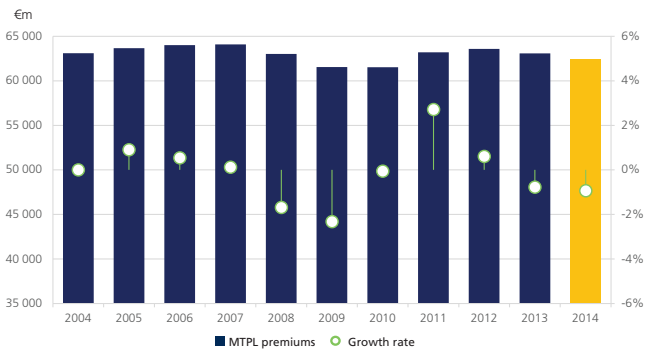
**Chart 6: Motor underwriting results — 2004–2014**



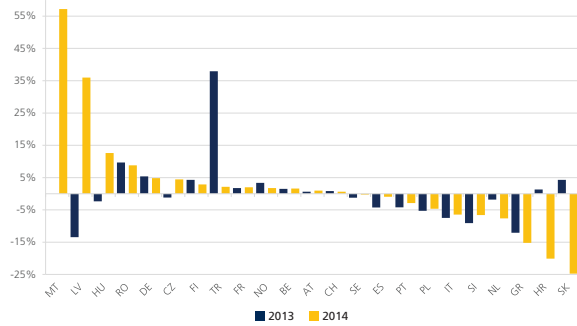
**Chart 7: Growth in total motor, MTPL and damage premiums — 2005–2014**



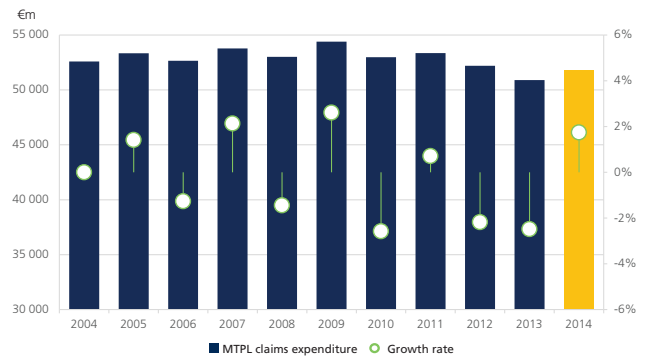
**Chart 8: MTPL premiums — 2004–2014**



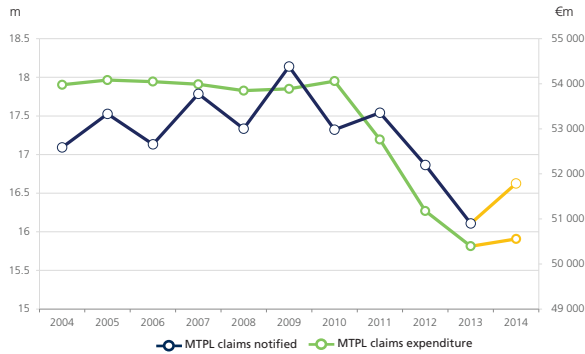
**Chart 9: Nominal change in MTPL premiums by country (at constant exchange rates) — 2013–2014**



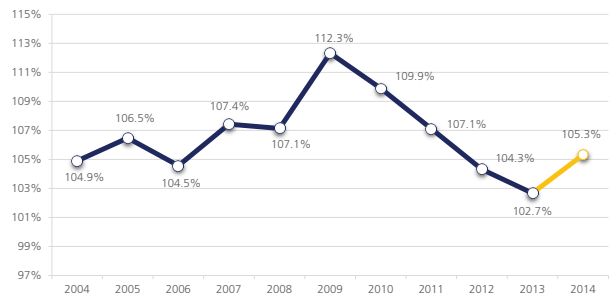
**Chart 10: MTPL claims expenditure — 2004–2014**



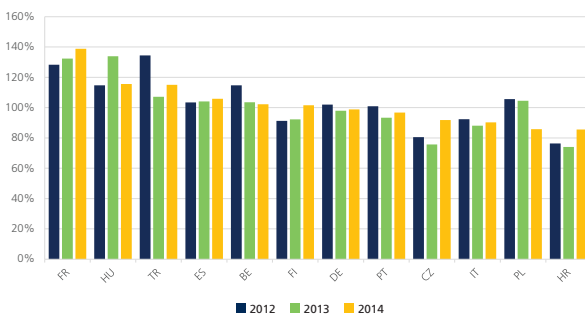
**Chart 11: Number of MTPL claims and claims expenditure — 2004–2014**



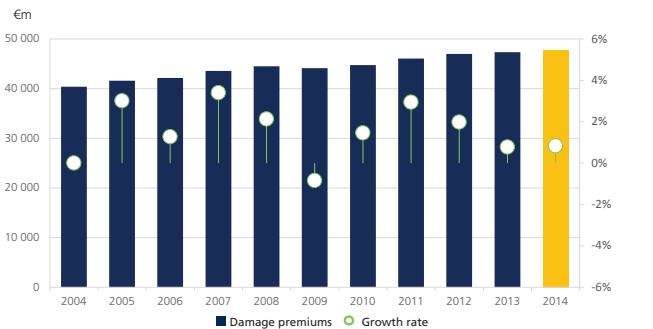
**Chart 12: Average MTPL combined ratio — 2004–2014**



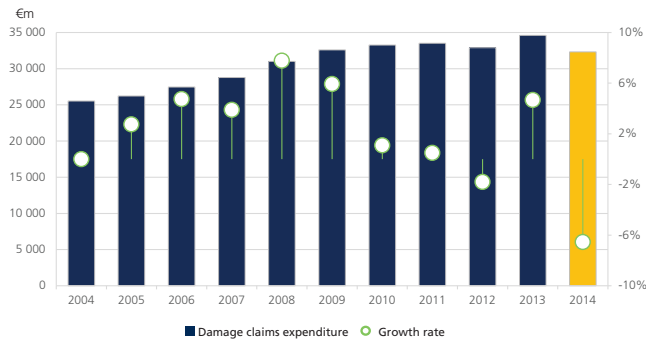
**Chart 13: MTPL combined ratio by country — 2012–2014**



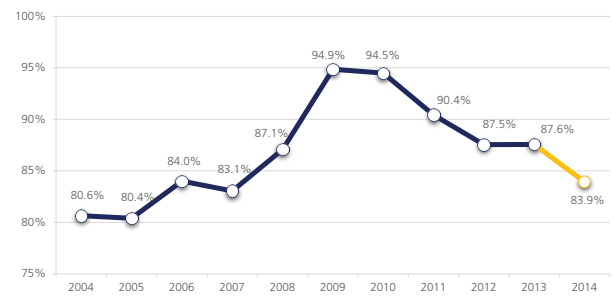
**Chart 14: Motor damage premiums — 2004–2014**



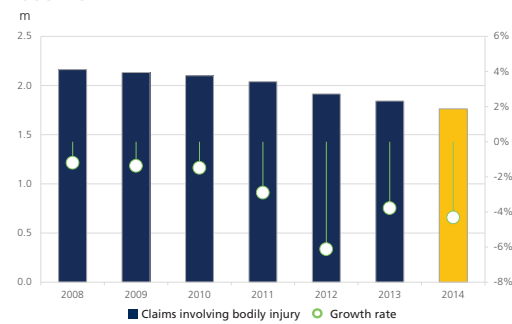
**Chart 15: Motor damage claims expenditure — 2004–2014**



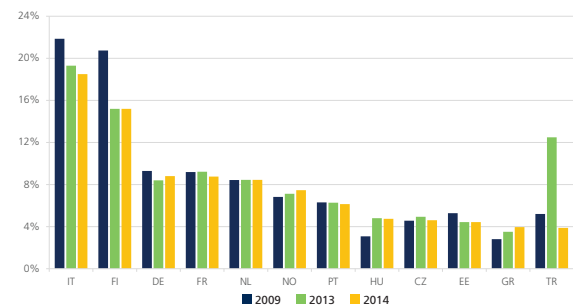
**Chart 16: Average motor damage combined ratio — 2004–2014**



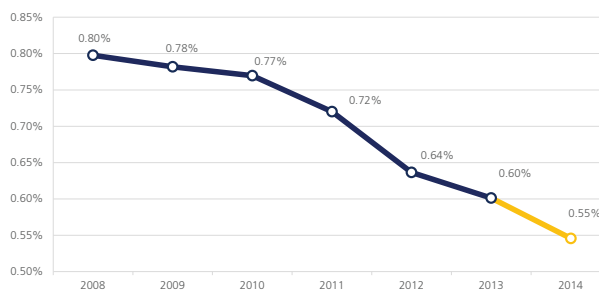
**Chart 17: Number of claims involving bodily injury — 2008–2014**



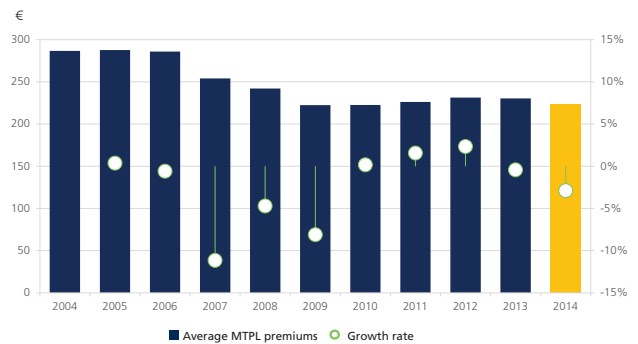
**Chart 18: Number of bodily injury claims as a share of total MTPL claims — 2009, 2013 and 2014**



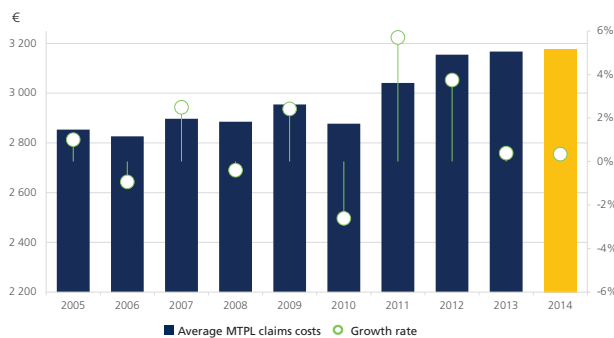
**Chart 19: Bodily injury claims frequency — 2008–2013**



**Chart 20: Average MTPL premiums — 2004–2014**



**Chart 21: Average MTPL claims costs — 2005–2014**



**Chart 22: Number of MTPL claims — 2004–2014**



Chart 23: MTPL claims frequency — 2004–2014

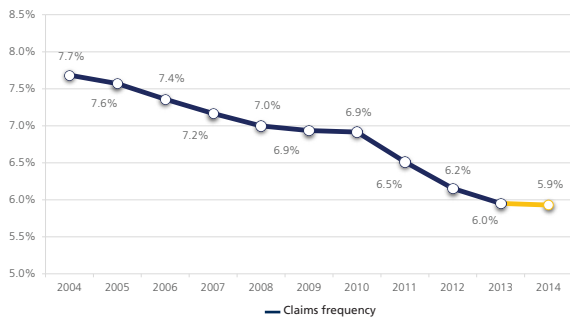


Chart 24: Average MTPL premiums by country — 2012–2014

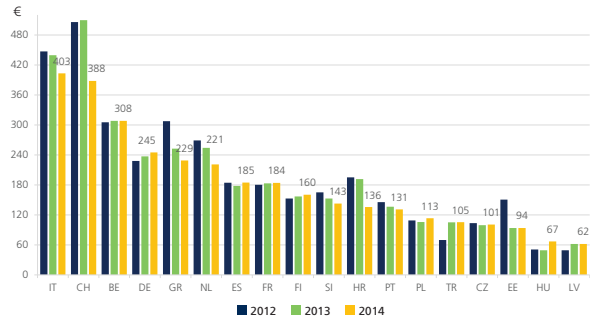


Chart 25: Average MTPL premiums by country (PPP-adjusted) — 2012–2014

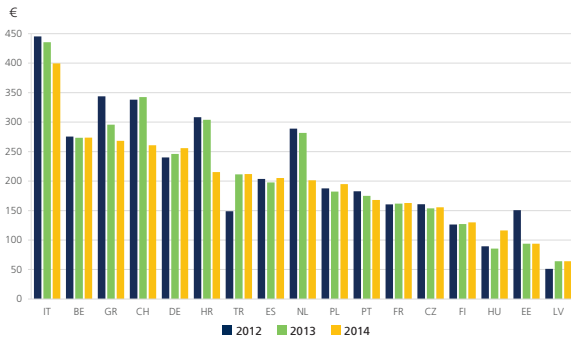


Chart 26: Average motor damage premiums by country — 2012–2014

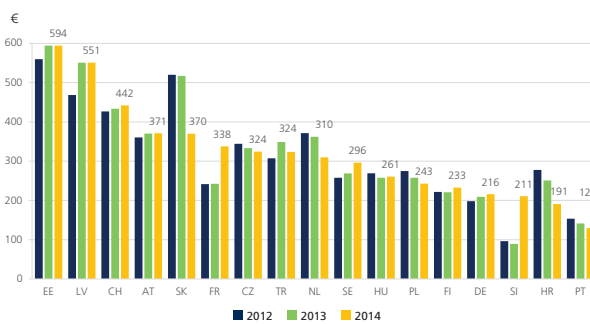


Chart 27: MTPL claims frequency by country — 2012–2014

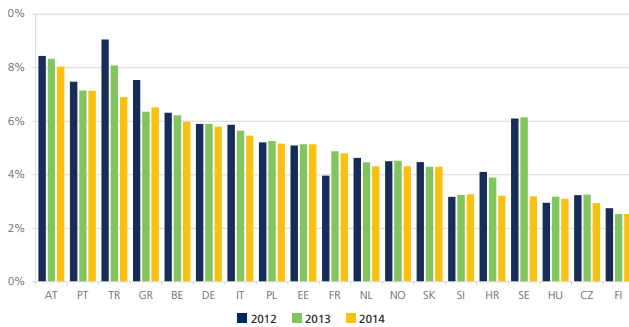


Chart 28: Bodily injury claims frequency by country — 2009, 2013 and 2014

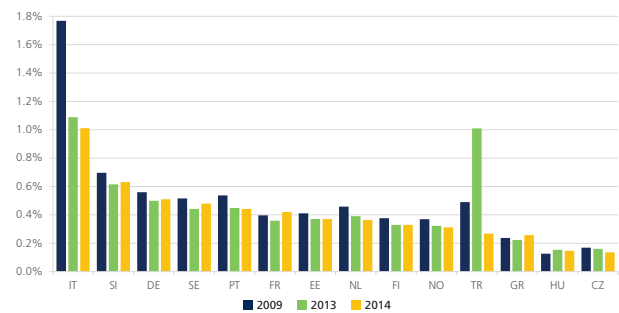


Chart 29: Average MTPL claims costs by country — 2012–2014

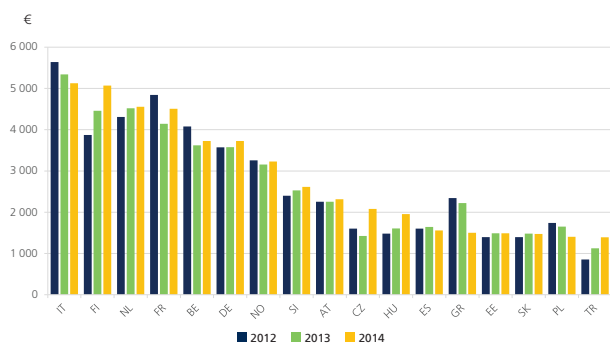
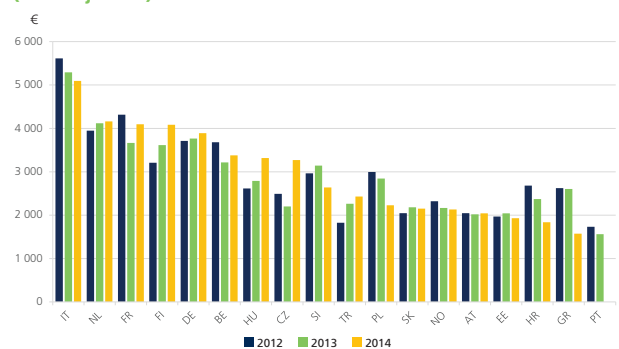
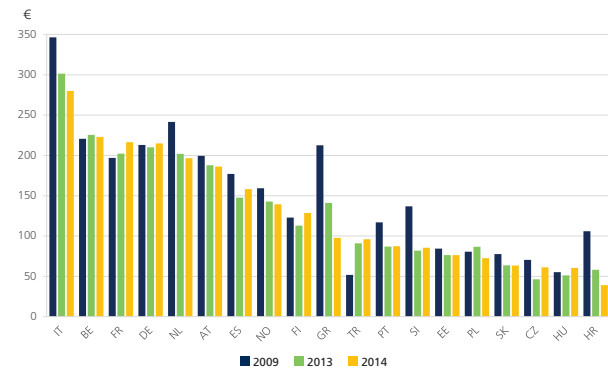


Chart 30: Average MTPL claims costs by country (PPP-adjusted) — 2012–2014





**Chart 31: MTPL net risk premium by country — 2009, 2013 and 2014**





European Motor Insurance Markets and its addendum are available on the Insurance Europe website: [www.insuranceeurope.eu](http://www.insuranceeurope.eu).

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For further information: [stat@insuranceeurope.eu](mailto:stat@insuranceeurope.eu)

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Insurance Europe aisbl  
rue Montoyer 51  
B-1000 Brussels  
Tel: +32 2 894 30 00  
E-mail: [info@insuranceeurope.eu](mailto:info@insuranceeurope.eu)  
Twitter: @InsuranceEurope

[www.insuranceeurope.eu](http://www.insuranceeurope.eu)