ISTITUTO PER LA VIGILANZA SULLE ASSICURAZIONI

IVASS

Report on the activities pursued by IVASS in the year 2014

Rome, 23 June 2015

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GENERAL CONTENTS

I - THE INSURANCE MARKET

1. - THE INTERNATIONAL INSURANCE MARKET

1.1 - The global insurance market

The latest statistics published by OECD on the performance of the global insurance market in 2013 partially confirmed the signs of recovery seen during 2012. Surveys from member states[1] confirm the fluctuating trend of premium income in the life business expressed in real terms[2]: a fall of -0.2% in 2011 was followed by a rise of +2.9% in 2012 and another fall of -2.9% in 2013. Non-life business, however, saw the trend of income increasing confirmed: the increase of +1.9% in 2013 followed the even larger increase of +2.9% in 2012 and +1.5% in 2011.

As a result of the size and global scale of the OECD survey the overall average value recorded by the insurance segments is the result of very divergent local experiences which reflect the different socio-economic and financial situations. Nevertheless, some macro-groups of states can be defined - often belonging to the same geographical area - whose insurance markets have fairly uniform characteristics and dynamics.

On a general note, it can be maintained that in 2013 the macroeconomic trends were characterised by a cyclical downturn which necessarily implied a reduction in demand for insurance products. Such demand continued to feel the effects of the financial and economic crisis, characterised by low or even negative growth rates, high unemployment rates, uncertain economic prospects and the adoption of austerity measures. Insurance companies' investments - in the large entities on which the survey focused and in all segments - continued to be focused on bonds, mostly public sector bonds[3]. Property investments continued to be fairly insignificant in undertakings' strategies. There was a widespread improvement of returns in OECD countries with regard to life business but it was less widespread in the non-life sector. In non-OECD countries, however, return on assets deteriorated.

Beyond the macroeconomic framework, there was increased competitive pressure specifically on the insurance industry, both internally (between operators in the non-life business in particular) and with the banking sector (for cover offered in the life business). The

[1] The figures relating to the premiums written and outgoings for payments are taken from the OECD publication: Global Insurance Market Trends for 2014, 2013 and 2012. On the basis of the latest figures available, the volume of insurance premiums achieved in OECD countries is equal to around 83% of global premium income, both in the life and non-life business.

[2] The change rates in real terms of the premium income were calculated using the Consumer Price Index (CPI) obtained from the OECD source: Main Economic Indicators (MEI) and from other sources.

[3] In general, around two-thirds of undertakings that provided data on the structure of their bond investments concentrated over 50% of these securities in the public sector.

entire sector was therefore pushed towards increasingly stringent efficiency policies as regards both business management and the search for better investment performance.

As regards premium income, there was more dynamism in non-OECD countries, which had a higher growth rate and accounted for a lower percentage of GDP (generally less than 5%) than OECD countries, which were hit more by the crisis.

Whereas nearly one OECD country in three experienced positive rates of change in 2013 for life and non-life income, nearly all non-OECD countries saw this same combined growth of both segments (but at an even more substantial rate).

1.1.1 – Life business

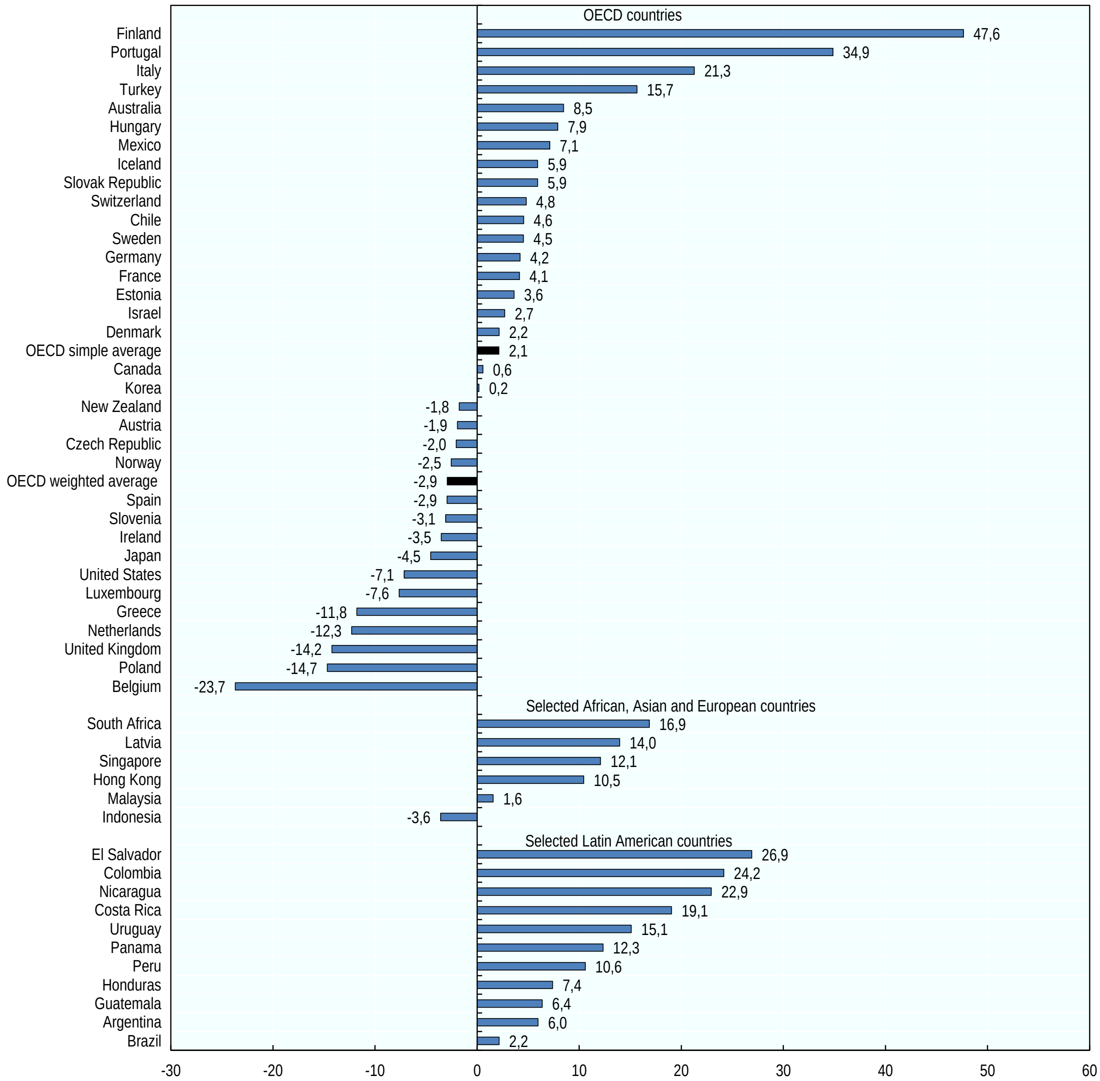
Premiums

In 2013 premium income was very uneven in the life business.

In the OECD area, some countries experienced exceptionally high growth. This is the case in Finland (+47.6% compared to 2012), Portugal (+34.9%), Italy (+21.3%), Turkey, Australia, Hungary and Mexico. These results often follow periods of contraction in the sector (this is the case for example in Portugal and Italy); in other cases they are the consequence of economic policy choices and legislative changes (for example in Hungary). A number of countries in the OECD area saw a reduction in income compared to 2012. The most conspicuous cases are Belgium (-23.7%), Poland (-14.7%), the United Kingdom (-14.2%) and the Netherlands (-12.3%). In some cases, this concentration is in line with the negative trend already observed (as happened for example in Austria and Spain), whereas in others it was against the trend of 2012 (this is the case, for example, in the United States, Ireland, Luxembourg, Norway and Japan).

Most of the non-OECD countries involved in the survey experienced high growth levels in 2013 (above 10%) in life sector income.

Graph I.1 - Rates of change in real terms of the premium income for the life business (2012-2013)



Source: OECD - Global Insurance Market Trends 2014

Claims

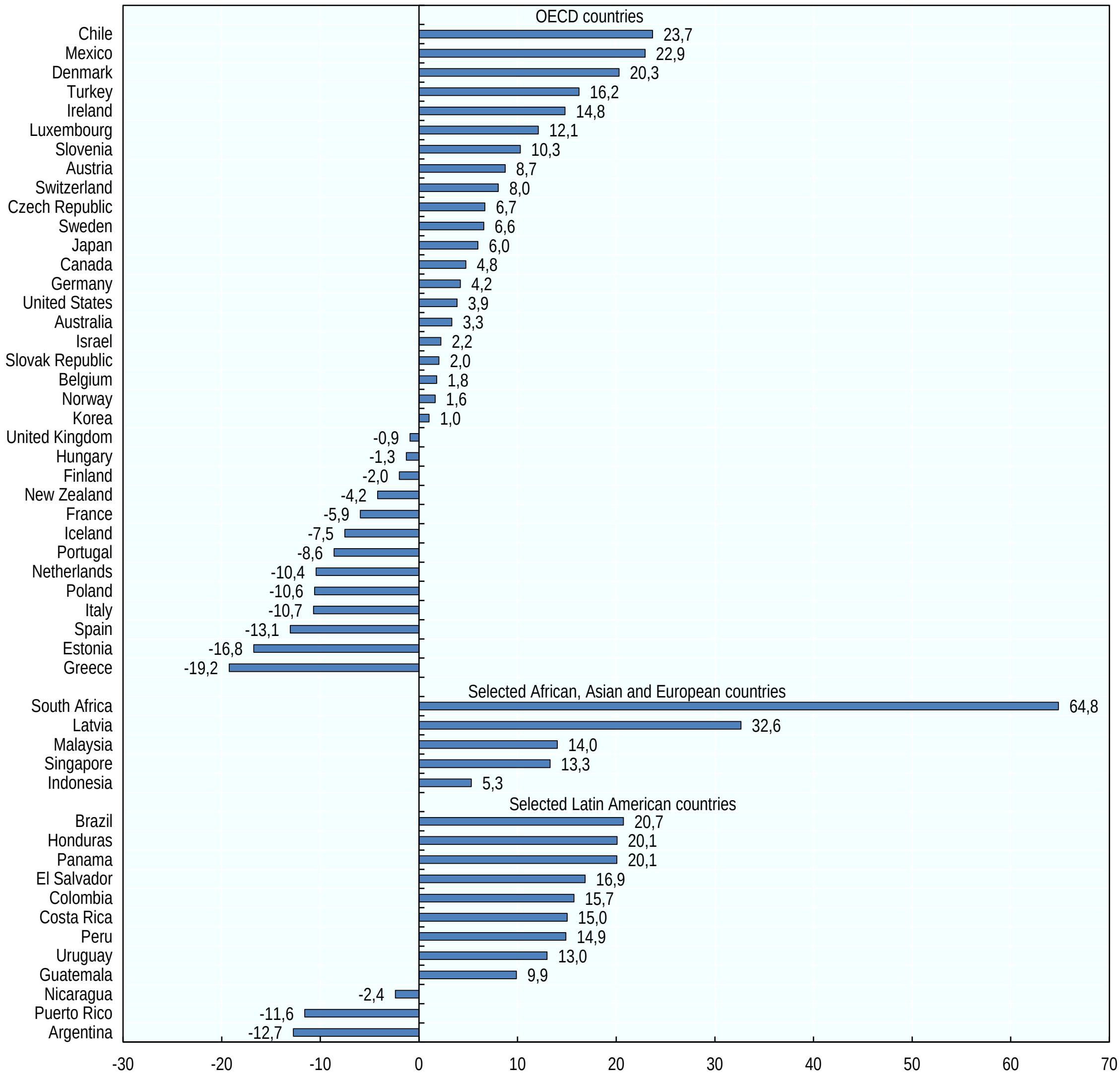
In the life business, with regard to outgoings for payments for claims, surrenders and accrued capital and annuities, the downward trend was confirmed, after experiencing the effects of the economic and financial crisis and the competitive pressure exercised by the banking sector between 2010 and 2011, with a resulting increase in surrender requests from policyholders. Graph I.2 represents the percentage change 2012-13. In the same way as for premium income it is worth comparing this change with the change between 2011 and 2012.

Among OECD countries, the most substantial increase in outgoings is in Chile, Denmark and Mexico. In the case of Luxembourg, the increase recorded (+12.1%) came in part from an increase in surrenders related to unit-linked products (which recorded a very low return on investment). In other OECD countries, like Greece (from +7.9% in 2011-12 to -19.2% in

2012-13), Italy (from +1.5% to -10.7%), the Netherlands (from +20.3% to -10.4%), Spain (from +13% to -13.1%) and Poland, however, there was a fall in outgoings for payments, driven presumably by a reduction in surrenders. In Germany, growth of 4.2% follows the figure of -10.7% in 2011-12.

A substantial number of non-OECD countries, including Brazil, Honduras, South Africa and Latvia, recorded an increase in outgoings for payments. In conclusion, there was a drop in payment for claims in Argentina and Puerto Rico.

Graph I.2 - Rates of change of the outgoings for payments in nominal terms within the life business (2012-2013)



Source: OECD - Global Insurance Market Trends 2014

Investments

In most of the countries covered by the survey, insurers in the life business implemented an investment policy aimed primarily (with rates of above 50%) at fixed-income assets, mainly public-sector (for the most part) and private-sector bonds. Particularly high percentages with respect to the total of the investments (around 85%) emerge in Hungary, Israel, Italy, Mexico, the Slovak Republic and Turkey. The bulk of investments is made of bonds also in other countries such as Spain, France, Uruguay, Columbia, Puerto Rico and the United Kingdom. The Netherlands, Germany, Denmark and Finland are under 50%.

The portion invested in shares or equities remains around 10% on average, except for higher percentages observed in a small number of countries such as France, Denmark and Sweden and then South Africa, Singapore, Indonesia and Panama. The portion invested in properties was even lower.

Profitability

Return on the investments made by life insurers in 2013 was more stable than the marked volatility observed in 2011-12.

Countries whose life business recorded higher returns include Hungary and Luxembourg among OECD countries and Argentina and Colombia among non-OECD countries. However, it should be noted that in the latter countries, on average, return on investments fell (most noticeably in Malaysia and Uruguay).

Return on equity capital was volatile in 2013 as well, showing a general trend upwards. The countries where this measure grew most are Greece, Italy and Portugal and less noticeably Hungary and the Slovak Republic.

1.1.2 - Non-life business

Premiums

With reference to the non-life business, in 2013 the OECD area reported average growth in real terms[4] equal to +1.9%, lower than +2.9% recorded in 2012.

The change between 2012 and 2013 is illustrated in graph I.3. A comparison with the rates of change reported between 2011 and 2012 reveals substantial growth in various OECD countries, such as Finland, Luxembourg, Sweden, Turkey (where in 2013 premium rates for motor liability insurance were liberalised).

Also in other OECD advanced economy countries there was an increase in premium income in 2012-2013, although less general; this is the case, for example, for cover for catastrophic events in Australia as a result of the events that occurred during 2011. The United

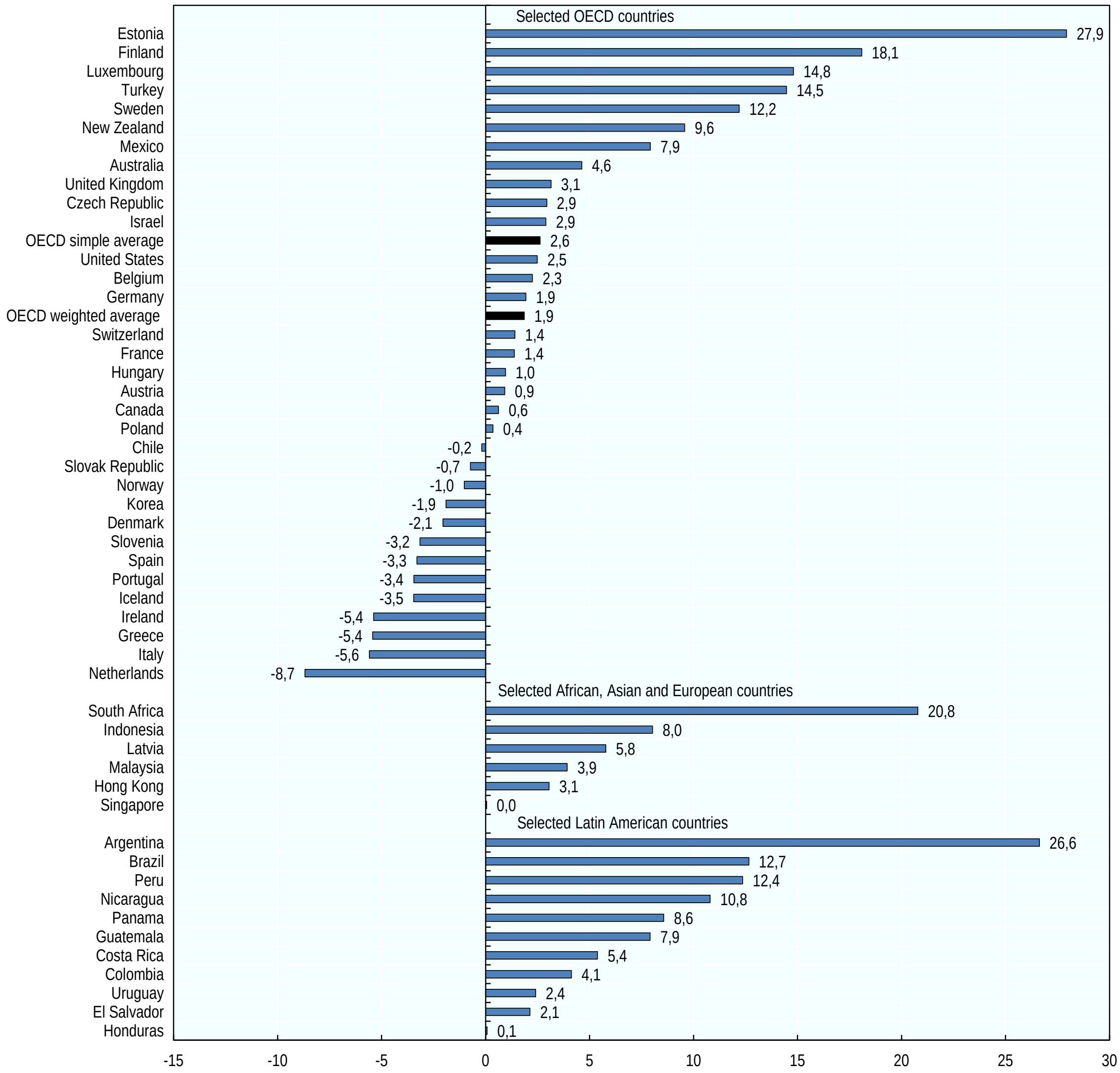
[4] See footnote 3.

Kingdom saw moderate growth in income for this business, as a result of the recovery its economy has enjoyed.

All the European economies most hit by the crisis (especially Greece, Italy, Portugal and Spain) continued the trend of lower income started in 2010.

Nearly all the non-OECD countries that took part in the survey recorded a positive change in premium income in the non-life business in 2013: this is most evident in Argentina and South Africa. The only Asian country's economy to have kept a stable level of non-life income is Singapore.

Graph I.3 - Rates of change in real terms of the premium income for the life business (2012-2013)



Source: OECD - Global Insurance Market Trends 2014

Claims

After a rise in payments for claims in the non-life business, which was low overall in 2011 and 2012, a higher rate of growth of outgoings was recorded in 2012 and 2013. Graph I.4 shows the change in these outgoings between 2012 and 2013.

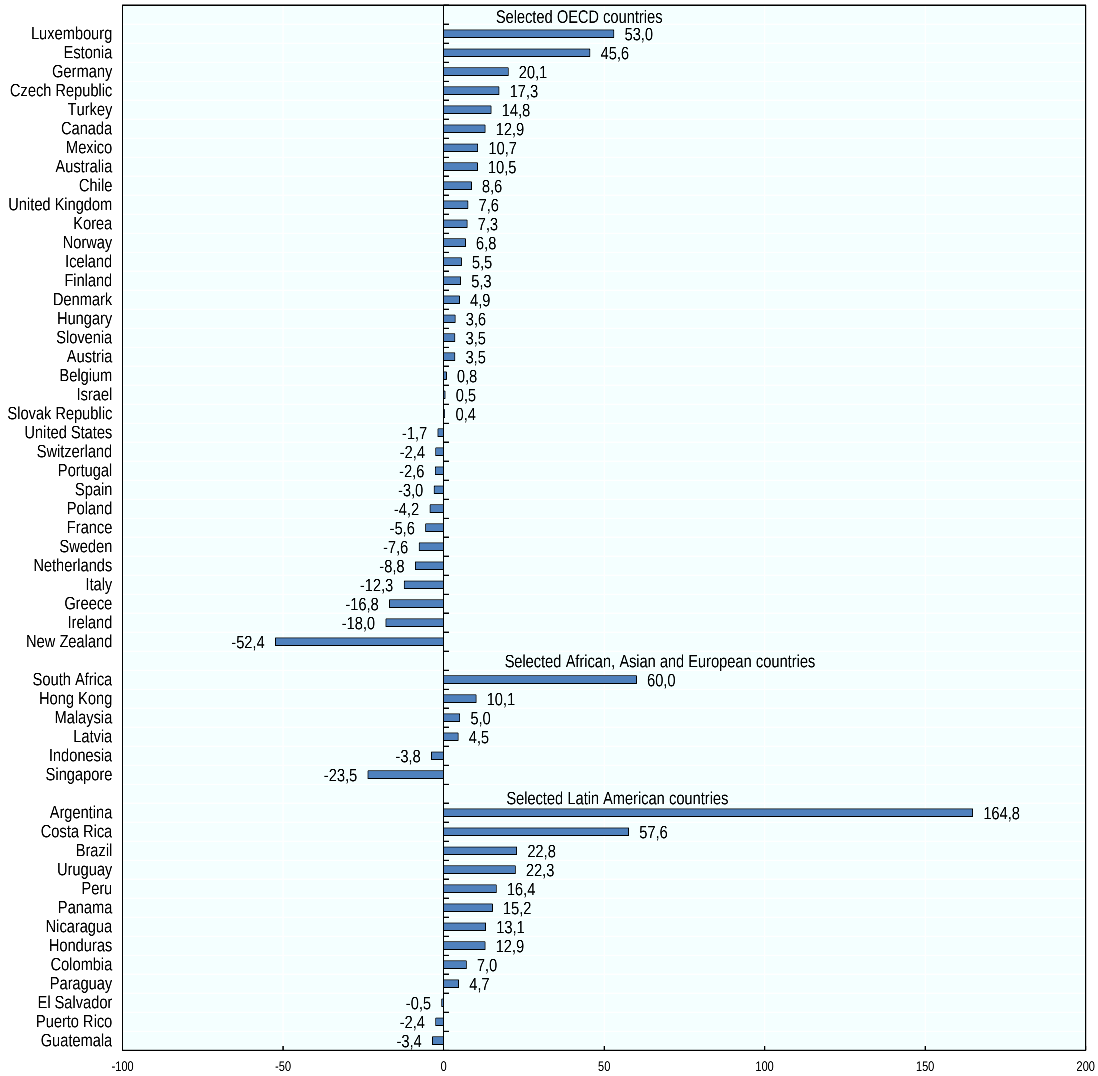
Behind this increase, for some OECD countries, is the effect of claims for catastrophic events: this is the case for Austria and the Czech Republic; for Australia, where the strong fall recorded in 2011-12 (-31.3%) was followed by an increase of 10.5%; and for Norway. In the USA outgoings fell slightly (-1.7%) after the negative effects of the natural disasters that occurred in 2011 and 2012.

Other OECD countries reported increases in outgoings that were not related to natural disasters: it is the case of Hungary, Luxembourg (+53%), Estonia (+45.6%), Germany (+20.1%) and Mexico (+10.7%).

Most non-OECD countries recorded a widespread, often substantial, increase in payments for claims in 2013: in South Africa +60%; in Brazil +22.8%; in Uruguay +22.3 %. The so-called emerging Asian economies also recorded an increase in outgoings, with the significant exceptions of Singapore (-23.5%) and Indonesia (-3.8%).

The drop in outgoings was substantial in a quite large set of OECD countries: New Zealand recorded -52.4%; Ireland, Greece and Italy consolidated the trend of falling outgoings experienced in 2011 and 2012.

Graph I.4 - Rates of change of the outgoings for payments in nominal terms for claims in the non-life business (2012-2013)



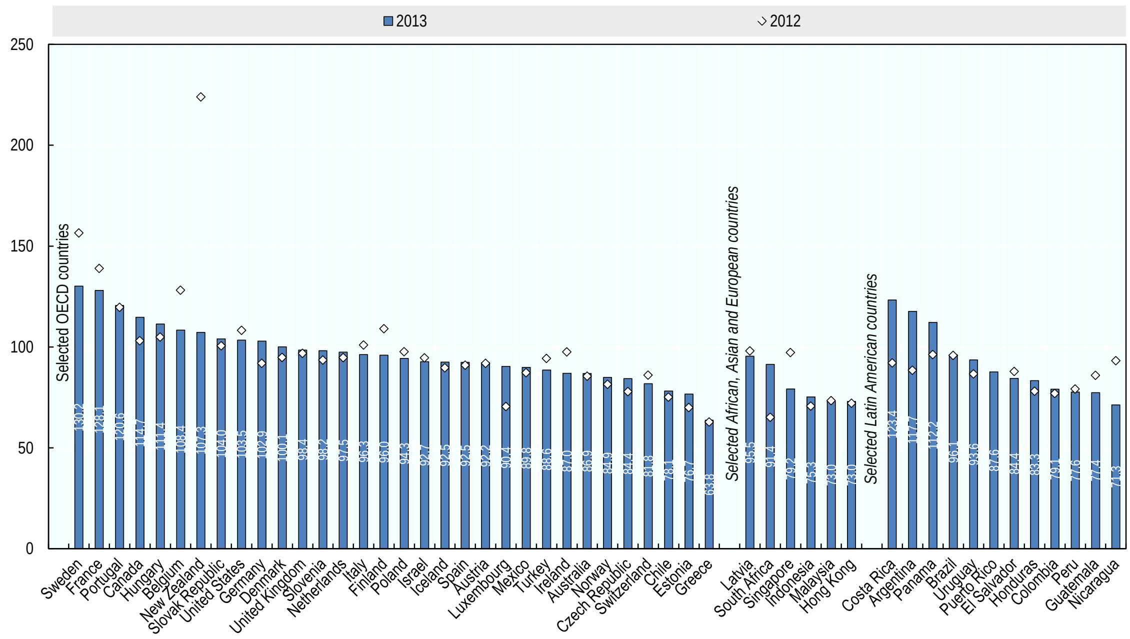
Source: OECD - Global Insurance Market Trends 2014

With regard to the trend of the combined ratio (ratio of claims and management costs to premiums), around two in three of the countries involved in the survey recorded a value of less than 100% in 2013, although differences continued between OECD countries and non-OECD countries.

Among OECD countries, some had ratios of more than 100%. Belgium, Canada, Denmark, France, Germany, Hungary, New Zealand, and then Portugal, Sweden and the United States, France and Sweden continued to record the highest ratios for 2013 as well, even if they were lower than in 2011-2012.

Non-OECD countries generally had a lower level, proof of better performance in the non-life sector. In three Latin American countries: Argentina, Costa Rica and Panama, the rate exceeded 100% in 2012-13. The strong competitive climate which currently characterises the non-life business is focusing the corporate policies of many undertakings on the cutting of costs also by means of the development of new sales channels and the adoption of targeted marketing strategies.

Graph I.5 - Combined ratio for the non-life business (2012-2013)



Source: OECD - Global Insurance Market Trends 2014

Investments

As regards non-life business, in most OECD countries in 2013 insurers showed some stability in their investment management policy, continuing to focus primarily on the bond sector. However, during 2013 some insurers reallocated their investments from bonds to shares and to other forms of investment: these included Denmark, France, Greece, Ireland and Israel. Other countries implemented totally different policies, transferring investments into the bond sector: these include, for example, Chile, Estonia, Finland and Turkey.

In the majority of the countries, the portion invested in shares or equities is on average higher with respect to the life business; Austria and Indonesia have the highest portions (more than 40%); also among non-life insurers the portion invested in properties is marginal.

Profitability

Profitability in the non-life business showed a mixed trend among the individual countries covered by the survey: in some of them (for example in Poland) profitability increased in 2013 compared to 2012; in others (including Israel), return on investments of non-life business fell, reflecting the performance of the financial markets.

In the non-life business also, return on equity capital showed marked volatility in 2013 compared to the results in 2012. In countries like the Czech Republic and Hungary the negative trend continued; other countries experienced an increase, either contrary to what they recorded in 2011-12, or in line with the upward trend recorded in 2011 (this is the case for Greece, Finland, Mexico, Poland and Switzerland, where ROE stayed above 10%).

1.2 - The European insurance market

The profitability of the insurance industry is closely linked to the context of low interest rates in which undertakings operate. As regards commitments to policyholders, the industry's efforts are focused on rethinking the offer, through products with more flexible yield structures that are not consolidated annually but on maturity. On the investment side, the sector as a whole is reallocating portfolios to higher risk assets.

The insurance industry's solvency ratio (Solvency I) is adequate for the entire European market.

1.2.1 – Life business

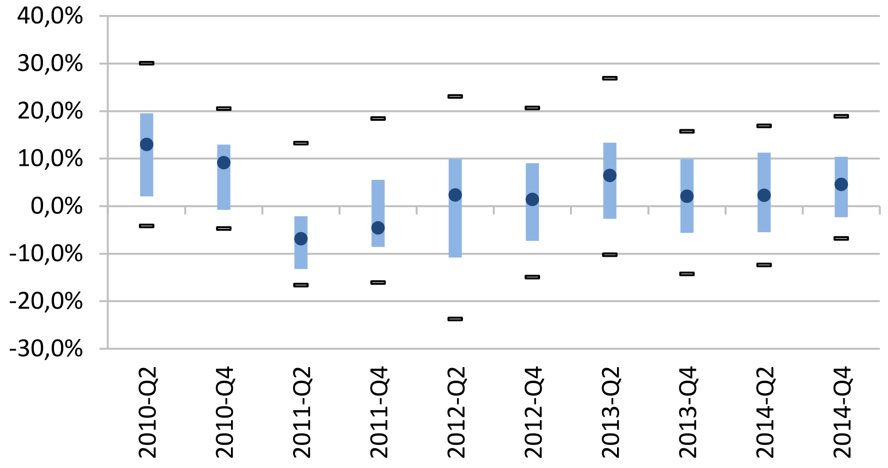
Premiums

Overall, income growth in the life business in 2014 has remained low. In many Euro area countries, income has been sustained mainly by products with guaranteed returns. The diversity of the various economic and social situations in the area is reflected in positive, sometimes high, growth rates in some countries and negative ones in others.

As illustrated in graph I.6, life business reported median growth of 2.5%[5] in mid 2014 and 4.5% at year end. However, there was a reduction in the interquartile range, due mainly to improvement of the 25th percentile.

[5] In this case, the median expresses the value of the increase in premium income, under which half of the undertaking of the sample of insurers is situated.

Graph I.6 - Changes in trends in life market business (gross premiums written) Median, interquartile range, 10th and 90th percentile



Source: EIOPA Financial Stability Report, May 2015[6]

In many countries, guaranteed-return products represent the main form of insurance in the life sector. Business related to products with more marked financial content, especially unit-linked products, does not show a uniform trend. Indeed, some countries are seeing a new development phase, generating a gradual replacement of more traditional products.

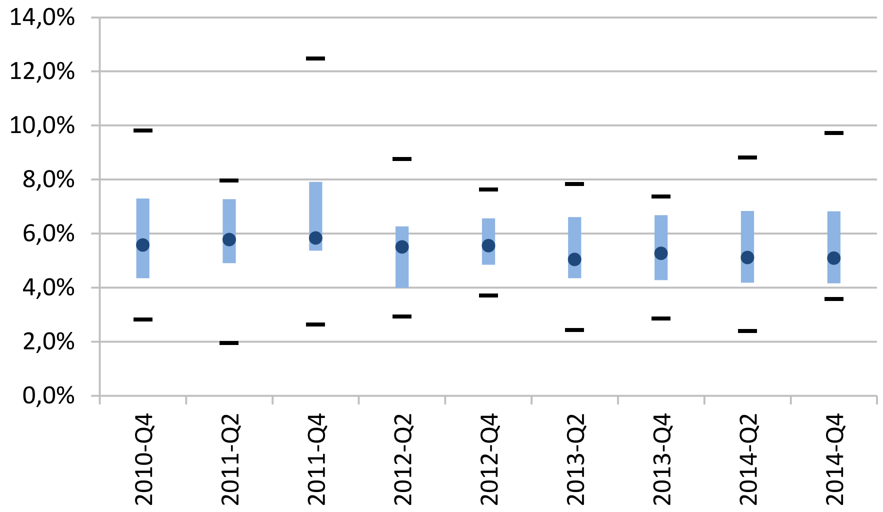
Claims

Across Europe, life insurance savings products reported surrender rates that were generally higher throughout the market, but low when compared to the explosion of the phenomenon during the recent sovereign debt crisis.

Indeed, as graph I.7 shows, the level of surrender rates has stayed substantially the same since 2013 with a greater dispersion among the most extreme values of the distribution (close to the 90th percentile).

[6] See EIOPA-FSC-15-67 document of 29/05/2015

Graph I.7 - Surrender rates of the life market
Median, interquartile range, 10th and 90th percentile



Source: EIOPA Financial Stability Report, May 2015

Although the contract clauses of life products include the disincentive of exit penalties for early surrender, some insurers often choose not to apply them. In some tax systems, this disincentive mechanism is regulated - indirectly - by specific measures applied to insurance products.

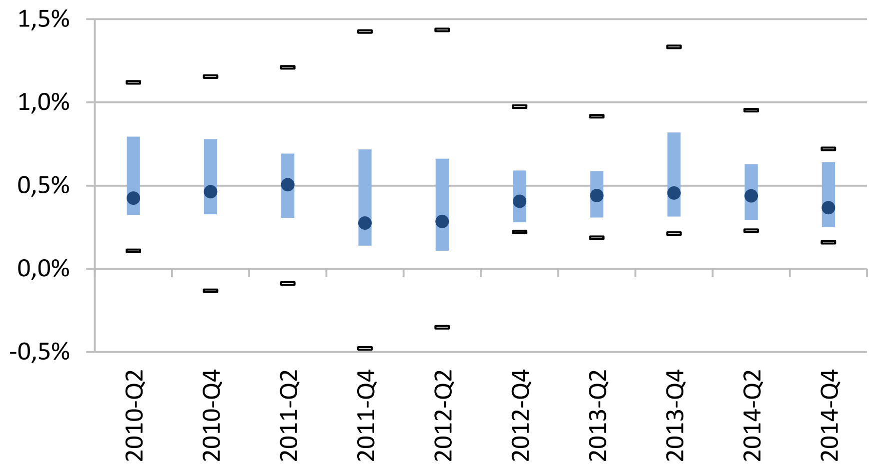
Investments and Profitability

Even though the return on assets of the life industry was at relatively low levels in 2014, it was stable despite the low yields of bonds and thanks to the substantial stability of premium income.

From the stress tests carried out by EIOPA in 2014 (concerning the situation of undertakings at the end of 2013), it emerged generally and clearly that the duration of liabilities is often longer than that of assets, even though it can be said that Italy is substantially in line, as will be seen in paragraph 5.1.1 dedicated to segregate funds.

As already highlighted, in the general context of low rates of return, and despite the low growth of premium income, the aspect of the profitability of investment choices generates particular pressure on insurers, which leads to minimising the risk of reinvesting fixed-term securities (characterised by high returns) in the current financial context and, consequently, in defining and distributing new products with more flexible yield structures.

Graph I.8 - ROA of the life market
Median, interquartile range, 10th and 90th percentile



Source: EIOPA Financial Stability Report, May 2015

Capitalisation and solvency

The solvency ratio for the life business is slightly lower because of the increasing weight of commitments to policyholders that the companies have incurred and are incurring in the current scenario of low rates of return.

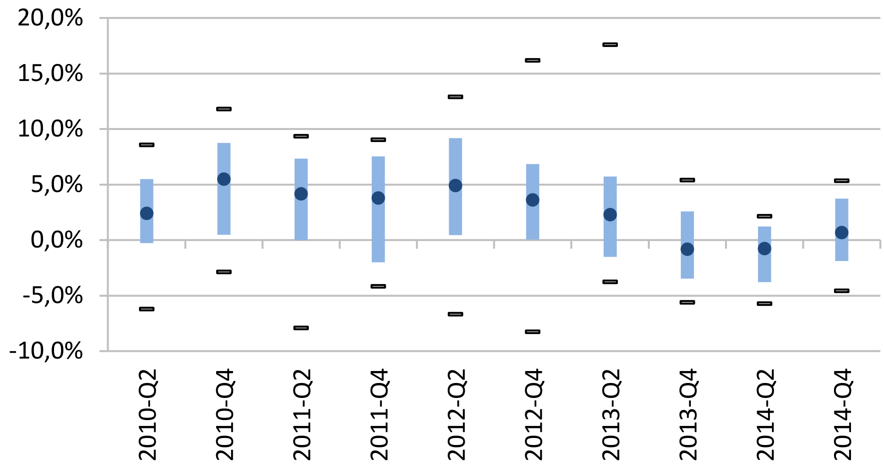
Despite this, the distribution of European undertakings concerned by the EIOPA survey is concentrated above the solvency value (*Solvency I*) of 200%.

1.2.2 - Non-life business

Premiums

Most of the countries in the Euro area concerned by the EIOPA survey recorded a slight increase in premiums, highlighting overall and compared with the life business the greater structural robustness of the business.

Graph I.9 - Changes in trends in non-life market business (gross premiums written) Median, interquartile range, 10th and 90th percentile



Source: EIOPA Financial Stability Report, May 2015

For the median company, premium income in 2014 generally stabilised (albeit at low levels and with growth of around 0%).

Claims

Observation of claims relating to the non-life business shows a phenomenon that is substantially under control, driven on the one hand by a low frequency of motor liability sector claims and, on the other, by a lack of "extreme" claims arising from natural disasters.

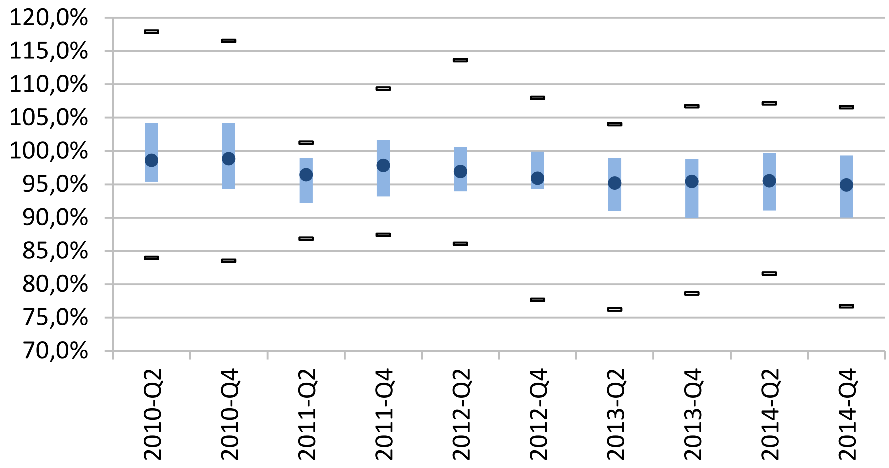
Investments and Profitability

The business of non-life companies, characterised, on the investment front, by a shorter duration than life business, has a faster mechanism for "adapting" to the current context of low interest rates.

However the non-life insurance companies are also exposed to the risks of low interest rates and to the performance of the stock markets and of the real estate sector.

Graph I.10 illustrates the trend of the *combined ratio*: the value recorded in 2014 and with reference to the median company is around 95%.

Graph I.10 - Combined ratio, non-life market
Median, interquartile range, 10th and 90th percentile



Source: EIOPA Financial Stability Report, May 2015

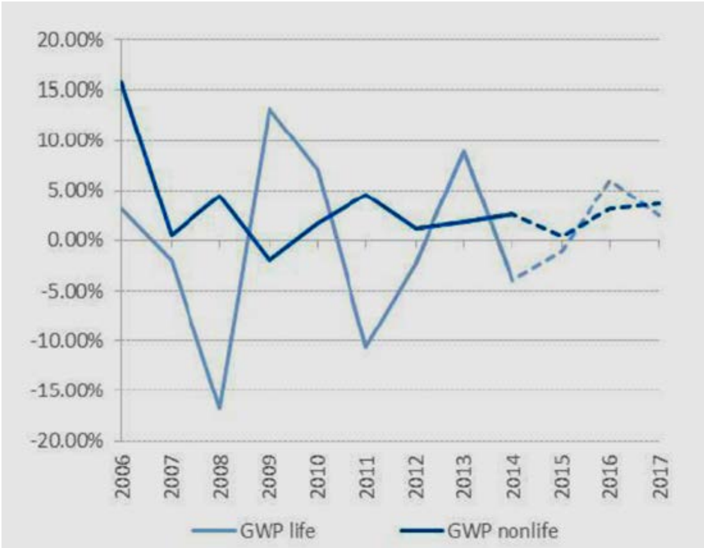
Capitalisation and solvency

Unlike the life business, in the non-life business the solvency ratio has risen, with the median value at the end of 2014 going back to over 300% (value recorded until 2011).

Market prospects

The latest EIOPA estimates for 2015 show a slight fall in non-life business, which reflects the current critical times facing the market. Growth of the life business in 2015 is estimated to fall slightly, to values close to 0%. For 2016 and 2017 the forecast for the European insurance market is for growth in the life business and in the non-life business in line with the forecasts of improvement to the overall economic situation in the entire area. It can be seen in the graph below that the non-life business shows less volatility connected to the greater stability of the business related to mandatory cover.

Graph I.11 – Gross premiums written – Forecasts for the Euro area



Source: EIOPA and BCE "Survey of Professional Forecasters" - April 2015

Overview of the risks for the European insurance industry

The **Risk Dashboard**, envisaged by the European supervisory legislation[7], is based on the information requested to the supervised undertakings and collected by EIOPA[8]. This tool has the purpose of providing a quarterly overview of the evolution of the risks and vulnerabilities of the European insurance industry, on the basis of a framework determined in cooperation with the European supervisory Authorities (ESAs), the European Systemic Risk Board (ESRB) and the European Central Bank.
The "*Risk Dashboard*" contains information concerning 7 categories of risk for the insurance market, the summary index of which is obtained by the aggregation of the respective sub-categories of risk, by using qualitative and quantitative indicators. Such indicators are created on the basis of both the market conditions and the data collated for the leading insurance groups in the major European countries including Switzerland (approx. 30 groups).

The preliminary statistical analysis – which leads to the aggregated index – is followed by a discretionary expert judgement which may supplement or change the results obtained. The 7 risk categories are classified on the basis of the aggregate score (level), the change with respect to the previous quarter (trend), the impact on the insurance sector (impact).

The following considerations are taken from the processing carried out by EIOPA of data relating to the 4th quarter of 2014 and variations with regard to the 3rd quarter of 2014.

The main risks

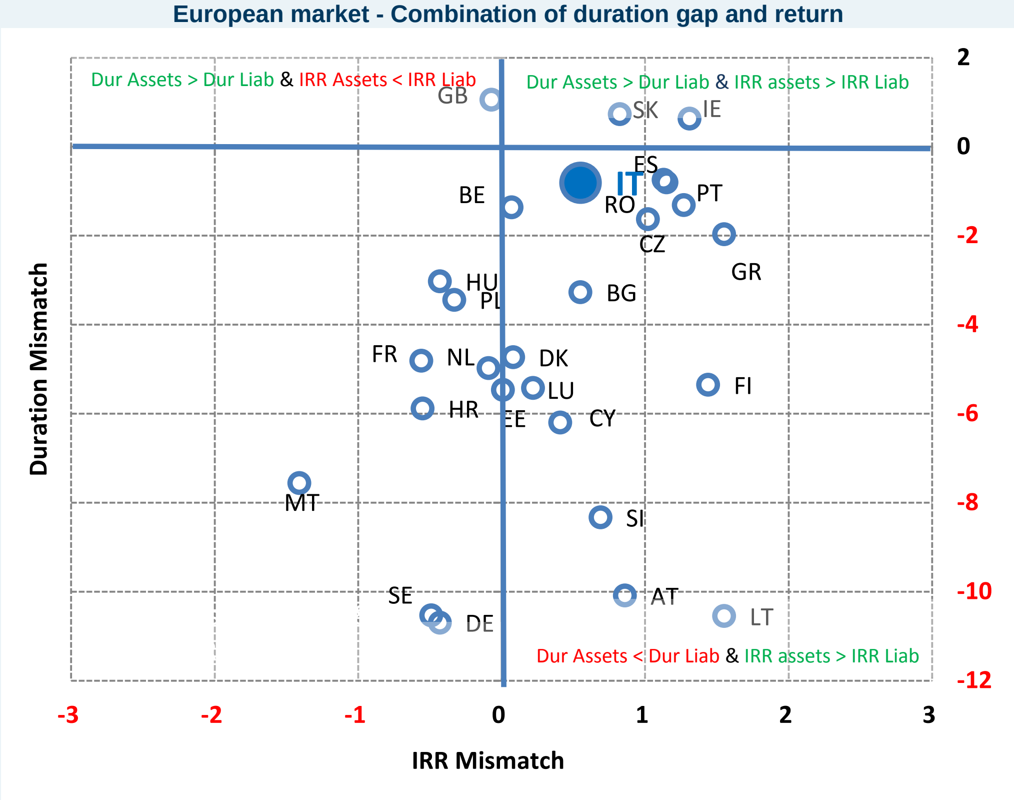
[7] See EIOPA Regulation Art 22.2; ESRB Regulation Art. 3.2(g)
[8] EIOPA-FS-15/209

→ Macroeconomic risks
In the long term, the ECB's quantitative easing may create favourable conditions for insurers thanks to the improving stimulus to economic growth, but at a slow rate. The structural differences between economies, starting from levels of public debt and unemployment, affect demand for insurance savings.
The fragmentation and resulting limitation - in some economies - of the system for providing bank credit to undertakings increases the role of the insurance sector as long-term financier of the real economy.

→ Market risks
The situation in individual countries is very mixed. The reference operating context, characterised by continuing low interest rates and the effects in the short term of the quantitative easing operation, affects insurance undertakings, exercising considerable "pressure" on their business, especially the life business. This reduces the gap between the profitability of investments, especially long-dated ones, and the contractual minimum return guarantees, which are much higher in policies taken out in the past.

As already anticipated in previous paragraphs, in some countries[9] the insurance sector is characterised by substantial balance sheet equilibrium between commitments and investments, in terms of both return and duration. However, in other countries there is a marked lack of equilibrium (for more details, see paragraph 5.1.1 on segregate funds).

Graph I.12
European market - Combination of duration gap and return



Source: EIOPA

→ Credit risk

[9] EIOPA Stress Test 2014 (assessments as at 31/12/2013)

The effect of quantitative easing should continue to reduce the gap in the credit spread; on the other hand, the valuation of securities may not be in line with current economic conditions and therefore with the underlying risks.

→ Liquidity and funding risks
The liquidity and funding risk is substantially unchanged because the surrender rate has substantially stayed the same. As a result of quantitative easing there is currently a trend towards increased volatility of government bond yields because of their decreased liquidity (due to reduced volumes traded on secondary markets).

→ Profitability and solvency risks
The solvency margin, based on Solvency I principles, is at reassuring levels. However, it is important to highlight that the recent stress test carried out by EIOPA showed a solvency capital requirement[10] of less than 100% for 14% of the participants, which represent 3% of the sample assets.
The return prospects of insurance products are subject to strong pressure in the light of the impact of quantitative easing on interest rates.

→ *Interlinkages/Imbalances*
Contagion/interlinkage risks are still a source of considerable uncertainty. This can be attributed mainly to the recent performance of exchange rates which has increased market volatility sharply, noticeably changing derivative positions.

→ Insurance technical risks
In 2014 losses in the insurance sector were at their lowest since 2009. Technical risks do not represent an essential element in the overall picture of risks and arise predominantly from the low growth rates of premium income recorded in some countries. The reinsurance cost has also fallen as a consequence of the entry into the market of "alternative capital" tools (these are alternative risk transfer solutions, such as catastrophe bonds).

The scenario which follows illustrates the risks in the European insurance market.

[10] Calculated according to the standard formula rules, including the optional use of LTG (long-term guarantee) measures and excluding the possibility of using specific elements of the undertakings in the calculation

risk type	risk level	risk trend	impact on the insurance sector	comments
market		⇨ 3	HIGH	• environment for investment characterised by exceptionally low interest rates pending and then following the launch of the QE by the EBC. • Impact of deflation on economic stability
macro		⇨ 3	HIGH	• In general the economic scenario in the member states is improving, with positive growth estimates. • Exposure to macroeconomic risks and differences in growth between the various member states can still be observed, due to the decrease in inflation in the last months of the year and the subsequent deflation in the Euro zone caused by the sharp drop in energy costs also as a result of
liquidity & funding		⇨ 3	MEDIUM	• On the whole the European insurance sector holds liquid assets to cover increased short-term commitments. • However there is still a liquidity risk, mainly linked to the occurrence of crisis scenarios.
profitability & solvency		⇨ 3	MEDIUM	• Increasing problems with profitability - especially in life business - make the sector vulnerable to the fragile economic scenario. • The margin under Solvency I remains adequate, but we expect a weakening of the average levels under Solvency II.
interlinkages/imbalances		⇗ 4	HIGH	• greater use of derivatives, most likely due to the need to cover exchange risks.
credit		⇨ 3	MEDIUM	• The valuation of securities may not correctly represent the underlying risks. • Market expectations may diverge from the fundamentals of the economy. • Monetary easing is expected to reduce spreads. • A realignment of premiums to the credit risk may have a considerable negative impact over insurers, as also highlighted by the EIOPA Stress Test for 2014.
insurance		⇨ 3	MEDIUM	• Competition in alternative reinsurance instruments is leading reinsurace market players to reduce prices. • In 2014 insurance losses reached the minimum levels since 2009.

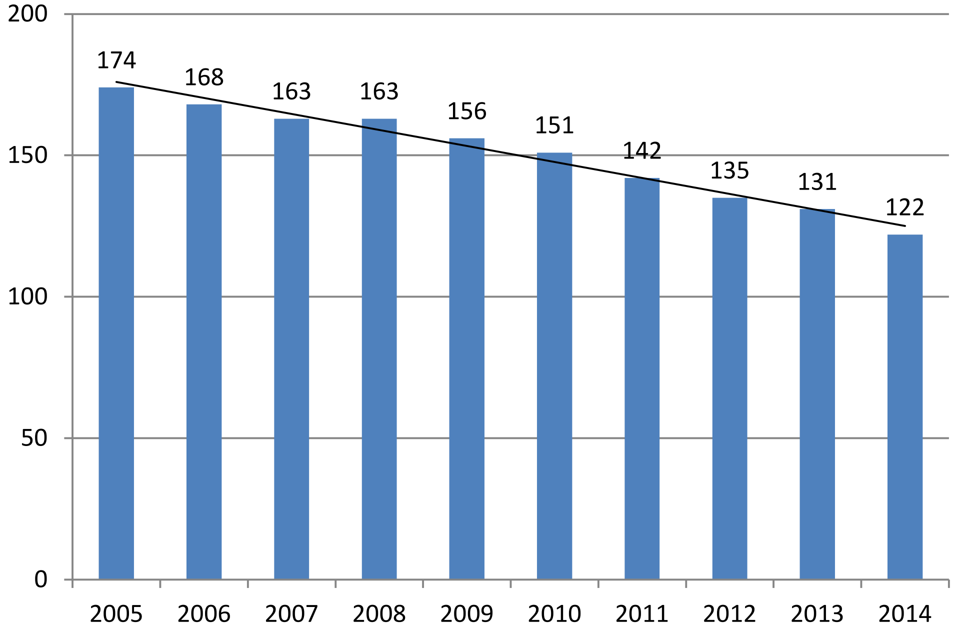
risk level		risk trend		
VERY HIGH		growing considera	⇧	5
HIGH		growing	⇗	4
MEDIUM		stable	⇨	3
LOW		falling	⇘	2
		falling sharply	⇩	1

2. - The Italian insurance market: structural aspects

2.1 - Market structure

From 2005 to 2014 the number of undertakings making up the Italian insurance market gradually dropped by 30%.

Graph I.13 - Domestic undertakings



Source: IVASS

There are no more Italian specialist reinsurers for both life or non-life business.

As at 31 December 2014 the undertakings authorised to pursue insurance and reinsurance business in Italy - domestic undertakings and branches of foreign undertakings with head office in a non-EU country - were 124 (133 in 2013), 122 of which domestic and 2 branches.

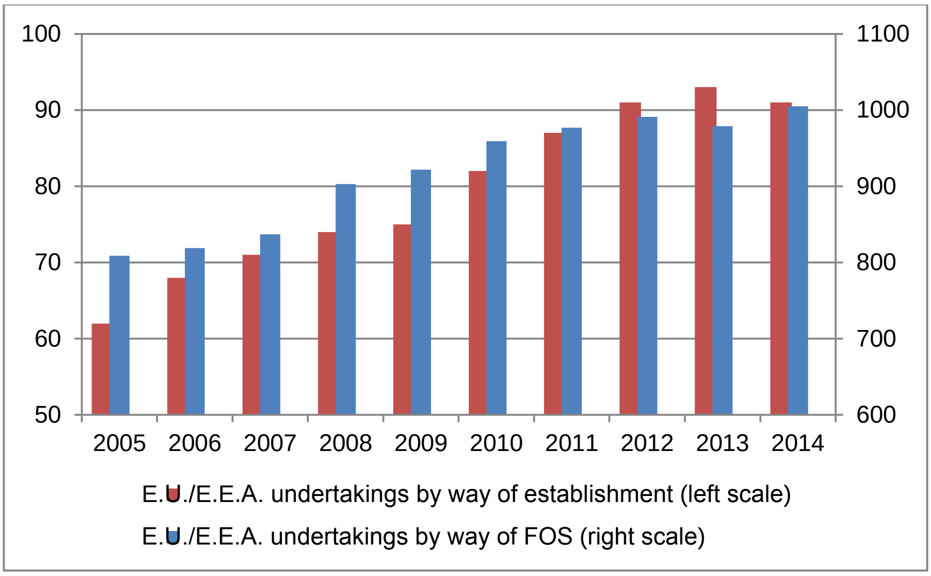
Of these undertakings, 47 pursued just the life business (of which 9 also pursued supplementary accident and health insurance), 65 the non-life business and 12 were composites.

With respect to the end of 2013, 10 undertakings terminated the pursuit of insurance business as a consequence of mergers by incorporation (5 non-life undertakings, 3 life undertaking and 2 composites), and one new authorisation was issued.

Many undertakings with head office in another EU or European Economic Area (EEA) state continued to operate in the Italian territory and were supervised by the supervisory authorities of their respective countries of origin. In particular, there were 91 branches of undertakings with head office in another EU member State (19 in life assurance, 58 in non-life insurance and 14 composites) carrying on business under the right of establishment; while 1005 undertakings with head office in an EU member State or in another country of the EEA, 186 of which in life assurance, 758 in non-life insurance, 58 composites and 3 reinsurers (2 for and 1 for non-life classes), were licensed to pursue business in Italy under the freedom to provide services.

Graph I.14 shows the increase in EU/EEA undertakings operating in Italy under the right of establishment and under the free provision of services. From 2005 to 2014 the increase was respectively 46.8% and 24.2%.

Graph I.14 - EU/EEA undertakings operating in Italy (2005-2014)



Source: IVASS

Around 34% of the branches licensed to operate on the Italian territory had their head office in the United Kingdom, 16% in France, 14% in Ireland and 11% in Germany; the remaining percentage was spread across undertakings with head office in Luxembourg (approx. 7%), Belgium (approx. 5%), Austria and Spain (both approx. 4%), (2.3%), the Netherlands, Gibraltar and Liechtenstein.

Table I.1 - Distribution of EU/EEA undertakings under the right of establishment by State of the head office		
	2013	2014
Head office country:		
United Kingdom	34%	34%
France	18%	16%
Ireland	14%	14%
Germany	11%	11%
Belgium	5%	5%
Luxembourg	5%	7%
Austria	4%	4%
Spain	4%	4%
Others	3%	3%
Number of undertakings	93	91

Source: IVASS

Newly-authorised branches were two, both from Luxembourg. The number of branches of specialist reinsurers with head offices in the EU remained at seven, as in 2013 (1 pursuing non-life business and 6 composites).

Out of 758 undertakings authorised to write non-life business in Italy under the freedom to provide services, 27% were based in the United Kingdom, 13% in Germany, 11% in Ireland, 10% in France and 6% in the Netherlands.

Out of 186 undertakings authorised to write life business in Italy under the freedom to provide services, 22% and 21% respectively were based in the United Kingdom and in Luxembourg, 15% in Ireland, 12% in Liechtenstein, 10% in France and 10% in Germany. The remaining 10% was spread across the undertakings with head offices in the other EU and EEA countries, particularly in the Netherlands (3.2%).

The 58 composite undertakings were based mainly in Austria (33%), in France (16%), in Belgium (10%), in the United Kingdom (7%), in Spain and the Czech Republic (both 5%). The remaining 24% was spread across the other EU and EEA countries.

In 2014, 69 undertakings or branches of undertakings with head office in another EU/EEA member state were licensed to pursue insurance business by way of freedom to provide services, of which, in particular, 16 from the United Kingdom, 13 from Germany and 11 from Belgium.

Table I.2 below shows premiums earned in Italy by way of establishment, in the period 2011-2013, by undertakings with head office in another EU/EEA member State. The most substantial portions of the income relate to undertakings with their head office in Ireland, the United Kingdom and France.

Table I.2 - Premiums earned in Italy by way of establishment by EU and EEA undertakings

(million euro)

	Financial year 2011			Financial year 2012			Financial year 2013		
Countries	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Austria	162	9	171	255	12	267	179	3	183
Belgium	16	4	20	167	4	170	209	0	208
Bulgaria	0	0	0	0	0	0	0	0	0
Cyprus	0	0	0	0	0	0	0	0	0
Croatia (a)							0	0	0
Denmark	0	0	0	3	0	3	0	0	0
Estonia	0	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	0	0	0	0
France	779	292	1,070	601	206	808	549	261	810
Germany	222	0	222	282	0	282	291	0	291
Greece	0	0	0	0	0	0	0	0	0
Ireland	1,425	973	2,398	1,389	1,973	3,363	1,374	2,647	4,022
Italy	0	0	0	0	0	0	0	0	0
Latvia	0	0	0	0	0	0	0	0	0
Lithuania	0	0	0	0	0	0	0	0	0
Luxembourg	6	261	267	13	262	275	26	464	489
Malta	0	0	0	0	0	0	0	0	0
Netherlands	2	0	2	76	0	76	48	0	48
Poland	0	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0
United Kingdom	1,021	43	1,064	812	40	853	1,466	42	1,508
Czech Republic	0	0	0	0	0	0	0	0	0
Slovak Republic	0	0	0	0	0	0	0	0	0
Romania	0	0	0	0	0	0	0	0	0
Slovenia	0	0	0	0	0	0	0	0	0
Spain	140	313	453	100	169	269	235	129	364
Sweden	0	0	0	0	0	0	0	0	0
HUNGARY	0	0	0	0	0	0	0	0	0
EU Total	**3,772**	**1,894**	**5,667**	**3,698**	**2,667**	**6,365**	**4,376**	**3,546**	**7,923**
Liechtenstein	0	287	287	0	312	312	0	346	346
Iceland	0	0	0	0	0	0	0	0	0
Norway	0	0	0	0	0	0	0	0	0
EEA Total	**3,772**	**2,181**	**5,953**	**3,698**	**2,979**	**6,677**	**4,376**	**3,892**	**8,269**

Source: IVASS processing of statistical data supplied by the insurance supervisory authorities of the other EU/EEA countries.
(a) Croatia joined the European Union on 1 July 2013.
Note: totals may not tally due to rounding off of decimal numbers.

Table I.3 below shows premiums earned in Italy by way of free provision of services, in the period 2011-2013, by undertakings with head office in another EU/EEA member State. This type of income refers predominantly to undertakings with head office in Ireland and Luxembourg.

Table I.3 - Premiums earned in Italy by way of free provision of services by EU and EEA undertakings

(million euro)

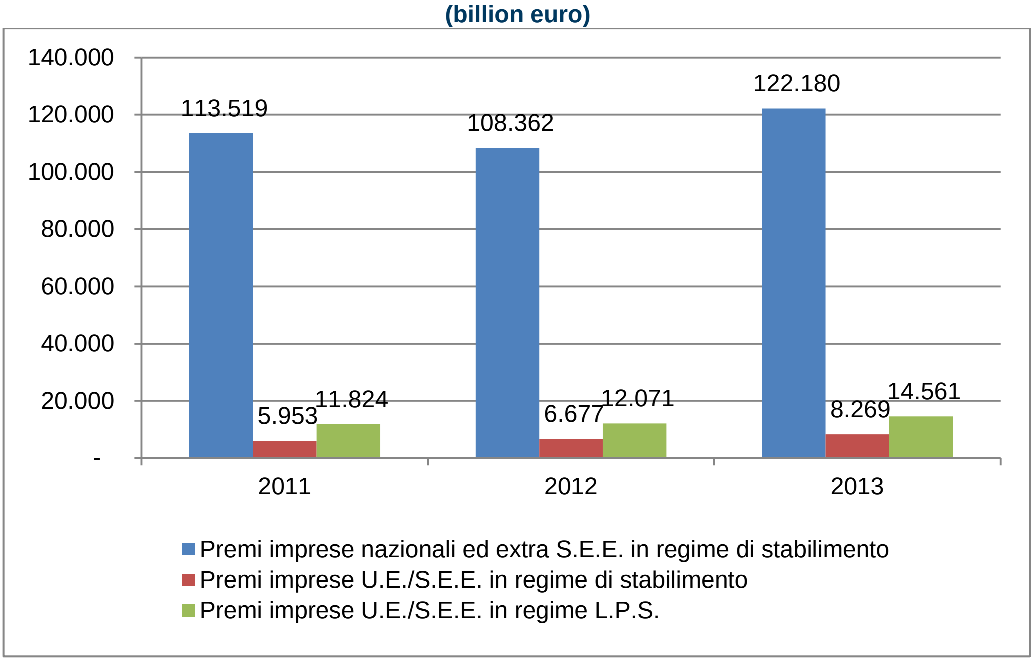
	Financial year 2011			Financial year 2012			Financial year 2013		
Countries	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Austria	48	10	59	55	9	65	53	11	64
Belgium	11	0	11	5	0	5	8	0	9
Bulgaria	0	0	0	0	0	0	0	0	0
Cyprus	0	0	0	0	0	0	0	0	0
Croatia (a)							0	0	0
Denmark	0	0	0	1	0	1	0	0	0
Estonia	0	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	0	1	0	1
France	65	3	68	80	6	87	94	3	97
Germany	29	4	33	29	4	32	27	3	30
Greece	0	0	0	0	0	0	0	0	0
Ireland	174	7,978	8,152	180	8,194	8,374	232	10,841	11,073
Italy	0	0	0	0	0	0	0	0	0
Latvia	0	0	0	4	0	4	0	0	0
Lithuania	0	0	0	0	0	0	0	0	0
Luxembourg	12	1,915	1,927	13	2,261	2,274	18	2,163	2,180
Malta	38	34	71	28	33	61	32	33	65
Netherlands	5	0	5	9	0	9	46	2	48
Poland	0	0	0	0	0	0	0	0	0
Portugal	0	0	0	35	35	70	0	0	0
United Kingdom	764	3	766	436	0	436	655	4	659
Czech Republic	0	0	0	0	0	0	0	0	0
Slovak Republic	0	0	0	0	0	0	0	0	0
Romania	44	42	87	56	0	56	52	0	52
Slovenia	0	0	0	0	0	0	0	0	0
Spain	28	0	28	33	0	33	21	7	28
Sweden	12	0	12	10	0	10	10	1	11
HUNGARY	4	0	4	3	0	3	1	0	1
EU Total	**1,233**	**9,989**	**11,222**	**976**	**10,542**	**11,518**	**1,250**	**13,068**	**14,318**
Liechtenstein	0	578	578	3	525	529	8	211	219
Iceland	3	0	3	0	0	0	0	0	0
Norway	21	0	21	24	0	24	25	0	25
EEA Total	**1,258**	**10,566**	**11,824**	**1,004**	**11,067**	**12,071**	**1,282**	**13,279**	**14,561**

Source: IVASS processing of statistical data supplied by the insurance supervisory authorities of the other EU/EEA countries.
(a) Croatia joined the European Union on 1 July 2013.
Note: totals may not tally due to rounding off of decimal numbers.

Graphs I.15 and I.16 show the distribution of non-life and life premiums earned overall for the year, divided between domestic undertakings and non-EEA branches on the one hand and EU/EEA undertakings on the other, showing the income earned in Italy by way of establishment and of free provision of services.

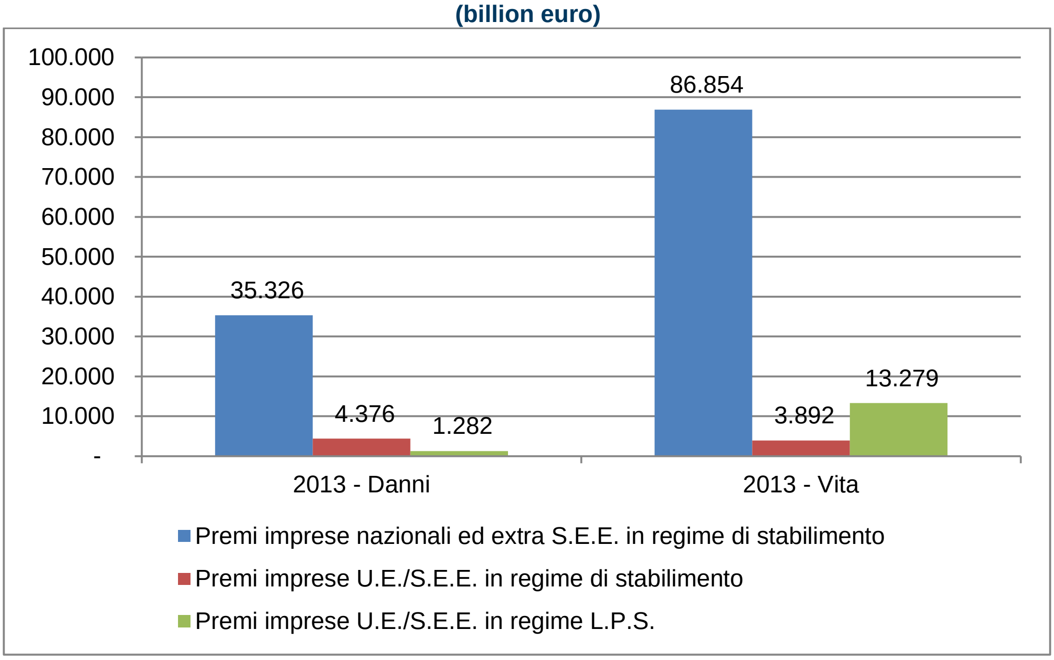
In particular, in 2013, non-life income was made up 86.2% of premiums from domestic and non-EEA undertakings and 13.8% of premiums from EU/EEA undertakings, of which 10.7% by way of establishment and 3.1% of free provision of services in Italy. Meanwhile, life income was made up 83.1% of premiums from domestic and non-EEA undertakings and 16.9% of premiums from EU/EEA undertakings, of which 3.7% by way of establishment and 13.1% of free provision of services in Italy.

Graph I.15 - Overall premium income over the Italian territory broken down between domestic/non EEA undertakings and EU/EEA undertakings (2011-2013) (billion euro)



Source: IVASS

Graph I.16 - Premium income for life and non-life business over the Italian territory broken down between domestic/non EEA undertakings and EU/EEA undertakings (2013) (billion euro)



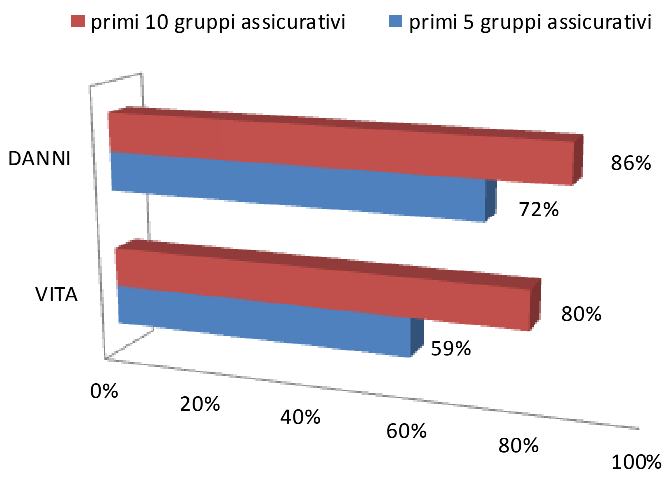
Source: IVASS

2.2 - Market concentration

The Italian insurance market continues to present a high concentration, as illustrated by the sum of the market shares.

The concentration ratio for insurance groups, valued separately for the life business and non-life business as the percentage of the income of the top five insurance groups on total income – because of the substantial diversity of the two markets – (graph I.17), provides the following picture. In the life business, the share held by the top five insurance groups is 58.6%; for the top ten insurance groups the value is 80%. In the non-life business the market shares of the top five and top ten insurance groups are, respectively, 71.7% and 86.5%.

Graph I.17 - Concentration ratios by groups



Source: IVASS

However, as regards the degree of concentration, taking the individual companies as reference, market shares are differentiated between life and non-life and the premium income data has undergone some changes compared to the previous year due to mergers and/or portfolio transfers: the top five life undertakings collected 45.1% of premiums (49.2% in 2013); while the share held by the top five non-life undertakings was equal to about 60.5% (53.3% in 2013).

2.3 - Premium income and investments based on shareholdings and on the main activity of the parent group

The market profile with regard to the type of shareholding ownership and the industrial sector of the controlling entity is presented in table I.4.

Table 1.4 - Premium income and assets compared to ownership structure and parent group – Year 2014

(thousand euro)

	premiums (Italian direct business)	%	class C investments	%
Companies controlled by EU foreign entities	**32,246,393**	**22.5%**	**98,413,430**	**18.9%**
Companies controlled by non EU entities	**2,696,709**	**1.9%**	**12,857,552**	**2.5%**
Non-EU branches	**374,867**	**0.3%**	**463,145**	**0.1%**
Companies controlled by the State and by Italian public entities	**16,327,267**	**11.4%**	**72,992,694**	**14.0%**
Companies controlled by Italian private entities subdivided by dominant economic sector of the group, of which:	**82,038,808**	**57.2%**	**309,797,487**	**59.5%**
industrial and services sectors	*419,522*	*0.5%*	*261,303*	*0.1%*
insurance sector	*57,158,800*	*69.7%*	*229,953,657*	*74.2%*
banking and financial sector	*24,460,486*	*29.8%*	*79,582,527*	*25.7%*
Companies owned on a 50/50 basis by banks and insurance companies, of which:	**9,633,918**	**6.7%**	**26,276,120**	**5.0%**
Italian insurance companies	*223,307*	*2.7%*	*298,883*	*1.1%*
foreign EU insurance companies	*9,410,611*	*97.3%*	*25,977,237*	*98.9%*
Grand total	**143,317,962**	**100.0**	**520,800,428**	**100.0**

Source: IVASS

The analysis of the data shows that in 2014 private Italian entities held 57.2% of the business and 59.5% of the class C investments; with a decrease compared to 2013 (respectively 58.9% and 60.4%). On the other hand, business and class C investments of foreign EU entities remained substantially stable, at respectively 22.5% and 18.9% (22.2% and 18.9% in 2013). Among the private Italian entities, those in the banking and financial sector were predominant, after the insurance sector, both in terms of premiums and investments. In fact in 2014 banks held 29.8% of the business and 25.7% of the class C investments; with an increase compared to 2013 (respectively 28.4% and 23.3%). The presence of industry and services in the insurance sector was practically negligible.

2.4. Insurance and reinsurance intermediaries

2.4.1 - Intermediaries registered in the Single Register

Intermediaries registered: number and geographical distribution

As at 31 December 2014, there were 244,235 intermediaries (243,499 in 2013) registered in the Single Register, which add to the 7,833 foreign intermediaries registered in the Enclosed list (8,022 in 2013).

Detailed information on the number of intermediaries registered in the individual sections is provided below:

Table I.5 - Single Register of Intermediaries

Sections	Type of intermediary	Number of registered intermediaries	
A	Agents	**25,533** **9,515**	natural persons companies
B	Brokers	**4,015** **1,558**	natural persons companies
C	Direct canvassers	**7,252**	natural persons
D	Banks, financial intermediaries, Sim (stock brokerage companies) and Poste Italiane s.p.a. - Bancoposta services division	**642**	companies
E	Staff involved in mediation outside the premises of the intermediary registered in section A, B or D, for which they conduct business, including their employees and collaborators	**183.488** **12.232**	natural persons companies
Enclosed list	Intermediaries having their residence or head office in another EEA Member State	**7,833**	

Source: IVASS (RUI)

Agents and brokers registered in the Single Register of Intermediaries (RUI) as at 31 December 2014 are distributed across the national territory[11] according to the following regional distribution:

Table I.6 – Regional distribution of agents and brokers

Regions	Agents Natural persons and Legal persons	%	Brokers Natural persons and Legal persons	%	Inhabitants per each intermediary (only natural persons)
Valle d'Aosta	100	0.3	13	0.2	1,531
Piedmont	3,224	9.2	402	7.2	1,644
Liguria	1,214	3.5	312	5.6	1,431
Lombardy	6,366	18	1,381	25	1,811
Veneto	3,212	9.2	415	7.4	1,892
Trentino-Alto Adige	697	2	94	1.7	1,916
Friuli-Venezia Giulia	760	2.2	127	2.3	1,918
Emilia Romagna	2,680	7.6	339	6.1	2,069
Tuscany	2,635	7.5	359	6.4	1,730
Marche	1,003	2.8	79	1.4	1,973
Umbria	653	1.9	71	1.3	1,748
Latium	3,565	10	890	16	1,878
Abruzzo	866	2.5	64	1.2	1,956
Molise	190	0.5	13	0.2	2,112
Puglia	1,750	5	170	3	2,658
Basilicata	319	0.9	26	0.5	2,295
Campania	1,839	5.2	472	8.5	3,469
Calabria	946	2.7	42	0.8	2,609
Sicily	2,123	6	259	4.6	2,890
Sardinia	906	2.6	45	0.8	2,350
Total	**35,048**	**100**	**5,573**	**100**	**2,069**

[11] Data referring to the residence of natural persons and the head office of companies.

Source: IVASS

The region with the most intermediaries (agents and brokers) is Lombardy; it is followed by Latium and, for agencies, Piedmont and Veneto. There is a large presence of brokers in Campania proportionally. In addition, considering only intermediaries who are natural persons, Liguria is the region with the lowest number of inhabitants per intermediary (1,431 inhabitants) whereas Campania, with 3,469 inhabitants per intermediary is the region with the highest density.

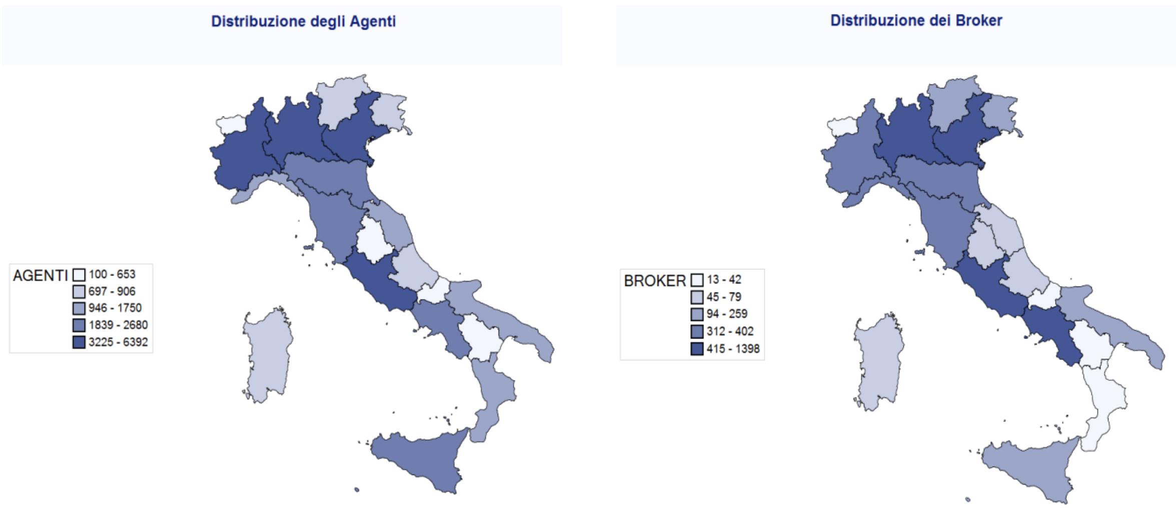
However, the majority of intermediaries are concentrated in the north, with over half of those registered on the RUI; it is followed by central Italy with around 25%.

Table I.7 – Distribution of agents and brokers per micro-region

	Agents	%	Brokers	%	Total	%
North	18,253	52.1	3,083	55.3	21,336	52.5
Central	8,722	24.9	1,463	26.3	10,185	25.1
South	5,044	14.4	723	13	5,767	14.2
Islands	3,029	8.6	304	5.4	3,333	8.2

Source: IVASS

Graph I.18



Investigations handled in 2014

The table below shows the types and numbers of proceedings completed during 2014:

Table I.8							
	Sect. A	**Sect. B**	**Sect. C**	**Sect. D**	**Sect. E**	**Enclosed list**	**Total**
Registrations	494	175	9,385	14	36,390	653	**47,111**
Removals	1,266	188	11,117	26	22,177	481	**35,255**
Reinstatements	22	7	8,933				**8,962**
Moving from one section to another	604	78	2,580		734		**3,996**
Extension of business abroad	9	643		1			**653**
Non operating/operating	538	266		41			**845**
Changes in the RUI after the conclusion of the disciplinary proceedings	95	63	1		243		**402**
Changes in personal data	2,365	843	3	48	1,408	127	**4,794**
Total	**5,393**	**2,263**	**32,019**	**130**	**60,952**	**1,261**	**102,018**

Source: IVASS

Updating the RUI database

The action plan to manage the position of those registered on the RUI who have not fulfilled the obligation to pay the supervision contribution and/or who have not been in operation for more than three years has been defined and initiated. Following detailed analysis aimed at identifying and quantifying the phenomena of non-payment/non-operation, entities that were found not to meet the requirements for maintaining registration were automatically removed. The action plan is still being implemented.

2014 also saw the start of a new procedure for accepting applications to register/remove collaborators of foreign intermediaries registered on the Attached List; this procedure includes publication on the IVASS website, on a fortnightly basis, of a list in electronic format of staff.

At the same time, checks were made on any discrepancies between the RUI database - collaborators on the Attached List and the databases of foreign intermediaries registered with the aim of updating the RUI.

The Institute is also carrying out sampled monitoring of those registered on the RUI to check the self-certifications issued during the registration process. The aspects being checked concern:

- Continuation of the integrity requirement for intermediaries registered in sections A, B, C and E;
- Absence of insolvency proceedings concerning those registered in all sections of the RUI;
- The requirement for those registered in sections A and B of the RUI to take out the necessary professional liability insurance cover;
- Possession of adequate professional knowledge.

The qualifying examination for registration in the RUI

The qualifying examination for registration in Sections A and B of the Register - 2013 session - was concluded in June 2014, in which 3.594 candidates participated out of 6.040 admitted: 868 were judged suitable (equal to 24% of those present). A new qualifying examination session was announced in December.

A total of 5,716 applications were received, submitted exclusively online using a special application accessible from the active portal on the IVASS site.

Analysis of the applications received shows a significant prevalence of male participants (68%) compared to females (32%).

As regards territorial distribution, candidates come predominantly from four regions: Lombardy, Latium, Campania and Sicily.

As regards the age of the candidates, the maximum peak is between 31 and 35 years.

3. - Premium income

In 2014 gross premiums written of the Italian and foreign portfolio were 146.5 billion euro, with an increase of 19.9% compared to 2013 (122.2 billion euro). Premiums of the Italian insurance and reinsurance portfolio amounted to 144.2 billion euro (+20.4% compared to 2013).

Premiums from just Italian direct business amounted to 143.3 billion euro (+20.7% compared to 2013): of this, 77.1% concerned the life business, equal to 110.5 billion euro (+29.9% compared to 2013), while 22.9% concerned non-life business, equal to 32.8 billion euro (-2.6% compared to 2013).

The incidence of Italian direct business in the motor insurance sector (motor vehicle liability and land vehicles) was 12.3% of the total market, and 53.6% of the non-life sector (respectively 15.7% and 55.3% in 2013).

The ratio between the premiums of the Italian direct insurance portfolio and the GDP increased slightly from 7.4%[12] in 2013 to 8.9% in 2014.

[12] The estimated GDP for previous years was revised by ISTAT and therefore the percentage of premium income to GDP for 2013 has been recalculated.

Table I.9 - Premiums of the Italian direct insurance portfolio					
					(million euro)
	2005	**2006**	**2007**	**2008**	**2009**
Life	73,471	69,377	61,439	54,565	81,116
% var.	-	-5.6%	-11.4%	-11.2%	48.7%
Non-life	36,309	37,125	37,656	37,453	36,685
% var.	-	2.2%	1.4%	-0.5%	-2.1%
of which: motor insurance	21,325	21,583	21,492	20,814	20,094
% var.	-	1.2%	-0.4%	-3.2%	-3.5%
of which: other non-life classes	14,984	15,542	16,164	16,640	16,591
% var.	-	3.7%	4.0%	2.9%	-0.3%
Life and non-life Total	109,780	106,502	99,095	92,018	117,801
% var.	-	-3.0%	-7.0%	-7.1%	28.0%
	2010	**2011**	**2012**	**2013**	**2014**
Life	90,114	73,869	69,715	85,100	110,518
% var.	11.1%	-18.0%	-5.6%	22.1%	29.9%
Non-life	35,606	36,358	35,413	33,687	32,800
% var.	-2.9%	2.1%	-2.6%	-4.9%	-2.6%
of which: motor insurance sector	19,831	20,652	20,190	18,644	17,566
% var.	-0.8%	3.6%	-2.2%	-7.7%	-5.8%
of which: other non-life classes	15,775	15,706	15,223	15,043	15,234
% var.	-4.9%	-0.4%	-3.1%	-1.2%	1.3%
Life and non-life Total	125,719	110,227	105,128	118,787	143,318
% var.	6.9%	-12.5%	-4.6%	13.0%	20.7%

Source: IVASS

3.1 - Life business

The trend of premium income from the life sector (direct Italian business), which reversed in 2013 with respect to the previous two years, in particular with regard to the sharp drop in 2011 (-18%), continued to be on the up and shows a 29.9% increase compared to the previous year. Class I products ended 2014 with an increase of 27.1% (26.9% in 2013); the biggest growth was in classes III and V, which both recorded an increase of 40.8%.

Table I.10 - Life assurance - Premium income by insurance class (Italian direct business)										
										(million euro)
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
class I	33,871	32,746	27,166	31,430	64,741	67,844	56,698	51,191	64,959	82,578
variat. %	-	*-3.3%*	*-17.0%*	*15.7%*	*106.0%*	*4.8%*	*-16.4%*	*-9.7%*	*26.9%*	*27.1%*
class II										
variat. %										
class III	26,389	27,385	29,053	18,558	9,732	15,409	12,496	13,800	15,514	21,837
variat. %	-	*3.8%*	*6.1%*	*-36.1%*	*-47.6%*	*58.3%*	*-18.9%*	*10.4%*	*12.4%*	*40.8%*
class IV	24	23	30	25	26	27	32	44	52	67
variat. %	-	*-2.4%*	*32.8%*	*-17.1%*	*4.3%*	*4.1%*	*16.6%*	*36.8%*	*19.0%*	*28.9%*
class V	12,692	8,938	4,469	3,196	5,078	5,154	3,131	2,815	3,282	4,622
variat. %	-	*-29.6%*	*-50.0%*	*-28.5%*	*58.9%*	*1.5%*	*-39.3%*	*-10.1%*	*16.6%*	*40.8%*
class VI	495	285	720	1,356	1,539	1,679	1,512	1,866	1,292	1,413
variat. %	-	*-42.4%*	*152.5%*	*88.3%*	*13.5%*	*9.1%*	*-9.9%*	*23.4%*	*-30.7%*	*9.3%*
total	**73,471**	**69,377**	**61,439**	**54,565**	**81,116**	**90,114**	**73,869**	**69,715**	**85,100**	**110,518**
	-	-5.6%	-11.4%	-11.2%	48.7%	11.1%	-18.0%	-5.6%	22.1%	29.9%

Source: IVASS

In correspondence with the upward trend in premium income, except for the years 2007-2008 and 2011-2012 which were characterised by economic instability during the sovereign debt crisis, one can see a symmetrical trend in the life business also in terms of net premium income (expressed as the balance between premiums and the claims burden) which, as shown in the following table, was again positive and in 2014 amounted to 45,941 million euro (almost twice the levels reported at the start of the last five-year period).

Table I.11 - Premiums and Charges (surrenders, accrued capital and annuities) Life business 2005-2014 - Italian direct business										
										(million euro)
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
total premiums	73,471	69,377	61,439	54,565	81,116	90,114	73,869	69,715	85,100	110,518
claims incurred	-43,710	-57,804	-74,316	-65,547	-57,198	-66,801	-73,971	-75,022	-66,788	-64,577
of which surrender	*-25,017*	*-35,412*	*-48,765*	*-41,765*	*-32,053*	*-36,496*	*-46,496*	*-47,198*	*-40,353*	*-37,630*
of which accrued capital and annuities	*-16,192*	*-19,192*	*-22,447*	*-20,551*	*-21,563*	*-26,062*	*-22,945*	*-22,567*	*-21,031*	*-20,741*
net income	29,761	11,573	-12,877	-10,982	23,918	23,313	-102	-5,306	18,312	45,941

Source: IVASS

Table I.12 shows the performance of the ratios claims burden over premiums and surrenders over premiums. The two indicators have higher values than for the two-year periods 2007-2008 and 2011-2012 most concerned by the financial markets and sovereign debt crises, periods during which a greater volume of claims incurred and surrenders was recorded against a fall in premium income.

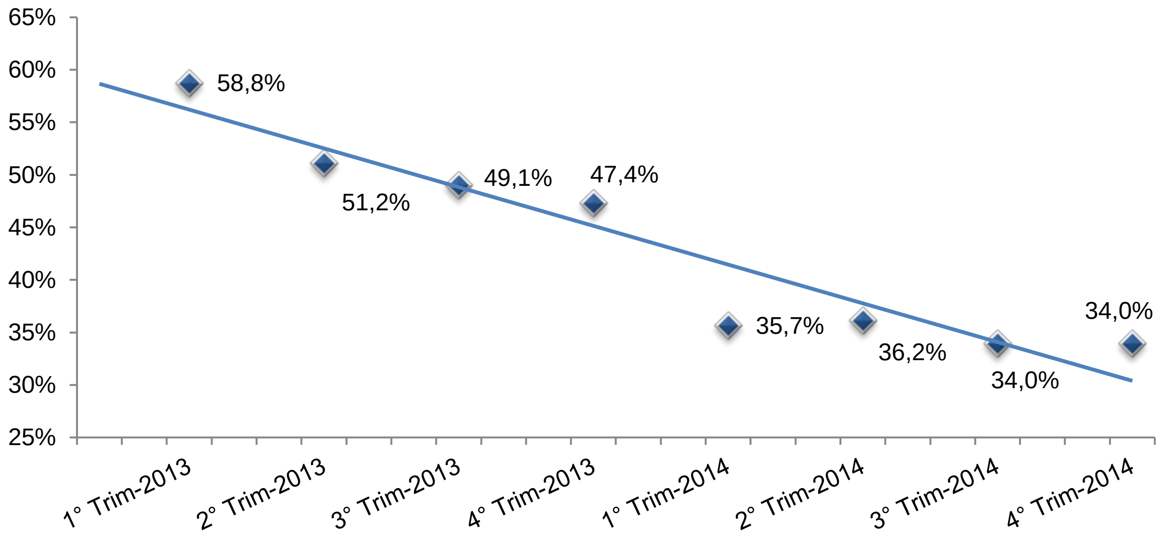
Table I.12 - Claims burden and surrenders over premiums.
Life business 2005-2014 - Italian direct portfolio

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
claims incurred/premiums	59.5%	83.3%	121.0%	120.1%	70.5%	74.1%	100.1%	107.6%	78.5%	58.4%
Surrender values over premiums	34.1%	51.0%	79.4%	76.5%	39.5%	40.5%	62.9%	67.7%	47.4%	34.0%

Source: IVASS

Graph I.19 shows the trend, in the last two years, of the "surrenders over premiums" ratio for all the life classes.

Graph I.19 - Trend in surrenders with respect to premiums (% values)



Source: IVASS

The analysis of the trend in surrenders over time highlights a decline in the index net of seasonal fluctuations, indicating a constant improvement in the market liquidity position.

Table I.13 specifically shows the ratio between premium income and claims burden, both net of surrenders. At a first glance the data suggests that the market once again has excess net liquidity expressed in terms of ratio between incoming liquidity (premiums net of surrenders) and outgoing liquidity (liabilities net of surrenders).

Table I.13 - Liquidity ratio - Ratio between premium income and claims - net of surrenders

(million euro)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
net income (a)*	48,454	33,965	12,674	12,800	49,063	53,619	27,377	22,517	44,747	72,888
net expenses (b)**	18,693	22,392	25,551	23,782	25,145	30,306	27,474	27,824	26,436	26,947
Index (a)/(b)	2.59	1.52	0.50	0.54	1.95	1.77	1.00	0.81	1.69	2.70

* net income: premium income net of surrenders
** net expenses: claims burden net of surrenders
Source: IVASS

3.1.1 - Life products

Traditional policies accounted for 78% of all the individual products (79% in 2013), whilst so-called financial products, i.e. unit- and index-linked policies, accounted for 21% (19% in 2013).

Table I.14 - Life assurance - individual policies - Premium income by type of product
(Italian direct business)

(million euro)

		2005	2006	2007	2008	2009
increasing benefits policies	class I	31,237	29,391	23,494	26,445	60,562
	class V	8,575	5,522	2,267	1,465	3,049
	total increasing benefits	39,812	34,913	25,761	27,910	63,611
	annual % variation	**0**	**-12.3%**	**-26.2%**	**8.3%**	**127.9%**
	incidence of increasing benefits policies over total individual policies	59%	55%	46%	58%	85%
unit-linked policies	class III	12,967	14,252	14,964	10,439	7,925
	class V	374.4	10.1	16.7	2.7	12.4
index-linked policies	class III	13,411	13,111	14,075	8,060	1,773
	class V	- 0.0	-	-	-	-
	total "financialised" policies	26,752	27,373	29,056	18,501	9,710
	annual % variation	**0**	**2.3%**	**6.1%**	**-36.3%**	**-47.5%**
	incidence of "financialised" policies over total individual policies	40%	43%	52%	38%	13%
	total individual policies *	**67,257**	**63,413**	**55,915**	**48,442**	**74,654**

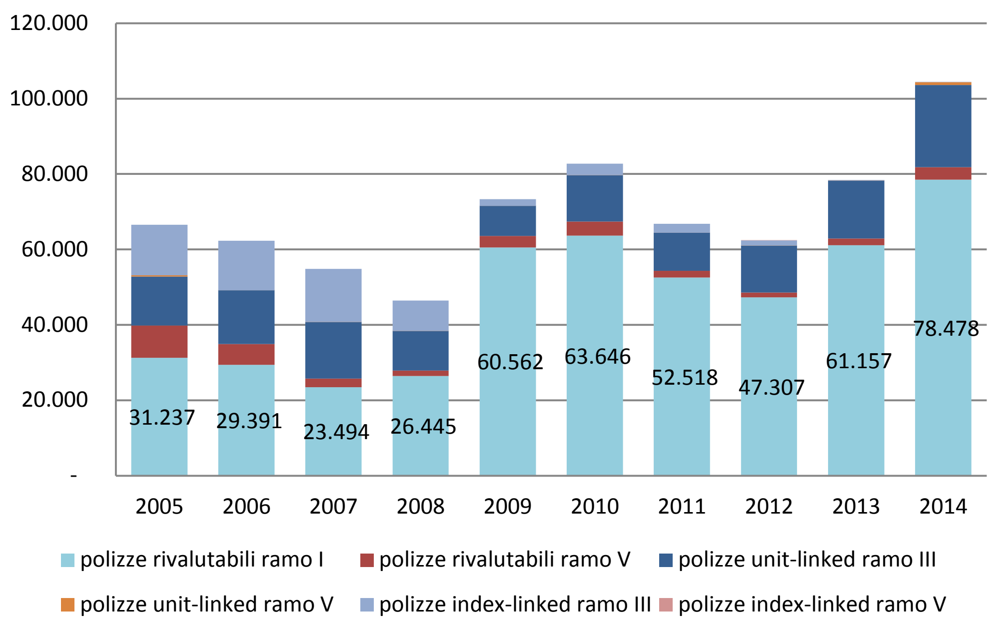
		2010	2011	2012	2013	2014
increasing benefits policies	class I	63,646	52,518	47,307	61,157	78,478
	class V	3,710	1,788	1,268	1,735	3,310
	total increasing benefits	67,356	54,306	48,575	62,892	81,788
	annual % variation	**5.9%**	**-19.4%**	**-10.6%**	**29.5%**	**30.0%**
	incidence of increasing benefits policies over total individual policies	80%	79%	76%	79%	78%
unit-linked policies	class III	12,339	10,097	12,496	15,383	21,802
	class V	2.6	5.1	1.6	1.1	0.8
index-linked policies	class III	3,058	2,385	1,291	120	24
	class V	0.01	-	66.7	-	-
	total "financialised" policies	15,399	12,487	13,856	15,505	21,827
	annual % variation	**58.6%**	**-18.9%**	**11.0%**	**11.9%**	**40.8%**
	incidence of "financialised" policies over total individual policies	18%	18%	22%	19%	21%
	total individual policies *	**84,556**	**68,405**	**63,916**	**79,690**	**104,920**

** Until 2009 the total individual policies did not contain class VI, for it was not available; class VI has been included since 2010*

Source: IVASS

In 2014 the results achieved at the end of 2013, a year which saw a reversal of the trend seen in 2012, were consolidated. Indeed, the strong growth rate (of around 30%) was confirmed for with-profit policies and the "financialised" policy sector started growing again (+40.8%), essentially as a result of the performance of unit-linked policies.

Graph I.20 - Breakdown of individual policies
(million euro)



Source: IVASS

3.1.2 - The distribution of life business

Banks and post offices continued to be the most used distribution channel in the life sector, with an increasing incidence compared to the previous year (62% in 2014; 59.1% in 2013). This was mainly due to the pick up in savings vis-à-vis traditional policies, which reported an increase in business of around 30%. Specifically, an increase was seen in the percentage of the banking channel especially in income from class I products (68.6%; 65.3% in 2013); the percentage of distribution using this channel of class III products, however, stayed stable (45.9%; 45.3% in 2013). The trend towards expansion of the channel is partly attributable to the importance undertaken by the phenomenon of "*bancassurance*".

The percentage of life assurance products distributed by financial promoters remained substantially unchanged (16.8% in 2014; 16.7% in 2013) with a 30% increase in premiums compared to the previous financial year. In particular, in 2014 again it was confirmed as the most used channel for the distribution of class III products, with a percentage of 48.7% (48.5% in 2013).

On the contrary the agency channel continues to report a drop, passing from 23% in 2013 to 20.2% in 2014; this decrease was seen in particular in class I products (21%; 23.6% in 2013) and in class III products, where income started to fall again, after the increase recorded in 2013 (5.3%; 6.1% in 2013).

Table I.15 - Distribution channels life business (%)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
banks and post offices	61.4%	59.5%	58.0%	53.7%	58.8%	60.3%	54.7%	48.6%	59.1%	62.0%
agencies	29.5%	30.7%	31.0%	34.3%	23.7%	22.6%	25.6%	26.6%	23.0%	20.2%
financial promoters	7.5%	8.3%	9.0%	10.1%	16.3%	15.8%	18.3%	23.3%	16.7%	16.8%
direct sales and brokers	1.6%	1.5%	2.0%	1.9%	1.2%	1.3%	1.4%	1.5%	1.2%	1.0%

Source: IVASS

3.2 - Non-life business

Non-life premium income (Italian direct business) dropped once again for the third consecutive year (-2.6%), although to a much lesser extent than -4.9% in 2013. The decline in premium income is mainly due to motor insurance (-5.8%), which represents 53.7% of premium income in the non-life segment of Italian direct business (55.4% in 2013).

Table I.16 - Non-life premium income (premiums written of Italian direct business)

(thousand euro)

Sector	Insurance class	2013	Percentage %	2014	Percentage %	%
Health sector	*Accident*	2,957,573	8.8%	2,973,552	9.1%	0.5%
	Sickness	2,069,911	6.1%	2,056,412	6.3%	-0.7%
	Total	**5,027,484**	**14.9%**	**5,029,964**	**15.3%**	***0.0%***
Motor insurance	Motor liability	16,230,274	48.2%	15,179,672	46.3%	-6.5%
	Liability for ships	32,434	0.1%	31,567	0.1%	-2.7%
	Land vehicles	2,413,239	7.2%	2,386,564	7.3%	-1.1%
	Total	**18,675,947**	**55.4%**	**17,597,803**	**53.7%**	***-5.8%***
Transport	*Railway rolling stock*	3,814	0.0%	4,064	0.0%	6.6%
	Aircraft	22,373	0.1%	17,932	0.1%	-19.8%
	Ships	244,107	0.7%	239,442	0.7%	-1.9%
	Goods in transit	187,026	0.6%	171,331	0.5%	-8.4%
	Aircraft liability	13,698	0.0%	14,354	0.0%	4.8%
	Total	**471,018**	**1.4%**	**447,123**	**1.4%**	***-5.1%***
Property sector	*Fire and natural forces*	2,283,689	6.8%	2,295,208	7.0%	0.5%
	Other damage to property	2,663,339	7.9%	2,777,128	8.5%	4.3%
	Financial loss	456,944	1.4%	512,969	1.6%	12.3%
	Total	**5,403,972**	**16.0%**	**5,585,305**	**17.0%**	***3.4%***
General liability	*General liability*	**2,847,889**	8.5%	**2,830,895**	8.6%	***-0.6%***
Credit/Suretyship	*Credit*	85,481	0.3%	70,390	0.2%	-17.7%
	Suretyship	379,287	1.1%	383,908	1.2%	1.2%
	Total	**464,768**	**1.4%**	**454,298**	**1.4%**	***-2.3%***
Legal expenses/Assistance	*Legal expenses*	290,970	0.9%	307,318	0.9%	5.6%
	Assistance	505,112	1.5%	547,493	1.7%	8.4%
	Total	**796,082**	**2.4%**	**854,811**	**2.6%**	**7.4%**
	Total Non-life	**33,687,160**	**100.0%**	**32,800,199**	**100.0%**	**-2.6%**

Source: IVASS

Premium income in the health and general liability segments is substantially stable that of the property class (fire and other natural forces, other damage to property and miscellaneous financial loss) and of the legal protection and assistance insurance classes taken together is up (respectively +3.4% and +7.4%). There was a reduction in premium income for the motor liability insurance class, of -6.5%, which in 2014 represents 46.4% of all the non-life insurance classes (48.3% in 2013). The accident and sickness classes remained substantially stable compared to 2013. Finally, "transportation” recorded a drop (-5.1%).

3.2.1 - The distribution of non-life business

Table I.17 shows the times series of the composition of the distribution of the non-life insurance classes by channel. With respect to 2013, the portion of premium income earned via the agency channel disclosed a drop of around one and a half percentage point, falling from 83.2% to 81.7%, while the sale of policies via brokers and via the banking channel came to 8.5% and 3.9% of the total respectively, The business via financial promoters remains at 0.2%. The incidence of other forms of direct sales progressively increased (5.7%).

During the ten-year period 2005-2014, the progressive albeit slow growth of the direct sales channels, bank branches and financial promoters was seen, eroding the share of the agency channel.

Table I.17 - Distribution channels non-life business (%)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
agencies	87.1%	87.1%	87.0%	86.4%	85.1%	84.4%	83.7%	84.1%	83.2%	81.7%
brokers	7.6%	7.3%	7.0%	7.5%	8.4%	8.0%	8.0%	7.4%	7.6%	8.5%
direct sale	3.9%	3.9%	4.0%	3.8%	3.9%	4.1%	4.7%	5.2%	5.5%	5.7%
banks and financial promoters	1.4%	1.7%	2.0%	2.3%	2.7%	3.5%	3.6%	3.3%	3.7%	4.1%

Source: IVASS

4. - The financial position

4.1 - Assets and investments

At the end of 2014, the volume of investments for the whole insurance market (excluding reinsurance undertakings) was equal to 629.6 billion euro, divided up, with regard to 87.3% (549.9 billion euro) into life business and the rest 12.7% (79.7 billion euro) in non-life business. The investments were up by +11.8% when compared with the previous year.

Investments relating to just class C, where the risk is borne by life undertakings, went from 387.1 billion euro in 2013 to 441.1 billion euro in 2014, with an increase of 14%.

The overall investment of the life and non-life business in bonds and other fixed-income securities accounted for 78.8% (compared to 78.0% in 2013), with an increase in equivalent value of 12.8%.

The shares in the portfolio decreased by 1.6% compared to the previous year (+14.3% in 2013), reducing the related incidence on the total investments from 12.3% in 2013 to 10.8% in 2014.

The presence of the real estate sector fell slightly (incidence passed from 1.4% in 2013 to 1.2% in 2014), while that of unit trusts and SICAVs rose slightly (5.6% in 2013, 6.8% in 2014).

Table I.18 below shows the trend in the composition of investments (except those where the risk is borne by policyholders) in the financial years from 2006 to 2014.

Table I.18 - Life (class C) and non life investments

(million euro)

	2006	2007	2008	2009	2010	2011	2012	2013	2014
real estate	1.7%	1.9%	2.0%	1.8%	1.6%	1.7%	1.6%	1.4%	1.2%
shares	16.4%	17.1%	17.3%	16.0%	14.0%	13.2%	11.6%	12.3%	10.8%
bonds	74.1%	72.0%	71.4%	73.5%	75.8%	76.6%	78.1%	78.0%	78.8%
units in unit trusts and SICAVs	3.5%	4.6%	4.6%	4.6%	4.8%	5.2%	5.3%	5.6%	6.8%
other investments	4.2%	4.5%	4.7%	4.1%	3.8%	3.3%	3.4%	2.7%	2.5%
total investments	**337,694**	**329,075**	**317,696**	**372,268**	**404,870**	**412,472**	**429,454**	**466,147**	**520,800**

Source: IVASS

In the life sector, investment in bonds remained high: it increased by +14.1% (323 billion euro in 2013; 368.5 billion euro in 2014), remaining stable in terms of percentage of total life investments, at 83.5% in 2014.

The incidence of the share market fell from 7.7% in 2013 to 6.8% in 2014, while that of investments in unit trusts and SICAVs grew (5.7% in 2013; 6.9% in 2014).

Table I.19 - Life (class C) investments

(million euro)

	2006	2007	2008	2009	2010	2011	2012	2013	2014
real estate	0.4%	0.4%	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.1%
shares	10.4%	11.0%	10.5%	10.0%	8.8%	8.0%	7.2%	7.7%	6.8%
bonds	80.9%	79.0%	78.5%	79.8%	81.6%	82.4%	83.7%	83.4%	83.5%
units in unit trusts and SICAVs	3.3%	4.5%	4.8%	4.8%	4.9%	5.3%	5.4%	5.7%	6.9%
other investments	5.1%	5.0%	5.7%	5.0%	4.4%	4.1%	3.5%	3.1%	2.7%
total investments	**258,860**	**251,185**	**241,225**	**293,616**	**330,429**	**338,436**	**353,734**	**387,087**	**441,092**

Source: IVASS

The investments relating to index-linked and unit-linked products and those deriving from the management of pension funds (whose risk is borne by the policyholder - class D) which amounted, at the end of 2014, to 108.8 billion euro (96.8 billion euro in 2013), showed an increase equal to +12.4% after a reduction of -0.7% in the previous year. Going into details, 88.5% of those investments refer to benefits related to unit-linked and index-linked products, and the remaining 11.5% to investments deriving from pension fund management.

As to the non-life business, in 2014 investments in bonds reached 52.4% (51.7% in 2013). The incidence of the investments in shares and participations decreased, going from 35% in 2013 to about 33.1% in 2014, while those in unit trusts and units in SICAVs reported an increase (4.8% in 2013; 6.3% in 2014). The investment in real estate registered an overall decrease of 6.9%, after a drop of 4.1% in 2013, with an incidence over the total non-life business of 6.9% (7.5% in 2013).

Table I.20 - Non-life investments

(million euro)

	2006	2007	2008	2009	2010	2011	2012	2013	2014
real estate	6.1%	6.0%	6.7%	6.8%	7.5%	8.0%	8.2%	7.5%	6.9%
shares	36.2%	36.0%	38.4%	38.1%	37.1%	35.8%	32.4%	35.0%	33.1%
bonds	52.0%	49.0%	48.8%	50.0%	49.9%	50.4%	52.0%	51.7%	52.4%
units in unit trusts and SICAVs	4.2%	5.0%	3.8%	4.1%	4.2%	4.6%	4.6%	4.8%	6.3%
other investments	1.5%	4.0%	2.3%	1.0%	1.3%	1.2%	2.7%	1.0%	1.2%
total investments	**78,834**	**77,890**	**76,471**	**78,652**	**74,441**	**74,037**	**75,720**	**79,059**	**79,709**

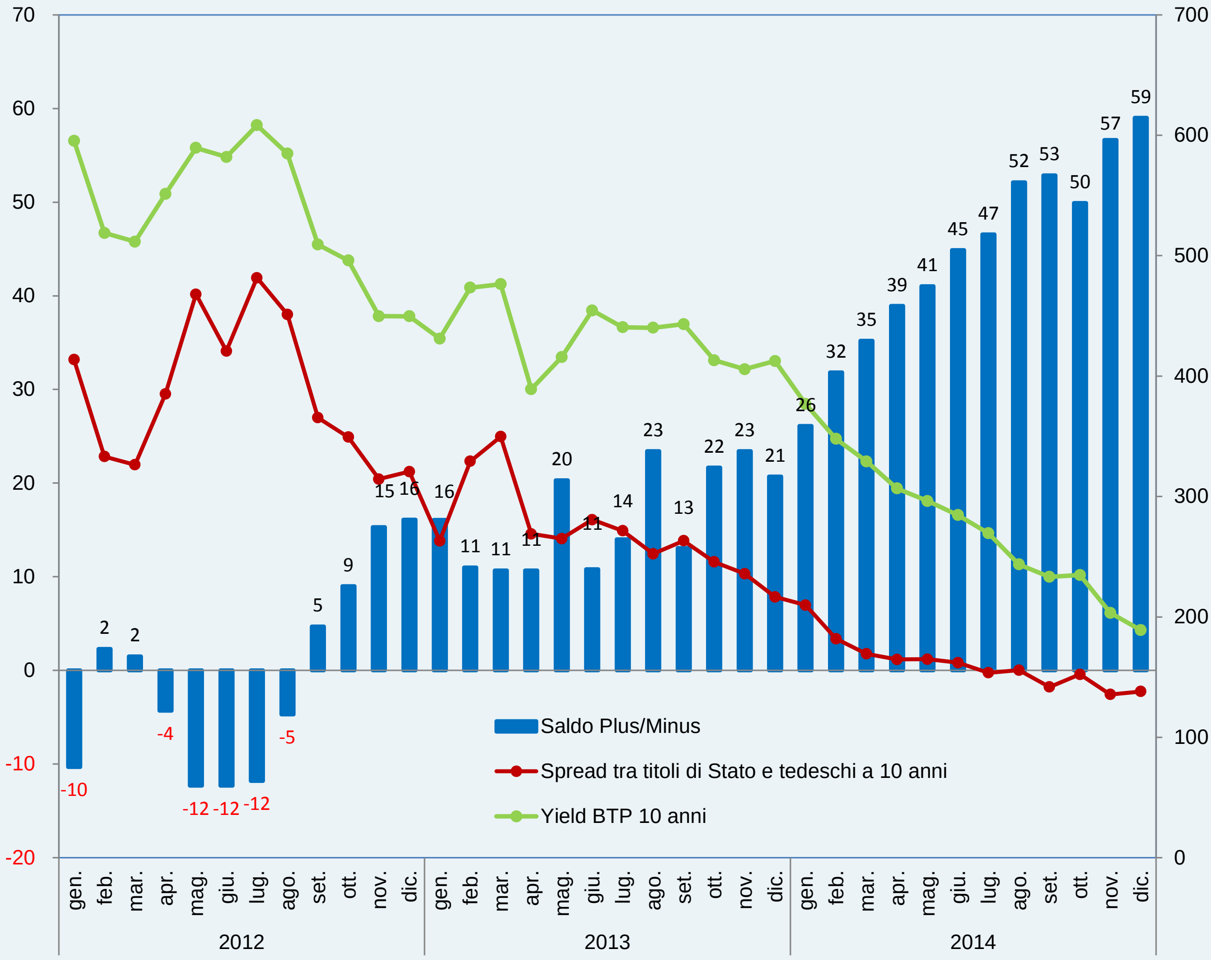
Source: IVASS

Monitoring of investments (gain-loss balance)

Graphs I.21 and I.22 show the performances of hidden capital gains/losses respectively in the class C investments and in investments linked to segregate funds, compared both with the trend of the spread over the German Bund of Italian 10-year government securities and of the yields on Italian ten-year BTPs (treasury bonds).

The positive balance between hidden capital gains and losses is due in particular to the downward trend of the spread on Italian government securities in 2014.

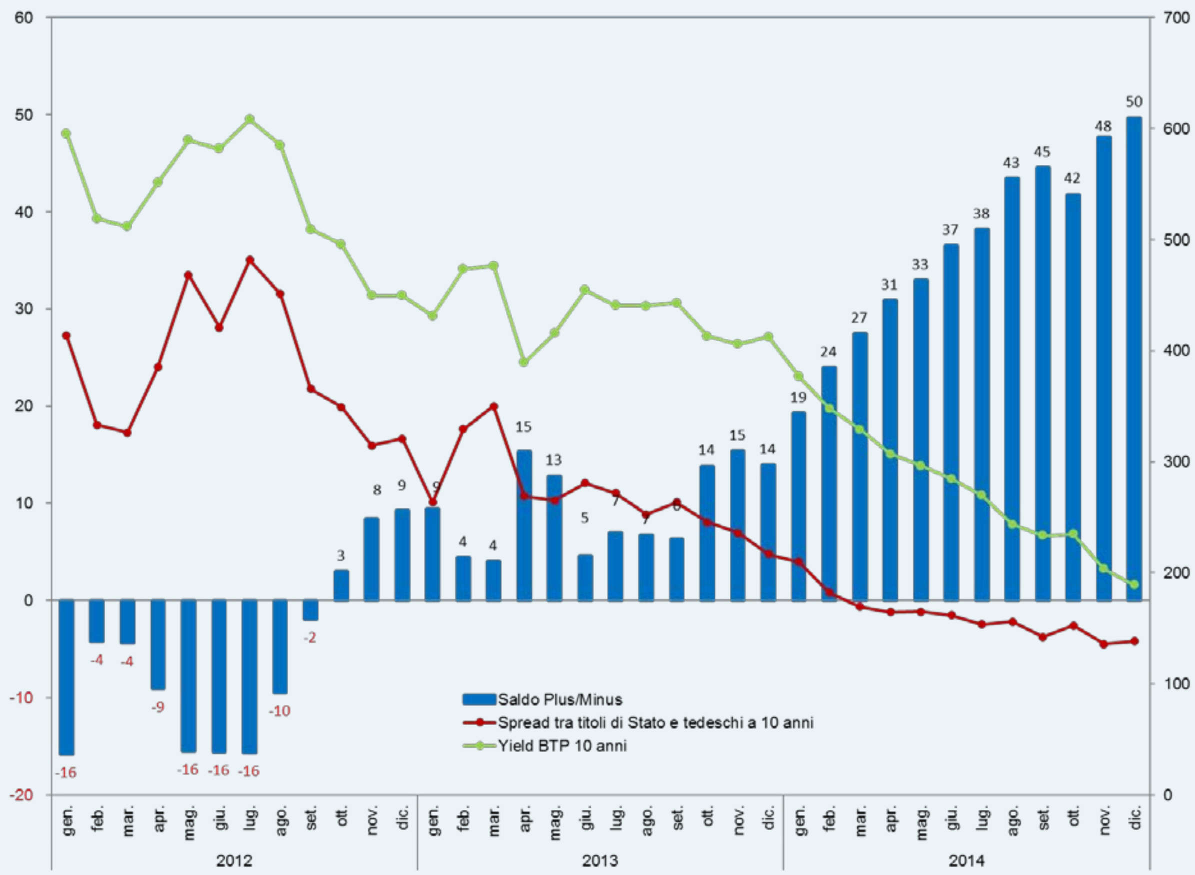
Graph I.21 – Performance of hidden capital gains/losses -total class C investments and the spread on Italian 10-year government securities (billion euro)



Source: IVASS

The net **class C** capital gains maintained a constant upward trend during 2014 (graph I.21): at the end of 2014 they recorded a value of 59 billion euro (+38 billion compared to the end of 2013).
The recovery of net capital gains is due mainly to the government bond business and is almost exclusively concentrated on securities held by life undertakings.

Graph I.22 – Performance of hidden capital gains/losses - total segregate funds and the spread on Italian 10-year government securities (billion euro)



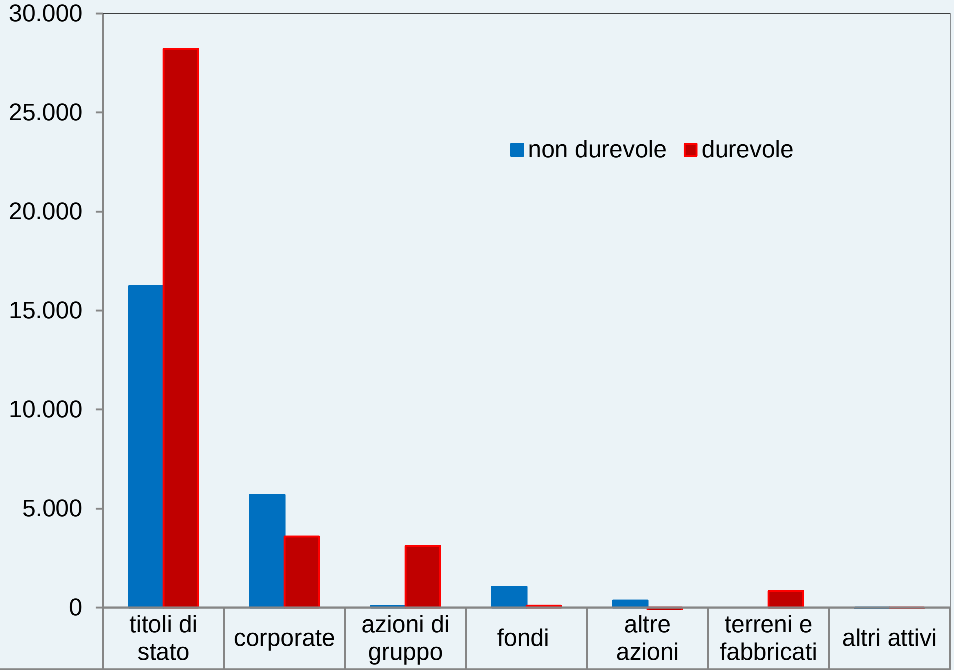
Source: IVASS

A similar trend can be observed with regard to the investments included in the **segregate funds** (see paragraph 5.1.1 below), in which net hidden capital gains increased from approximately 36 billion euro to 50 billion euro at the end of 2014.

60% of the net capital gains related to class C investments is due to assets held to maturity (graph I.23a) whereas around 42% of total hidden capital losses are from assets held for trade (1.1 billion out of 2.7 billion euro).

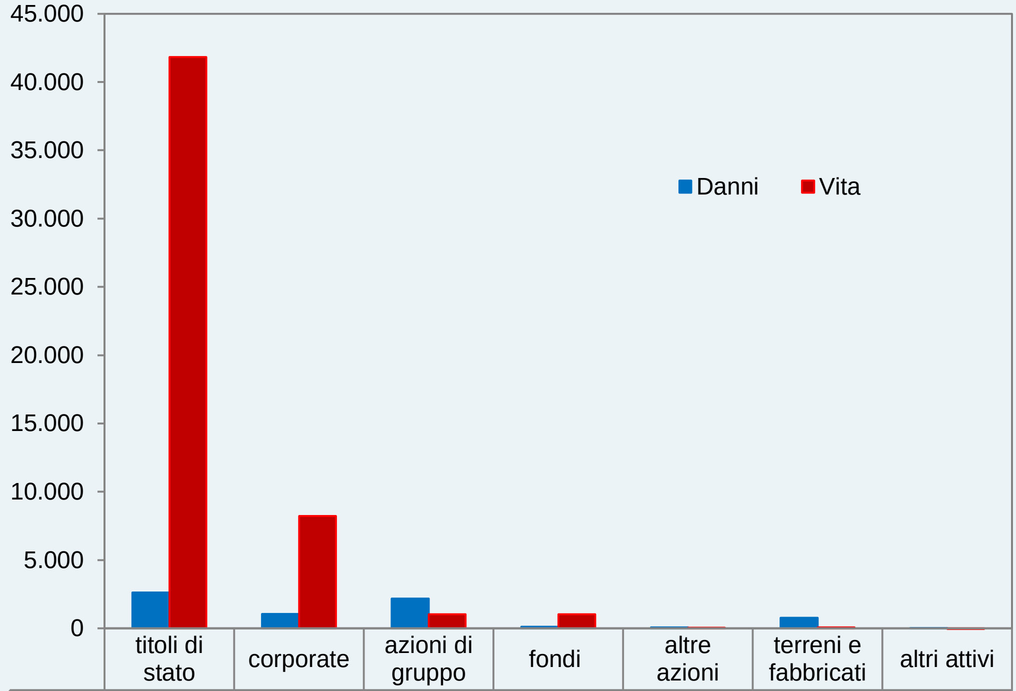
Net capital gains on class C investments were concentrated not only on Government securities but also on corporate bonds for life undertakings and on shares and real estate for non-life undertakings (graph I.23b).

Graph I.23a - Hidden capital gains balance on class C investments (million euro)



	titoli di stato	corporate	azioni di gruppo	fondi	altre azioni	terreni e fabbricati	altri attivi
non durevole	16.229	5.693	90	1.047	355	0	-35
durevole	28.223	3.588	3.123	103	-252	840	-0

Graph I.23b - Hidden capital gains balance on class C investments (million euro)



	titoli di stato	corporate	azioni di gruppo	fondi	altre azioni	terreni e fabbricati	altri attivi
Danni	2.628	1.061	2.177	110	66	766	4
Vita	41.823	8.220	1.036	1.040	37	74	-38

Source: IVASS

4.1.1 - Assets covering technical provisions

For the life and non-life insurance, assets representing item C technical provisions increased by +12% (476.4 billion euro). As to the composition of securities representing technical provisions (class C) at the end of 2014[13], undertakings continued to show their interest in debt securities, whose incidence over the total investments covering technical provisions, equal to 83.8% in 2014 remained high (83.5% in 2013).

Table I.21 - Composition of assets representing technical provisions (cl. C) - Life and non-life total

(million euro)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
government bonds	168,089	180,780	161,111	141,716	173,377	204,617	221,787	241,326	265,793	292,694
bonds	58,316	61,449	70,344	81,274	93,275	96,841	88,848	85,488	89,305	106,545
shares	21,784	22,038	23,671	19,986	20,137	18,008	15,534	12,704	12,122	12,317
harmonised UCITS	8,156	8,481	10,989	9,754	10,897	11,239	13,357	12,277	15,598	24,075
real estate	9,155	9,616	10,125	11,941	12,209	14,023	15,414	15,263	14,980	15,880
credits	9,525	9,833	9,979	12,763	11,962	11,680	12,652	12,899	10,967	9,801
deposits	4,043	4,471	4,029	8,681	6,209	5,716	10,565	10,280	9,818	6,285
alternative investments	-	-	123	323	851	1,158	1,186	1,666	1,399	2,830
other assets	709	841	731	639	544	516	530	490	455	480
other categories	3,949	3,805	3,627	4,746	5,359	6,708	5,290	4,760	5,030	5,530
total assets	**283,727**	**301,313**	**294,727**	**291,823**	**334,819**	**370,508**	**385,163**	**397,153**	**425,468**	**476,436**

Source: IVASS

Tables A1, A2 and A3 in the Appendix, give, for the five-year period 2010-2014, a breakdown by type of securities and UCITS units intended to cover the class C technical provisions, divided into life, non-life and total.

Table A4 in the attached Appendix illustrates, for the period 2010-2014, the composition of the assets covering the class D.I technical provisions.

Table A5 in the attached Appendix also includes the composition by type of securities and UCITS units that are assigned to cover the class D.I technical provisions, also for the period 2010-2014.

4.1.2 - The portfolio of debt securities

The portfolio of debt securities registered in 2014 an increase in listed and non listed Government bonds (+10.1%), with an incidence over the total assets of 61.4% (62.5% in 2013). In life business and in non-life business, this category of securities represented 74.8% and 59.4%, respectively, of the total debt securities (75.9% and 66.5% in 2013).

The presence of corporate bonds increased by +19.3% after a rise of +4,5% in the previous year; the percentage of these bonds over the total debt securities rose from 25.1% in

[13] The data showed are based on the information related to representative assets enclosed to the financial statements for 2013. For 2014 the information is taken from the supervisory communication in the fourth quarter.

2013 to 26.7% in 2014 (respectively 21.0% and 22.4% with respect to the total representative assets). In life business and in non-life business, this category of securities represented 25.2% and 40.6%, respectively, of the total debt securities (24.1% and 33.5% in 2013).

Table I.22 - Debt securities representing technical provisions

(million euro)

Life and non-life	2007		2008		2009		2010	
Representative assets	**Amounts**	**inc. % over total debt securities**	**Amounts**	**inc. % over total debt securities**	**Amounts**	**inc. % over total debt securities**	**Amounts**	**inc. % over total debt securities**
Listed Government bonds	159,641	69.0%	140,110	62.8%	171,831	64.4%	202,406	67.1%
Unlisted Government bonds	1,470	0.6%	1,606	0.7%	1,546	0.6%	2,211	0.7%
Total	**161,111**	**69.6%**	**141,716**	**63.5%**	**173,377**	**65.0%**	**204,617**	**67.9%**
Other listed bonds	64,855	28.0%	76,903	34.5%	88,452	33.2%	91,555	30.4%
Other unlisted bonds	5,489	2.4%	4,386	2.0%	4,823	1.8%	5,286	1.8%
Total	**70,344**	**30.4%**	**82,289**	**36.9%**	**93,275**	**35.0%**	**96,841**	32.1%
Total debt securities	**231,455**	**100%**	**223,005**	**100%**	**266,652**	**100%**	**301,458**	**100%**
Total representative assets	**294,727**	**-**	**291,823**	**-**	**334,819**	**-**	**370,508**	**-**

Life and non-life	2011		2012		2013		2014	
Representative assets	**Amounts**	**inc. % over total debt securities**	**Amounts**	**inc. % over total debt securities**	**Amounts**	**inc. % over total debt securities**	**Amounts**	**inc. % over total debt securities**
Listed Government bonds	219,428	70.6%	236,533	72.4%	263,315	74.2%	290,518	72.8%
Unlisted Government bonds	2,359	0.8%	4,793	1.5%	2,478	0.7%	2,176	0.5%
Total	**221,787**	**71.4%**	**241,326**	**73.8%**	**265,793**	**74.9%**	**292,694**	**73.3%**
Other listed bonds	82,490	26.6%	80,002	24.5%	85,623	24.1%	103,014	25.8%
Other unlisted bonds	6,359	2.0%	5,487	1.7%	3,675	1.0%	3,490	0.9%
Total	**88,849**	28.6%	**85,488**	26.2%	**89,298**	25.1%	**106,504**	26.7%
Total debt securities	**310,636**	**100%**	**326,814**	**100%**	**355,091**	**100%**	**399,198**	**100%**
Total representative assets	**385,163**	**-**	**397,153**	**-**	**425,468**	-	**476,436**	-

Source: IVASS

The portfolio breakdown of debt securities based on the interest rate type showed a consolidation of the propensity to fixed-income securities (increase of +10.8%, including zero coupon bonds), whose incidence over the total investment in bonds was 85.5% in 2014 (85.9% in 2013; 85.0% in 2012; 82.4% in 2011).

Fixed-income securities increased in the life business - where the equivalent value increased by +13.6% compared to 2013, representing 87.1% of debt securities (87.3% in 2013); with regard to non-life business, there was a decrease in equivalent value of fixed-income securities of -3.9% and they represented 70.8% of debt securities (74.3% in 2013).

Table I.23 - Bonds by type of rate - Life and Non-life (% over total)

Type	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
fixed rate	70.3%	69.9%	70.6%	73.6%	75.0%	77.1%	79.4%	80.3%	79.1%
zero coupon	3.5%	3.6%	3.6%	5.1%	4.9%	5.2%	5.7%	5.6%	6.5%
Fixed-income total	**73.8%**	**73.5%**	**74.2%**	**78.7%**	**79.9%**	**82.4%**	**85.0%**	**85.9%**	**85.5%**
Variable	26.2%	25.9%	25.2%	21.0%	19.8%	17.2%	14.7%	13.9%	14.2%

Source: IVASS

Tables I.24 and I.25 show the breakdown by residual maturity of fixed-income securities in the portfolio.

Table I.24 - Securities by residual maturity - life business									
Duration	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
>2 years	31.1%	25.6%	24.8%	20.3%	20.9%	23.7%	25.6%	21.4%	21.8%
between 2 and 5 years	18.6%	18.1%	19.1%	23.8%	21.9%	23.0%	19.6%	19.5%	23.6%
>5 years	50.3%	56.3%	56.1%	55.9%	57.3%	53.3%	54.8%	59.1%	54.7%

Table I.25 - Securities by residual maturity - non-life business									
Duration	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
>2 years	45.3%	49.1%	42.4%	38.1%	43.8%	40.8%	39.3%	31.0%	31.6%
between 2 and 5 years	19.2%	18.6%	23.3%	28.4%	27.6%	31.7%	25.1%	24.0%	27.8%
>5 years	35.5%	32.3%	34.3%	33.5%	28.6%	27.5%	35.6%	45.1%	40.6%

Source: IVASS

In 2014, from the data for the life business and the non-life business, a reduction can be seen in the percentage of longer maturities, an increase in the percentage of intermediate maturities and a substantially unchanged percentage of shorter maturities.

In detail, in the life business, securities with longer maturities (more than 5 years) accounted for the largest portion, that is 54.7%, compared to 59.1% in the prior year. The incidence of securities with an intermediate maturity of between two and five years increased (from 19.5% to 23.6%), the amount of which rose by +37.2%; the incidence of those with a shorter maturity was stable (from 21.4% to 21.8%), and their amount recorded an increase of +15.6% compared to 2013.

Again with regard to non-life business, there was a drop in the percentage of securities with a residual duration of more than five years (40.6% in 2014, compared to 45.1% in 2013), while the percentage of securities with intermediate durations increased (24% in 2013; 27.8% in 2014) and, to a lesser extent, that of securities with a residual duration of less than two years increased too (31% in 2013; 31.6% in 2014).

4.2 – Technical provisions, net assets and solvency margin

Technical provisions

As at 31 December 2014, the overall life and non-life technical provisions amounted to 591.7 billion euro (530.9 billion euro at the end of 2013). Going into details:

- in life business the total technical provisions were equal to 528.4 billion euro (466.1 billion euro in 2013), with an incidence of traditional provisions equal to 79.5% (the remaining 20.5% regarded provisions for unit- and index-linked contracts and provisions relating to pension fund management);
- in non-life business, technical provisions were 63.4 billion euro (64.8 billion euro in 2013), 76.8% of which were provisions for claims outstanding.

The following tables show the performance of the total technical provisions (table I.26), life class C (table I.27) and non-life (table I.28) for the decade 2005-2014.

Table I.26 - Technical provisions of the Italian and foreign insurance and reinsurance portfolio

(million euro)

	2005	2006	2007	2008	2009
Traditional life products - C (1)	231,090	244,056	237,967	234,915	276,151
Life - D (2) = (3) + (4)	136,413	139,614	137,001	116,837	116,910
of which D.I (Unit- and index-linked) (3)	*135,281*	*138,113*	*134,682*	*113,375*	*111,725*
of which D.II (pension funds) (4)	*1,132*	*1,501*	*2,319*	*3,463*	*5,185*
Total Life (5) = (1) + (2)	**367,503**	**383,671**	**374,968**	**351,753**	**393,061**
Total Non-life	**65,819**	**67,900**	**68,316**	**68,194**	**68,701**
Grand Total (7) = (5) + (6)	**433,322**	**451,571**	**443,283**	**419,947**	**461,762**

	2010	2011	2012	2013	2014
Traditional life products - C (1)	314,441	329,099	339,880	369,555	419,805
Life - D (2) = (3) + (4)	111,852	98,651	97,349	96,585	108,573
of which D.I (Unit- and index-linked) (3)	*105,494*	*91,320*	*88,885*	*87,205*	*96,046*
of which D.II (pension funds) (4)	*6,358*	*7,331*	*8,464*	*9,380*	*12,527*
Total Life (5) = (1) + (2)	**426,293**	**427,751**	**437,229**	**466,141**	**528,378**
Total Non-life	**65,859**	**66,697**	**66,838**	**64,764**	**63,368**
Grand Total (7) = (5) + (6)	**492,151**	**494,448**	**504,067**	**530,905**	**591,746**

* specialist reinsurers excluded
Source: IVASS

Table I.27 - Technical provisions of life class C - Italian and foreign insurance and reinsurance portfolio

(million euro)

	2005	2006	2007	2008	2009
Mathematical provisions	225,880	238,253	231,081	228,800	269,639
Ancillary risks - Provision for unearned premiums	80	73	68	66	65
Provision for amounts payable	2,994	3,512	4,503	3,930	4,447
Provision for bonuses and rebates	68	71	111	134	134
Other technical provisions	2,068	2,147	2,204	1,986	1,865
Total life technical provisions	**231,090**	**244,056**	**237,967**	**234,915**	**276,151**

	2010	2011	2012	2013	2014
Mathematical provisions	306,530	322,463	333,174	362,681	412,639
Ancillary risks - Provision for unearned premiums	74	87	98	93	94
Provision for amounts payable	5,952	4,730	4,854	5,087	5,401
Provision for bonuses and rebates	128	152	151	152	141
Other technical provisions	1,757	1,667	1,603	1,543	1,531
Total life technical provisions	**314,441**	**329,099**	**339,880**	**369,555**	**419,805**

* specialist reinsurers excluded

Source: IVASS

Table I.27 - Non-life technical provisions - Italian and foreign insurance and reinsurance portfolio					
					(million euro)
	2005	**2006**	**2007**	**2008**	**2009**
Provision for unearned premiums	14,635	15,249	15,698	15,981	15,994
Provision for claims outstanding	50,942	52,336	52,308	51,937	52,413
Provision for bonuses and rebates	23	36	36	64	66
Other technical provisions	71	75	78	77	78
Equalisation provisions	149	204	197	135	150
Total Non-life	**65,819**	**67,900**	**68,316**	**68,194**	**68,701**
	2010	**2011**	**2012**	**2013**	**2014**
Provision for unearned premiums	15,748	16,197	15,532	14,751	14,412
Provision for claims outstanding	49,821	50,217	51,017	49,720	48,649
Provision for bonuses and rebates	47	26	29	23	24
Other technical provisions	71	70	68	65	64
Equalisation provisions	172	188	191	205	218
Total Non-life	**65,859**	**66,697**	**66,838**	**64,764**	**63,368**

* specialist reinsurers excluded
Source: IVASS

Tables I.29 and I.30 show the performance of the technical provisions for individual non-life classes (Italian direct business) in the two-year period 2013-2014.

Table I.29 - Non-life classes - Breakdown of the technical provisions of the Italian direct portfolio - Year 2013

(million euro)

Insurance classes	**Provision for unearned premiums (1)**	**Provision for claims outstanding (2)**	**Other technical provisions (3)**	**Total technical provisions (4) = 1 + 2+ 3**
Accident	1,383	1,908	40	3,331
Sickness	910	1,066	81	2,057
Land vehicles	1,009	692	42	1,743
Railway rolling stock	1	29	0	30
Aircraft	10	41	0	51
Ships (sea, lake and river and canal vessels)	102	405	3	509
Goods in transit	28	245	13	286
Fire and natural forces	1,575	2,166	78	3,818
Other damage to property	1,351	1,801	22	3,174
Motor vehicle liability	5,307	23,721	0	29,027
Aircraft liability	7	30	0	36
Liability for ships (sea, lake and river and canal vessels)	14	83	0	97
General liability	1,189	13,355	3	14,548
Credit	143	122	3	268
Suretyship	551	1,170	0	1,721
Miscellaneous financial loss:	578	350	5	933
Legal expenses	111	415	0	527
Assistance	182	64	3	248
Total non-life classes	**14,451**	**47,660**	**293**	**62,405**

Source: IVASS

Table I.30 - Non-life classes - Breakdown of the technical provisions of the Italian direct portfolio - Year 2014

(million euro)

Insurance classes	Provision for unearned premiums (1)	Provision for claims outstanding (2)	Other technical provisions (3)	Total technical provisions (4) = 1 + 2+ 3
Accident	1,403	1,945	42	3,389
Sickness	846	1,065	84	1,995
Land vehicles	999	639	44	1,681
Railway rolling stock	1	5	0	6
Aircraft	7	31	0	39
Ships (sea, lake and river and canal vessels)	100	430	3	533
Goods in transit	25	231	13	268
Fire and natural forces	1,630	1,950	81	3,661
Other damage to property	1,340	1,768	23	3,132
Motor vehicle liability	4,955	23,263	0	28,218
Aircraft liability	7	38	0	45
Liability for ships (sea, lake and river and canal vessels)	14	85	0	99
General liability	1,153	13,124	4	14,281
Credit	155	119	4	278
Suretyship	557	1,166	0	1,722
Miscellaneous financial loss:	574	352	5	932
Legal expenses	115	408	0	523
Assistance	190	65	3	257
Total non-life classes	**14,071**	**46,684**	**306**	**61,061**

Source: IVASS

Table I.31 below shows the breakdown by class of life insurance of the technical provisions of the Italian portfolio for the financial year 2014.

Table I.31 - Life classes - Breakdown by class of insurance of the technical provisions of the Italian direct portfolio - Year 2014

(million euro)

Technical provisions of Italian direct business	Insurance class I	Class II	Class III	Class IV	Class V	Class VI	Total
Mathematical provisions for pure premiums(including carryover premiums)	375,751	0	138	71	26,585	23	402,568
Provisions for health and professional extra premiums	18	0	0	0	0	0	18
Additional provision for guaranteed interest rate risk	485	0	0	0	21	0	506
Additional provision for time lag (rate reduction)	61	0	0	0	1	0	62
Additional provision for demographic risk	789	0	0	0	31	7	827
Other additional provisions	295	0	0	0	12	0	307
Additional provision as per Article 41, paragraph 4, of Leg. Decree 209/2005	0	0	463	0	0	53	516
Total mathematical provisions for class C.II.1	**377,400**	**0**	**601**	**71**	**26,650**	**83**	**404,805**
Provision for future expenses (class C.II.5)	1,248	0	119	3	95	18	1,483
Additional provisions for general risks (class C.II.5)	36	0	0	0	0	0	36
Other technical provisions (class C.II.5)	0	0	0	0	0	0	0
Provision for profit sharing and drawbacks (class C.II.4)	44	0	0	6	0	0	50
Provision for amounts payable (class C.II.3)	2,814	0	1,363	38	301	5	4522
Provision for complementary insurance premiums (class C.II.2)	71	0	3	0	0	0	74
Total technical provisions for class C	**381,614**	**0**	**2,085**	**118**	**27,046**	**106**	**410,970**
Provisions class D.I products provided for in Article 41, paragraph 1, of Leg. Decree 209/2005	0	0	84,076	0	**31**	**0**	**84,106**
Provisions class D.I products provided for in Article 41, paragraph 2, of Leg. Decree 209/2005	0	0	11,831	0	**45**	**0**	**11,877**
Total provisions class D.I linked to an index or funds or other reference values	**0**	**0**	**95,907**	**0**	**76**	**0**	**95,983**
Total provisions class D.II relating to pension fund management	**0**	**0**	**0**	**0**	**0**	**12,527**	**12,527**
TOTAL TECHNICAL PROVISIONS OF ITALIAN DIRECT BUSINESS	**381,614**	**0**	**97,992**	**118**	**27,123**	**12,634**	**519,481**

Source: IVASS

Equity and subordinated liabilities

At the end of 2014, the equity for life and non-life business amounted to 64.4 billion euro (63.9 billion euro in 2013)[14]. Undertakings' own funds amounted to 56.2 billion euro. Going into details, capital provisions represented 74.1% of undertakings' own funds, while the remaining 25.9% was undertakings' corporate capital and endowment and guarantee funds.

Subordinated liabilities in the decade considered in the following tables (2005-2014) more than quadrupled, increasing from 3.1 to 12.7 billion euro.

The following tables concern the performance of equity and subordinated liabilities for the period 2005-2014 divided into life business (table I.32), non-life (table I.33) and total (table I.34).

[14] The considerable increase in equity reported by the market in 2013 (equal to around 9.6 billion euro) was essentially due to the revaluation of assets originating within the sphere of the corporate reorganisation of the Generali Group.

Table I.32 - Equity and subordinated liabilities - Life business

(million euro)

	2005	2006	2007	2008	2009
Subscribed capital or equivalent funds	7,097	7,502	7,249	7,477	7,646
Capital provisions	16,463	15,546	14,996	15,627	19,173
Profit or loss brought forward	353	598	543	694	-586
Operating profit (loss)	2,865	2,686	2,490	-1,813	3,807
Net assets	**26,777**	**26,332**	**25,277**	**21,986**	**30,040**
Subordinated liabilities	**2,119**	**2,825**	**3,296**	**3,468**	**3,740**
	2010	**2011**	**2012**	**2013**	**2014**
Subscribed capital or equivalent funds	8,209	8,572	8,910	9,410	9,168
Capital provisions	19,731	21,609	20,640	24,242	23,585
Profit or loss brought forward	1,066	687	-1,026	1,313	1,587
Operating profit (loss)	296	-2,636	5,129	3,105	3,500
Net assets	**29,302**	**28,232**	**33,653**	**38,070**	**37,841**
Subordinated liabilities	**4,191**	**4,142**	**4,193**	**5,420**	**6,991**

* specialist reinsurers excluded
Source: IVASS

Table I.33 - Equity and subordinated liabilities - Non-life business

(million euro)

	2005	2006	2007	2008	2009
Subscribed capital or equivalent funds	5,534	5,565	3,949	3,995	4,289
Capital provisions	15,407	15,125	13,569	14,839	17,442
Profit or loss brought forward	119	351	85	279	-31
Operating profit (loss)	2,829	2,430	2,802	-167	63
Net assets	**23,889**	**23,471**	**20,406**	**18,946**	**21,763**
Subordinated liabilities	**972**	**1,695**	**2,584**	**3,456**	**4,634**
	2010	**2011**	**2012**	**2013**	**2014**
Subscribed capital or equivalent funds	3,739	3,891	4,435	5,419	5,399
Capital provisions	18,100	16,874	15,092	17,937	18,083
Profit or loss brought forward	117	271	479	356	643
Operating profit (loss)	-998	-1,016	640	2,125	2,469
Net assets	**20,957**	**20,019**	**20,646**	**25,836**	**26,594**
Subordinated liabilities	**4,562**	**4,609**	**5,876**	**5,055**	**5,718**

* specialist reinsurers excluded
Source: IVASS

Table I.34 - Equity and subordinated liabilities - Life and Non-life business

					(million euro)
	2005	**2006**	**2007**	**2008**	**2009**
Subscribed capital or equivalent funds	12,631	13,067	11,198	11,472	11,925
Capital provisions	31,870	30,672	28,564	30,467	36,625
Profit or loss brought forward	472	948	628	973	-617
Operating profit (loss)	5,693	5,116	5,292	-1,980	3,870
Net assets	**50,666**	**49,803**	**45,683**	**40,932**	**51,803**
Subordinated liabilities	**3,091**	**4,520**	**5,881**	**6,924**	**8,374**
	2010	**2011**	**2012**	**2013**	**2014**
Subscribed capital or equivalent funds	11,985	12,463	13,345	14,828	14,567
Capital provisions	37,808	38,484	35,732	42,178	41,668
Profit or loss brought forward	1,170	958	-547	1,669	2,230
Operating profit (loss)	-703	-3,653	5,770	5,231	5,969
Net assets	**50,260**	**48,252**	**54,299**	**63,906**	**64,435**
Subordinated liabilities	**8,753**	**8,751**	**10,070**	**10,475**	**12,709**

* specialist reinsurers excluded
Source: IVASS

The solvency margin [15]

Table I.35 shows the solvency margin to be established and that existing according to current regulations, divided up into life and non-life business, in the last five years.

Table. I.35 - Life and non life solvency margin

									(million euro)
	2009			2010			2011		
	Owned (a)	**Minimum required (b)**	**Solvency ratio (a/b)**	**Owned (a)**	**Minimum required (b)**	**Solvency ratio (a/b)**	**Owned (a)**	**Minimum required (b)**	**Solvency ratio (a/b)**
Non-life	19,236	6,758	2.85	19,018	6,599	2.88	18,465	6,786	2.72
Life	26,578	13,444	1.98	27,362	14,668	1.87	26,825	15,400	1.74
Total	**45,813**	**20,202**	**2.27**	**46,380**	**21,267**	**2.18**	**45,290**	**22,186**	**2.04**
	2012			2013			2014		
	Owned (a)	**Minimum required (b)**	**Solvency ratio (a/b)**	**Owned (a)**	**Minimum required (b)**	**Solvency ratio (a/b)**	**Owned (a)**	**Minimum required (b)**	**Solvency ratio (a/b)**
Non-life	18,542	6,748	2.75	16,446	6,349	2.59	16,924	6,170	2.74
Life	31,624	15,980	1.98	28,635	16,583	1.73	29,734	18,562	1.60
Total	**50,166**	**22,728**	**2.21**	**45,081**	**22,931**	**1.97**	**46,658**	**24,732**	**1.89**

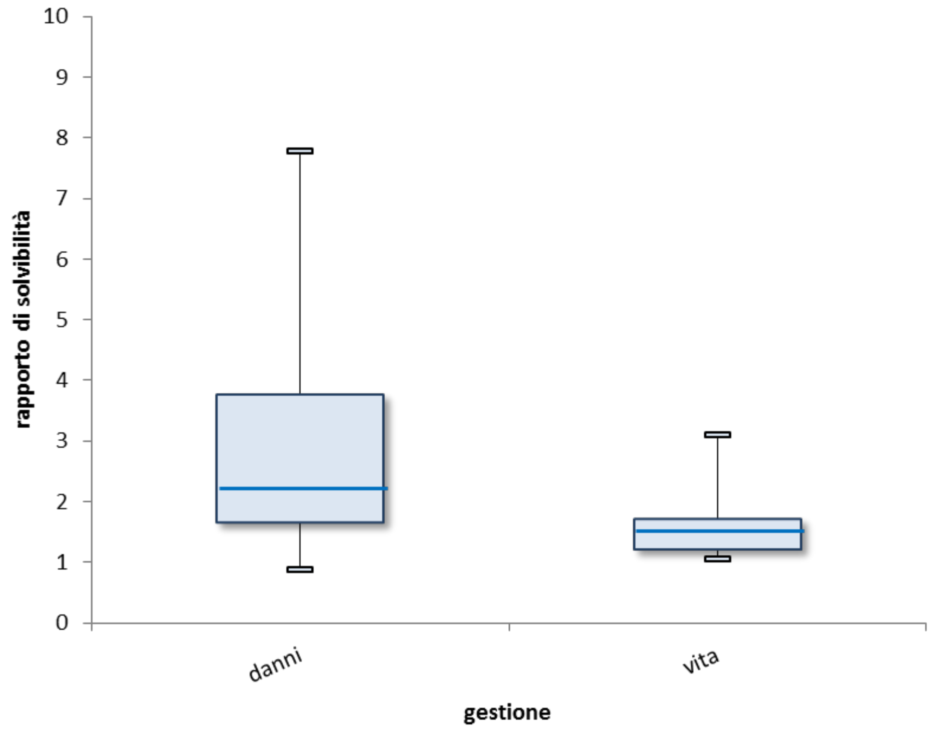
Source: IVASS

The surplus with respect to the margin to be established amounted to 11.2 billion euro in the life business, equal to a coverage ratio of 1.60 (1.73 in 2013), and to 10.7 billion euro in the non-life business, for a coverage ratio of 2.74 (2.59 in 2013).

[15] The analysis does not include an undertaking that has extremely high values.

Graph I.24 shows the illustrative statistics of the solvency situation at the end of 2014.

Graph I.24 - Solvency ratio by segment
Median, interquartile range, minimum and maximum



Source: IVASS

The figures highlight how with regard to the non-life business, half of the undertakings stand at values lower than or equal to 2.18, while with regard to life business the values are lower than or equal to 1.41.

The solvency broken down by size-related brackets according to premium income, separately into life and non-life business, materialises as shown in tables I.36 and I.37.

Table I.36 - Solvency index by size of premium income - life undertakings

	2010		2011		2012		2013		2014	
Premium income (ml €)	**Number of undertakings***	**Solvency ratio**	**Number of undertakings***	**Solvency ratio**	**Number of undertakings***	**Solvency ratio**	**Number of undertakings***	**Solvency ratio**	**Number of undertakings***	**Solvency ratio**
>103	16	1.83	18.00	1.52	15.00	1.98	13.00	2.02	12	1.74
between 103 and 260	11	1.95	14.00	3.06	18.00	2.58	11.00	1.96	6	1.35
>260	48	1.86	39.00	1.70	33.00	1.94	39.00	1.72	41	1.60
Total	**75**	**1.87**	**71.00**	**1.74**	**66.00**	**1.98**	**63.00**	**1.73**	**59**	**1.60**

* life business of life assurance and composite undertakings
Source: IVASS

Table I.37 - Solvency index by size of premium income - non-life undertakings										
	2010		2011		2012		2013		2014	
Premium income (ml €)	**Number of undertakings***	**Solvency ratio**	**Number of undertakings***	**Solvency ratio**	**Number of undertakings***	**Solvency ratio**	**Number of undertakings***	**Solvency ratio**	**Number of undertakings***	**Solvency ratio**
>103	62	3.01	59	2.58	56	3.03	54	3.24	54	2.76
between 103 and 260	16	1.62	18	1.65	16	1.71	15	1.97	12	2.76
>260	26	2.98	23	2.82	23	2.81	21	2.60	21	2.74
Total	**104**	**2.88**	**100**	**2.72**	**95**	**2.75**	**90**	**2.59**	**87**	**2.74**

* non-life business of non-life insurance, composites and life assurance undertakings (bodily injury risks)
Source: IVASS

5. – THE PROGRESS ACHIEVED IN THE ECONOMIC FINANCIAL MANAGEMENT

In 2014 insurance undertakings recorded a positive result equal to about 6 million euro (2013: income 5.2 billion euro), amounting to 4.1% of gross premiums written (4.3% in 2013).

Both sectors ended the year in profit. In detail:

- in the life business, a profit for the year of 3.5 billion euro was reported in 2014, higher than that in the previous year when it came to 3.1 billion euro. The incidence was 3.1% over the relevant gross premiums written (3.6% in 2013);
- in the non-life business, an improvement was reported with regard to the profit for the financial year, equal to 2.5 billion euro (in 2013: income 2.1 billion euro), amounting to 7.2% of non-life gross premiums written (6.0% in 2013).

Table I.38 - Profit or loss for the financial year life and non-life business *(million euro)*	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
non-life business	2,828	2,430	2,802	-167	63	-998	-1,016	640	2,125	2,469
as % of premiums	7.8%	6.5%	7.4%	-0.4%	0.2%	-2.8%	-2.8%	1.8%	6.0%	7.2%
life business	2,866	2,686	2,490	-1,813	3,807	296	-2,636	5,129	3,105	3,500
as % of premiums	3.9%	3.9%	4.1%	-3.3%	4.7%	0.3%	-3.6%	7.4%	3.6%	3.1%
life and non-life business	**5,694**	**5,116**	**5,292**	**-1,980**	**3,870**	**-702**	**-3,652**	**5,770**	**5,231**	**5,969**

Source: IVASS

With regard to the profitability of the insurance sector, table I.39 discloses the 10-year time series of the ROE.

Table I.39 - ROE - life and non-life business	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
non-life business	11.8%	10.4%	13.7%	-0.9%	0.3%	-4.8%	-5.1%	3.1%	8.2%	9.3%
life business	10.7%	10.2%	9.9%	-8.3%	12.7%	1.0%	-9.3%	15.2%	8.2%	9.2%
total	**11.2%**	**10.3%**	**11.6%**	**-4.8%**	**7.5%**	**-1.4%**	**-7.6%**	**10.6%**	**8.2%**	**9.3%**

Source: IVASS

The ROE in 2014 overall remained abundantly positive (9.3%), and up with respect to 2013 (8.2%). Both with regard to life and non-life business, the ROE was just over 9% (just over 8% in 2013).

5.1 - Life business

The life business (Italian and foreign portfolio, direct and indirect) disclosed a positive balance on the technical account of 2.9 billion euro (2013: 3.3 billion euro). The balance on the technical account for the life business represents 48% of the total operating result for the two classes (63.9% in 2013).

Table I.40 - Scalar profit and loss account - life business - (domestic undertakings and branches of non-EU undertakings)*
(Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

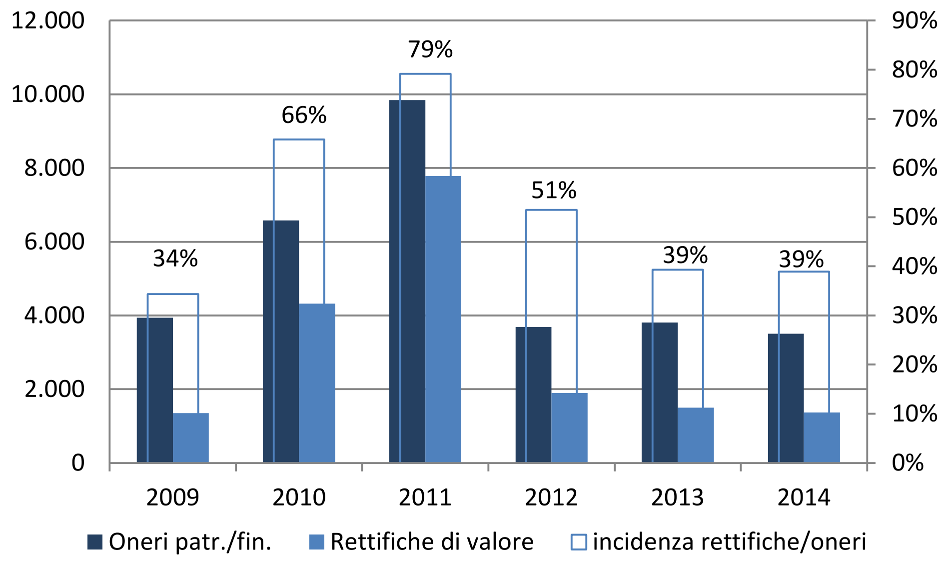
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Premiums for the financia year (net ceded)	73,788	70,815	61,554	54,829	81,409	90,592	74,368	70,376	85,756	110,963
Investment income net of charges	10,042	10,397	10,030	4,785	12,554	9,279	6,404	18,248	15,390	16,719
Income and gains (unrealised)	8,882	3,858	-346	-14,965	13,029	4,574	-2,801	9,197	4,860	6,366
Other technical items	643	615	438	154	-88	-146	-240	-322	-391	-443
Claims charges	-43,942	-58,913	-74,376	-65,684	-57,342	-66,999	-74,177	-75,296	-66,999	-64,651
Variation of technical provisions item C	-28,907	-15,364	7,362	2,038	-40,865	-37,359	-15,794	-9,996	-30,426	-49,913
Variation of technical provisions item D	-12,454	-3,197	2,735	20,468	-109	5,030	13,150	-129	283	-10,374
Operating expenses	-4,383	-4,979	-4,744	-4,111	-4,169	-4,399	-3,961	-3,521	-3,684	-3,884
Return transferred **to the non-technical account**	-1,179	-1,238	-980	-462	-1,177	-839	-265	-1,626	-1,444	-1,918
RES. TECH. ACCOUNT	**2,490**	**1,995**	**1,672**	**-2,948**	**3,242**	**-266**	**-3,316**	**6,931**	**3,344**	**2,865**
Return transferred **from the technical account**	1,179	1,238	980	462	1,177	839	265	1,626	1,444	1,918
Other income (net of charges)	-299	-201	-395	-913	-83	-578	-603	-627	-828	-562
RES. PROFIT OR LOSS ON ORDINARY BUSINESS	**3,370**	**3,032**	**2,257**	**-3,399**	**4,336**	**-5**	**-3,654**	**7,930**	**3,960**	**4,220**
Extraordinary income (net of charges)	258	303	650	427	807	396	93	-29	841	511
Tax on profit or loss	-763	-649	-417	1159	-1336	-96	925	-2,772	-1,696	-1,231
PROFIT OR LOSS FOR THE FINANCIAL YEAR	**2,865**	**2,686**	**2,490**	**-1,813**	**3,807**	**296**	**-2,636**	**5,129**	**3,105**	**3,500**

* specialist reinsurers excluded

Source: IVASS

Income from ordinary management, net of financial charges, exceeded the levels achieved in the previous year (16.7 billion euro in 2014; 15.4 million euro in 2013). financial charges fell by 7.9% (3.8 billion euro in 2013, 3.5 billion euro in 2014), with respect to the negative change of 8.8% in the value adjustments on investments (in 2014 1.4 billion euro equal to 38.9% of the charges; in 2013, adjustments for 1.5 billion euro, equal to 39.3%).

Graph I.25 - Trend of the financial charges and value adjustments (million euro)



Source: IVASS

The claims burden, amounting to around 65 billion euro, was down, compared with the previous year, by around 4 percentage points, with an incidence of around 57.7% on gross premiums written (incidence of 77.1% in 2013).

Going into detail, the claims burden of just the Italian direct portfolio was attributable, for 58.3%, to surrenders (60.4% in 2013) and 32.1% to capital and annuities accrued (31.5% in 2013).

In 2014, the expense ratio (operating expenses over premiums for the year) fell to 3.5% (4.3% in 2013). In particular, acquisition commissions had a 59% incidence over operating expenses (55.8% in 2013), the other acquisition costs 17.9% (18.7% in 2013), while the incidence of collection commissions was 6.2% (6.6% in 2013).

The clear pick up in insurance business led, overall, to a greater increase in the mathematical provisions and other class C provisions with respect to the previous year: these in fact reported a negative change in the profit and loss account, equal to 49.5 million euro (approx. 30.5 million euro in 2013).

The class D technical provisions, which in the two-year period 2010-2011 were characterised by a sharp drop, respectively of around 5 and 13.2 billion euro, did not undergo any significant change in the following two years, while in 2014 they increased by 10.4 billion euro.

The result from ordinary activities - in 2013 a profit of around 4 billion euro - remained positive in 2014 as well, 4.2 billion euro. The ratio between the result on ordinary activities and premiums earned in 2014 decreased by almost 1% with respect to 2013 (equal to 3.8% in 2014 and 4.6% in 2013).

In conclusion, the extraordinary income, net of charges, recorded a positive balance of 511 million euro (841 in 2013).

Refer to the Appendix (tables A6 to A10) for a breakdown of the summary technical accounts for the life business only of the Italian portfolio in the period 2005-2014.

Note that during the periods characterised by the financial markets and sovereign debt crises (2007-2008 and 2011), the class I technical account results (see table A6 concerning traditional life policies, which are predominantly with-profit policies) fell sharply, whereas during the periods immediately following and in particular in the period 2012-2014 they were very positive, especially during the recovery of the financial markets which led to a substantial contribution of profits from investments into the technical account.

As regards class III (see table A7 on the unit- and index-linked "financialised" policies), after the poor results of 2007 and 2011, note a recovery of the technical profit in the last three years, matching both the growth in premium income, which was particularly strong in 2014 (+40.8%), and the positive contribution from investment profits.

Class IV (see table A8 relating to health insurance and insurance against the risk of dependency that are covered by permanent health insurance contracts not subject to cancellation, against the risk of serious disability resulting from accident or sickness or longevity) remains at a negligible level in the Italian insurance market (0.1% of life premium income).

Class V (see table A9 on capitalisation operations) has a trend similar to that of class I. Note in particular a strong recovery in income in 2014 (+40.8% compared to the previous year) and the fact that, apart from in 2005, the technical account recorded positive results only in 2009 and in the three-year period 2012-2014, the periods of recovery after the financial crisis and the sovereign debt crisis.

Class VI (see table A10 on pension fund operations) accounts for an insignificant percentage of the Italian market (1.3% of life premium income).

Finally, refer to the Appendix (table A.11) which contains a series of indicators that express the trend of the life business from 2005 to 2014.

5.1.1 – Segregate funds

Among with-profit life policies, those connected to so-called segregate funds have for years now made up the majority of life business investments (90% in 2014 at load values). They are included in life classes I and V and predominantly take the form of endowment insurance and assurance on survival to a stipulated age.

The main characteristic of these policies is that the profits are connected to an investment portfolio managed *separately* from the other assets held by the insurance undertaking. The insurance benefits (generally the accrued savings premiums paid by policyholders) are revalued in accordance with the financial profit or loss of the segregate fund.

A special feature of this investment portfolio are the accounting rules for entering the assets (at "historical cost") and the income and expenditure in the segregate fund ledger as they benefit from certain "exemptions" with regard to entry in the undertaking's balance sheet.

In particular, a fundamental difference with regard to the balance sheet is how capital gains and losses are entered in the accounts as, in order to determine the financial result, they can be entered in the fund's income or expenditure only if they were actually realised or incurred during the reference period.

The average rate of return of the segregate fund is calculated by dividing the financial results of the segregate fund by the average deposit of the assets of the same fund.

The average rate of return, the accuracy of which is certified by a company of auditors, is then retroceded in full or in part (according to a retrocession rate applied per policy) to the policyholders by revaluing the benefits accrued to that time. Policies generally offer a minimum guaranteed return that the undertaking must transfer in any case to the policyholders even when the gross return of the segregate fund is lower than the guaranteed rate. The latter can be paid periodically (generally annually) or on settlement (on maturity).

ISVAP Regulation no. 38/2011, which protects policyholders and guarantees the fund's stability, sets out what has already been indicated briefly about how the financial result is determined and entered in the accounts and it also contains provisions concerning the regulations of the segregate fund, its administration, coverage of commitments to policyholders (mathematical provisions) and investments. Finally, there are provisions concerning mandatory communications to IVASS regarding supervisory activities and the obligation to publish, in at least two national daily newspapers and on the undertaking's website, the summary report and statement of the composition of the segregate fund investments.

Table I.41 shows the composition of the investments of the assets assigned to the segregate funds:

Table I.41 - Composition of assets assigned to the segregate funds in euro - load value
Market total

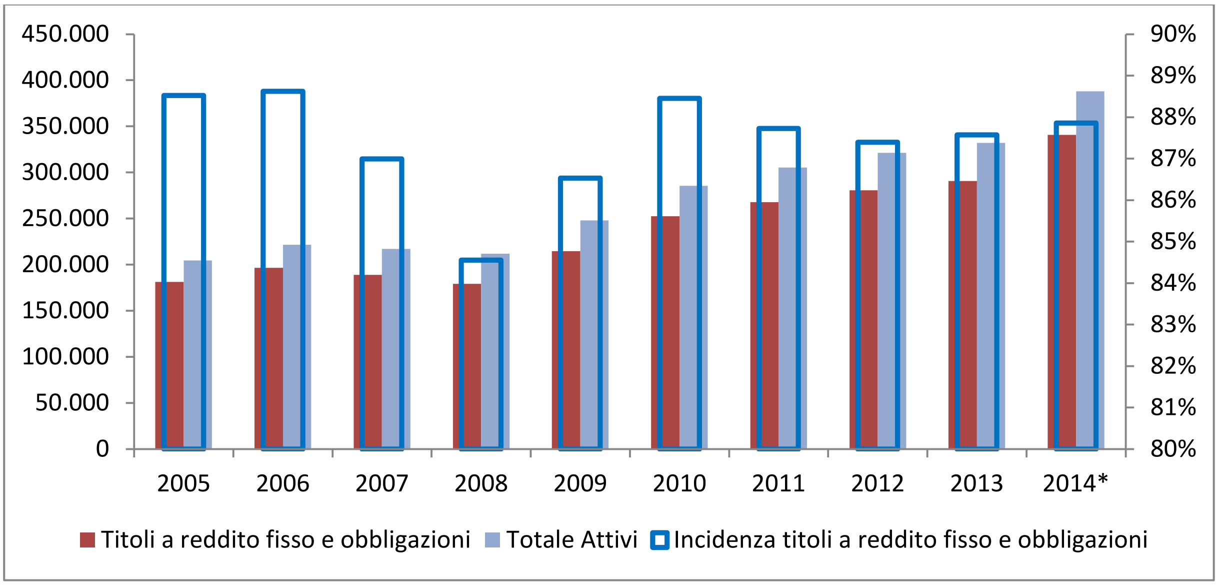
										(billion euro)
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014***
Fixed-income securities and bonds	181.2	196.6	188.9	179.2	214.7	252.6	267.9	280.7	290.7	340.9
of which: euro-denominated corporate bonds	*44.8*	*46.4*	*50.1*	*58.9*	*70.2*	*73.7*	*67.0*	*64.4*	*84.2*	*87.7*
Equity securities	11.3	11.9	13.6	13.3	10.9	10.9	10.2	11.3	12.8	13.8
Other assets	12.2	13.3	14.6	19.4	22.5	22.1	27.3	29.2	28.5	33.3
of which: units in UCITS	*7.1*	*7.2*	*9.5*	*10.1*	*12.6*	*14.3*	*16.4*	*17.3*	*17.1*	*20.4*
Total assets	**204.6**	**221.8**	**217.1**	**211.9**	**248.1**	**285.5**	**305.3**	**321.2**	**331.9**	**388.0**
Incidence of fixed-income securities and bonds	88.5%	88.6%	87.0%	84.6%	86.5%	88.5%	87.7%	87.4%	87.6%	87.9%
% variat. of total assets (load values)	-	8.4%	-2.1%	-2.4%	17.1%	15.1%	6.9%	5.2%	3.3%	16.9%

** data estimated on triennial trends*

Source: IVASS

From the composition of investments the (historical) clear prevalence of fixed-income bond and government securities emerges along with a marginal proportion of capital securities and UCITS units.

Graph I.26 - Composition of assets assigned to the segregate funds in euro
Life classes - Market total (million euro)
estimated data*



Source: IVASS

From this it can be seen that the *main financial risks* facing undertakings concern:

- market risk and, in particular, the risk related to interest rate trends;
- the risk connected to minimum guaranteed returns (where present in policies).

Interest rate curve movements (up or down) have a decisive influence on fund results and require undertakings to adopt tools to cover interest rate risk which range from integrated management of assets and liabilities to the use of derivatives and, to a lesser extent, of portfolio insurance. However, the accounting characteristic of being able to consider capital gains and losses in funds' financial profit or loss only if they are traded, enables undertakings to have *discretion* in their choice of what securities to dispose of or acquire and of when to trade them. This means that the financial profit or loss of the segregate fund and thus of the rates of return paid to policyholders can be brought more or less slowly than other investments in line with the new market situation.

This characteristic of with-profit policies connected to segregate funds is an advantage of the product in periods when the interest rate curve falls to low levels. Indeed managers can choose whether to realise hidden capital gains to sustain the rate of return of the fund and thus make these products particularly appealing to customers compared to other market-value investments. However, a prolonged period of low interest rates (like the present) can trigger the risk of minimum return when the interest rate level falls below the minimum guaranteed return.

Because of this risk of minimum return, supervisory legislation limits undertakings' maximum guaranteeable benefit (MGB) rate anchoring it to a percentage of gross return equal to the lower of the 10-year BTP (treasury bond) rate for the reference month and the average yields of BTPs in the last twelve months (TMO).

In addition, the minimum return risk can indirectly be caused by a sudden rise in interest rates generating a substantial increase in surrenders (hypothetically leading to a mass exit of policyholders from the segregate fund). In this case, if the portfolio is not self-liquidating, the undertaking is forced to cope with the outgoings by disposing of assets with the possibility of making capital losses and reducing the fund's financial result.

Another way of protecting policyholders against the risk of minimum guaranteed return is provided by ISVAP Regulation no. 21/2008 which requires undertakings to assess the need to add to technical provisions by setting up an additional provision for guaranteed interest rate risk, if the MGB in force is less than the commitment taken on in policies in terms of interest rate and if the current or foreseeable return on the representative assets of the corresponding reserves, reduced by a fifth, is less than the commitment itself.

In addition, in situations of prolonged periods of decreasing rates and the resulting difficulty for undertakings to maintain the MGBs specified in policies, undertakings can resort to various kinds of interventions in funds such as mergers or demergers of segregate funds, to mitigate the negative effects of profitability. However, in these cases also, to protect policyholders, there is secondary legislation issued in 2008 (ISVAP Regulation No. 14/2008) which permits such mergers/demergers only if it is in the interest of the contracting parties, taking account of the characteristics of the products that they have taken out.

Table I.42 gives the time series for 2008-2014 of average returns of segregate funds compared with the ten-year return of government securities, and the rates known as TMO and MGB and the *average management discretion index* (IDG). This index is the sum of the load value and of the absolute values of capital gains and losses divided by the load value. If this index is very different from 1 and given an average return, it highlights how many hidden capital gains and losses there are still present in the funds giving the fund manager further options for manoeuvring returns in future. If the value of this index is 1, there is no room for manoeuvre as any capital gains and losses may have already been realised to sustain (contain) the fund's rates of return recorded in the past. Alternatively, if the portfolio has seen strong incoming activity or is a recent acquisition, the IDG may be closer to parity as there has been rapid alignment of the rates of return with the new market situation.

Table I.42 - Return on segregate funds (in euro)

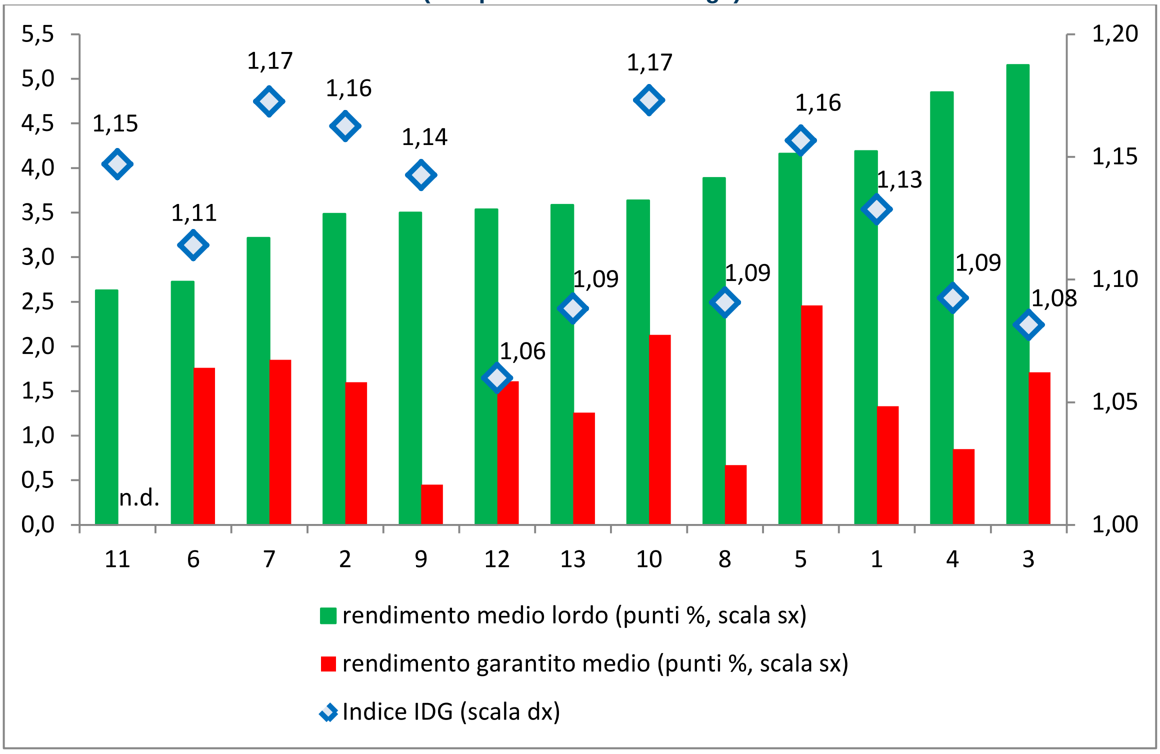
	2008	2009	2010	2011	2012	2013	2014
gross average return on segregate funds	4.34%	4.03%	3.87%	3.84%	3.87%	3.91%	3.77%
10-year guiding return (long-term Treasury bonds)	4.47%	4.01%	4.60%	6.81%	4.54%	4.11%	1.99%
Average rate of return of government bonds	4.47%	4.01%	4.04%	5.42%	4.54%	4.16%	1.99%
Guaranteed maximum rate of interest	3.25%	3.25%	3.25%	4.00%	4.00%	2.75%	1.50%
Management discretion index (IDG)	n.a.	1.052	1.054	1.11	1.063	1.059	1.137

Source: IVASS

Graph I.27 shows the average gross return[16] in 2014 for segregate funds (for 2013 and 2014 the return refers to all the segregate funds in a sample of 13 undertakings, approximately 75% of life income), the average guaranteed return and the IDG index.

[16] Gross of auditing expenses and expenses for trading securities.

Graph I.27 – Comparison between returns and the management discretion index (sample of 13 undertakings)



Source: IVASS

There is a positive correlation (+0.7) between the average gross rates of return and the discretion index. This trend expresses what has already been stated in terms of manoeuvrability of returns, namely that the segregate funds with the highest returns still have securities acquired during periods of higher interest rates and therefore with still significant hidden capital gains. These undertakings have a strong possibility of sustaining their rates of return and facing the current period of persistent low interest rates without the likelihood of incurring the risk of minimum return. Funds with the lowest gross rates of return have, except for a few positive exceptions, predominantly a low IDG. In these cases, it is possible, in the current and on-going interest rate situation, to incur more easily the risk of maintaining the minimum guarantee (where it is present).

Interest rate risk

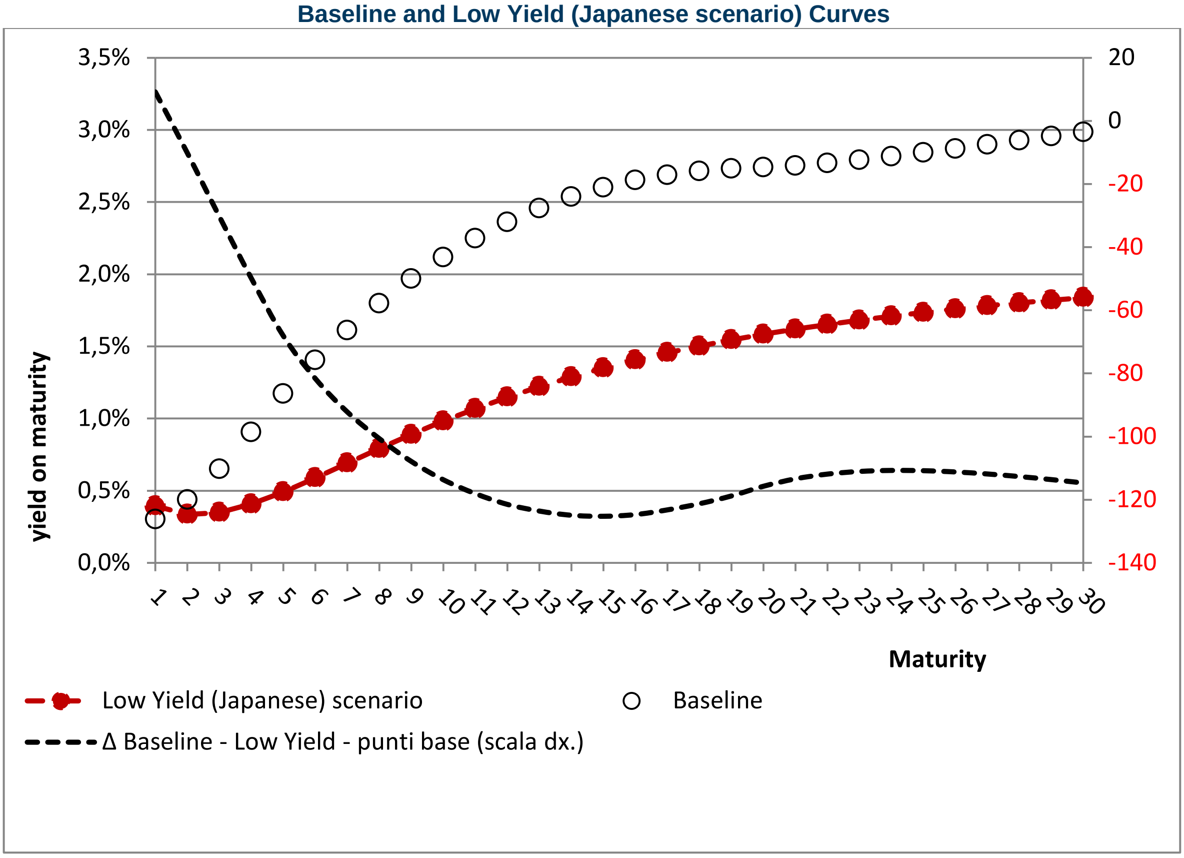
As already highlighted, the on-going low interest rates constitute a real source of risk for the insurance sector as they depress the profitability of companies and reduce their ability to cope with their commitments to policyholders.

In Europe

The stress test that EIOPA performed in 2014 included assessing the impact on capital requirements and cash flows of two scenarios concerning the maturity structure of interest rates (low rates for all maturities, known as the Japanese scenario, and an inverted rate curve, known as the inverted scenario).

As can be seen in graph I.28, the EIOPA stress test is a scenario where the maturity structure is flattened and the stress applied to the discount structure is not constant for the maturities: it increases in absolute value for longer maturities and is between +20 (for the 1-year rate) and -120 base points (for the 30-year rate).

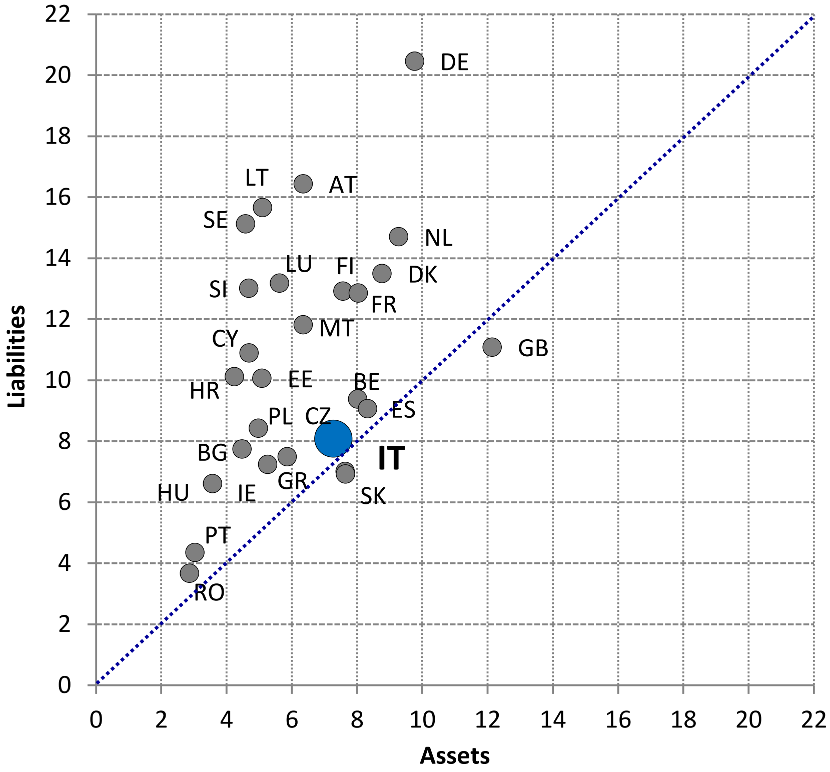
Graph I. 28 - Eiopa Stress-Test 2014
Baseline and Low Yield (Japanese scenario) Curves



Source: IVASS statistics based on EIOPA data

Graph I.29 shows the duration of assets and liabilities for each country. The diagonal corresponds to a perfect alignment between the two durations and therefore good immunisation of interest rate risk. Italy, Spain and the United Kingdom appear close to the diagonal and are therefore well covered.

Graph I.29 - Duration mismatch for the European market



Source: EIOPA

In Italy

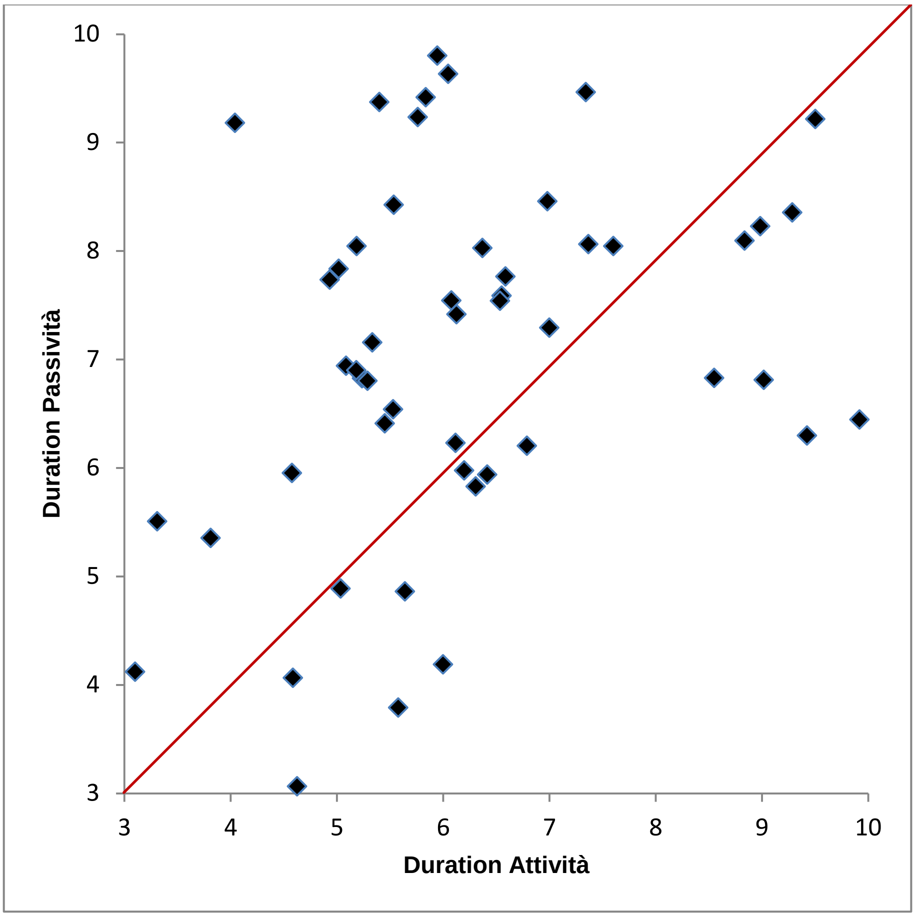
The analysis results highlighted that for Italian undertakings exposure to the risk of low interest rates seems to be relatively low.

Duration analysis

The EIOPA stress test showed that most Italian undertakings have a balanced cash flow structure, which reflects a good alignment of returns and financial duration of the assets and liabilities on the balance sheet. As highlighted, the stress scenarios are likely to have a limited impact in terms of capital requirements.

In detail, extending the EIOPA sample to the entire Italian life market, in graph I.30 the undertakings with asset durations noticeably lower than liability durations might be at interest rate risk if they wish to reinvest.

Graph I.30 - Duration mismatch for the Italian market - Single undertakings

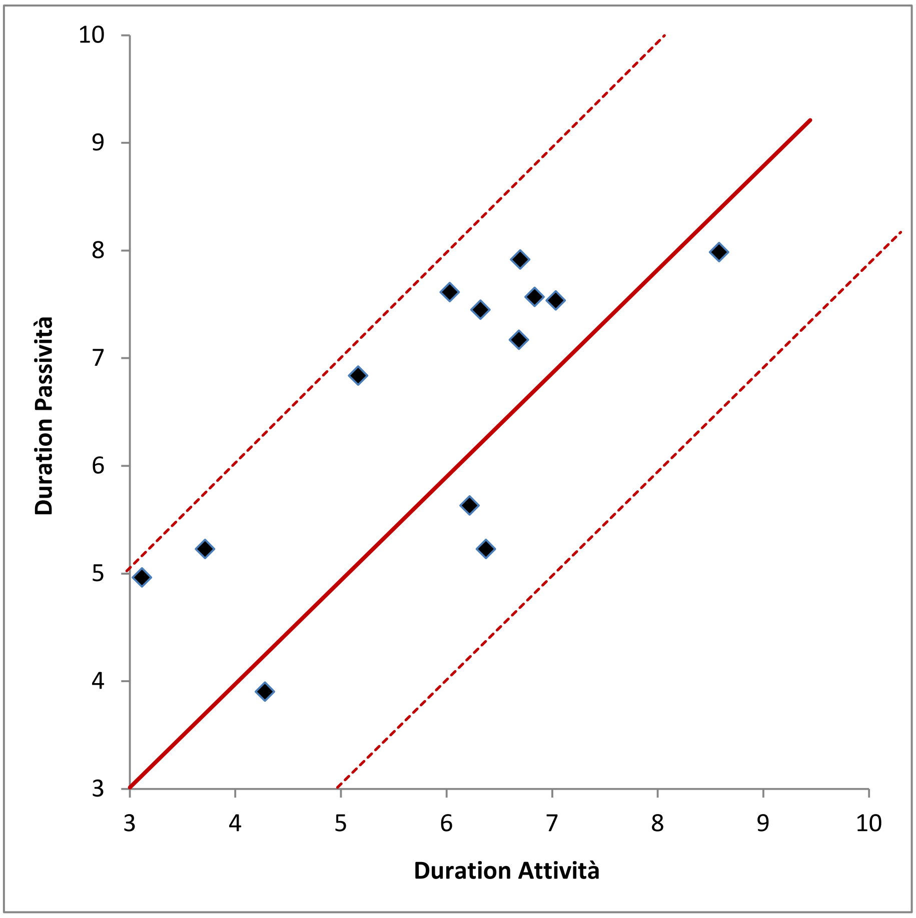


Source: IVASS statistics

Convexity analysis

Graph I.31 shows the actual duration mismatches of 13 Italian undertakings that fall within the oscillation band of +/- 2 years around perfect matching (dotted band around the diagonal).

Graph I.31 - Duration mismatch for the Italian market
Undertakings in the +/-2 year oscillation band

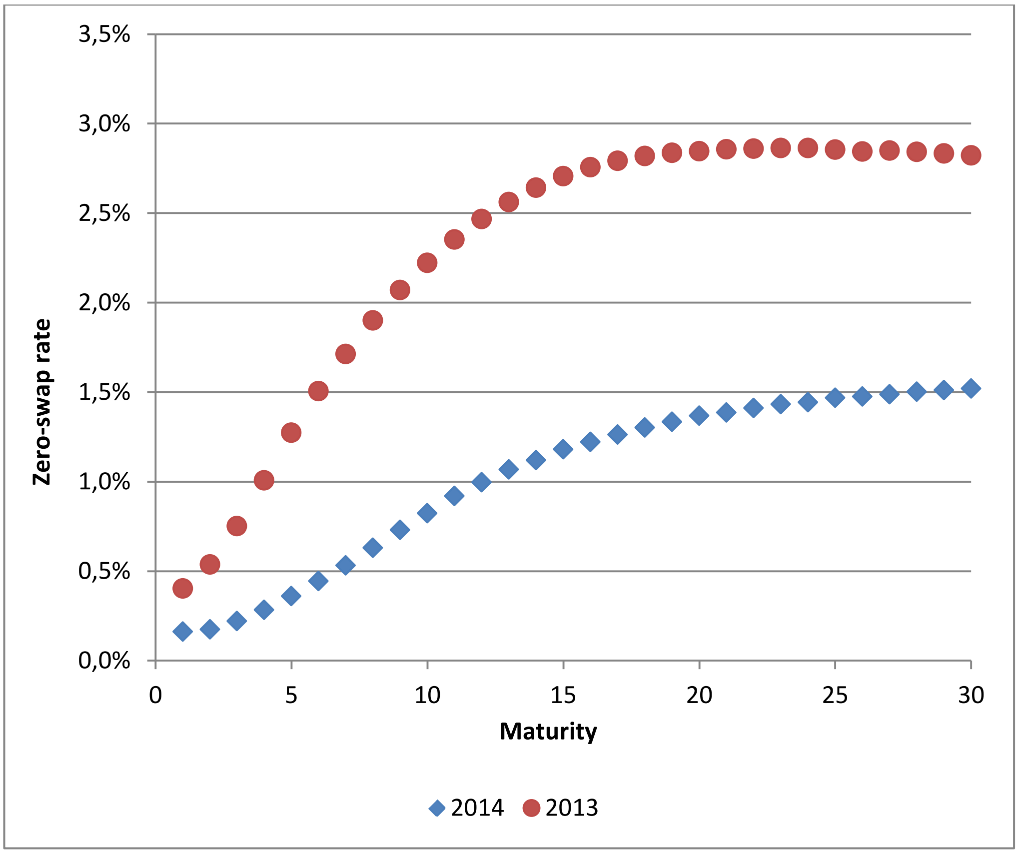


Source: IVASS statistics

When most of the actual duration mismatch values are contained within the band, these represent a discrete approximation for analysing vulnerability to interest rate risk due to the diverse dispersion of the assets. Further investigation was made for these undertakings to consider analysis of (asset) flow dispersion as well. Greater flow dispersion actually makes the terminal value of an asset portfolio more vulnerable to second-level variations of the interest rate curve, for example to inclinations of the curve (i.e. asymmetrical changes between short- and long-term rates). This is the case even if it has a duration gap of zero and is therefore immunised against variations in the average interest rate level.

For the analysis, the asset structure of the 13 selected undertakings in the life market was examined in more detail to take account of the greater or lesser dispersion of cash flows around the average duration. Liabilities, however, were summarised by a single liability in this analysis. Then an instantaneous shock to the interest rate curve was considered with a closed portfolio (impossibility of immediate management actions) using the swap curve for the end of 2014. It consisted of a scenario of an increase in the slope of the maturity structure equal to the variation that can actually be calculated on a historically observed structure. The hypothesis was of a non-parallel variation of the interest rate curve. Graph I.32 shows the variation in the curve between the end of 2013 and the end of 2014.

Graph I.32 – Maturity structures of zero-swap rates at end of 2013 and 2014

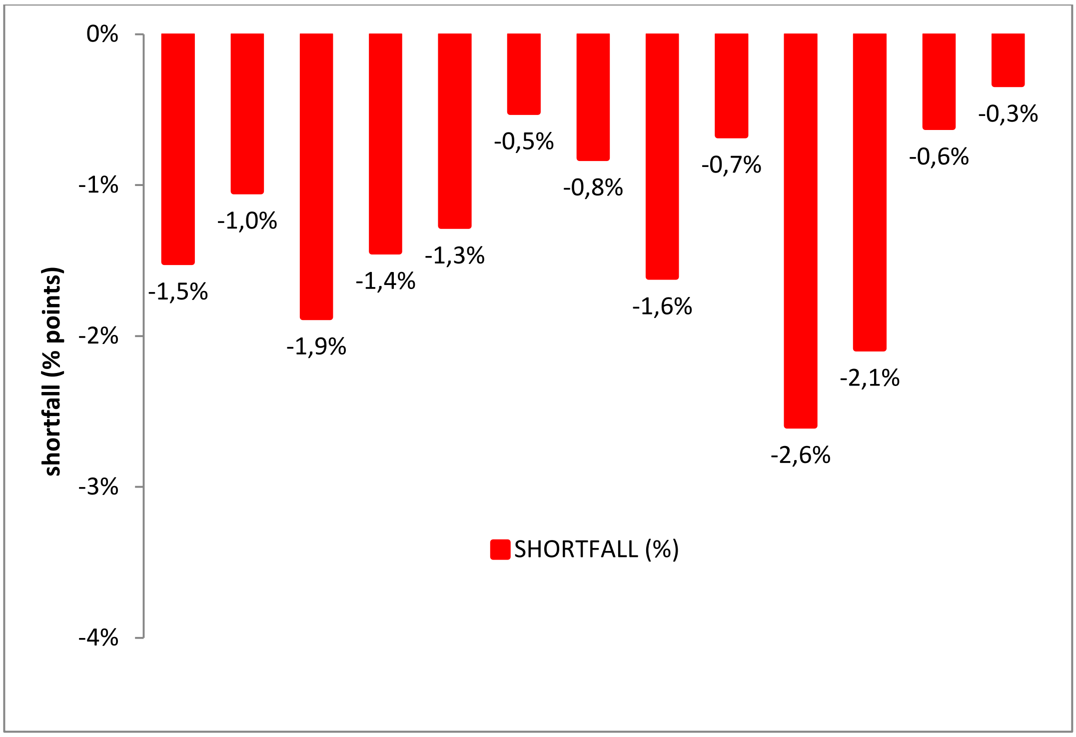


Source: Bloomberg

More specifically, by applying an "instantaneous" shock *increase* to the slope of the zero-swap structure at the end of 2014 approximated to the variation in forward rates around the duration of the Italian market, the following *maximum* write-down values of the asset (BTP) portfolio were obtained with regard to the target liability value (mathematical provision revalued at the forward rate up to the average liability duration[17]):

[17] See the analysis by Fong-Vasicek (*A Risk Minimizing Strategy for an Immunized Portfolio*, Journal of Finance (1984)), the relative variation of the asset portfolio, with regard to the forward value of the commitments payable, is proportional to the flow variance, according to a proportionality constant *K*, which represents the size of the hypothetical interest rate shock (*steepening*).

Graph I.33 - Percentage write-down of the BTP portfolio in the scenario of steepening the swap rate curve (13 undertakings)



Source: IVASS

From the results it emerges that, in a scenario of an instantaneous variation, like the hypothesis, which is non-parallel and "steepens" the maturity structure, the Italian market is likely to present a stable situation as the bond portfolio (government securities, BTPs) is likely to undergo low maximum "maturity" percentage variations – in absolute values – in a range between 0.3% and 2.6% approximately of the value of the corresponding liabilities payable ("revalued" on the average maturity of the liability).

In terms of analysing the trade-off between return and risk, finally, with a view to managing liabilities to minimise risk, the dispersion of the asset portfolios (BTP) is relatively low. On the other hand, with a view to managing assets to maximise return, the low dispersion of some asset portfolios leaves room to search for return[18].

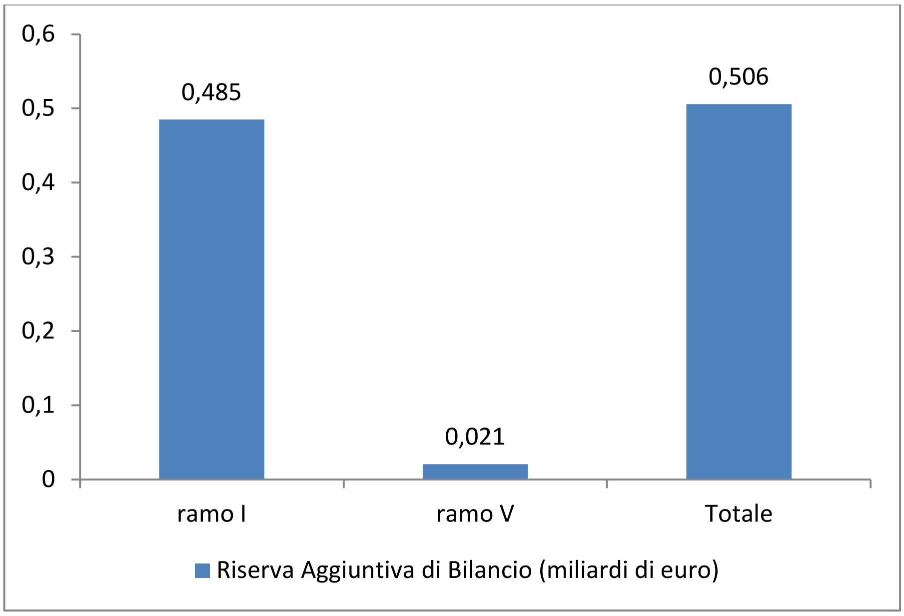
The risk connected to the minimum guaranteed return

With reference to the minimum guaranteed return referred to previously, graph I.34 shows the amount of additional technical provisions for interest rate risk at the end of 2014 which, according to the provisions of ISVAP Regulation no. 21/2008, need to be appropriated to cope with the risk

[18] See Fong-Vasicek (1983), "The tradeoff between return and risk in immunized portfolios", Financial Analyst Journal.

that future returns (forecast over a 5-year time frame) are not adequate for the minimum returns required by the policy guarantees of the individual segregate funds:

Graph I.34 - Additional technical provision in the 2014 balance sheet
Market Total - Provisional balance sheet data



Source: IVASS

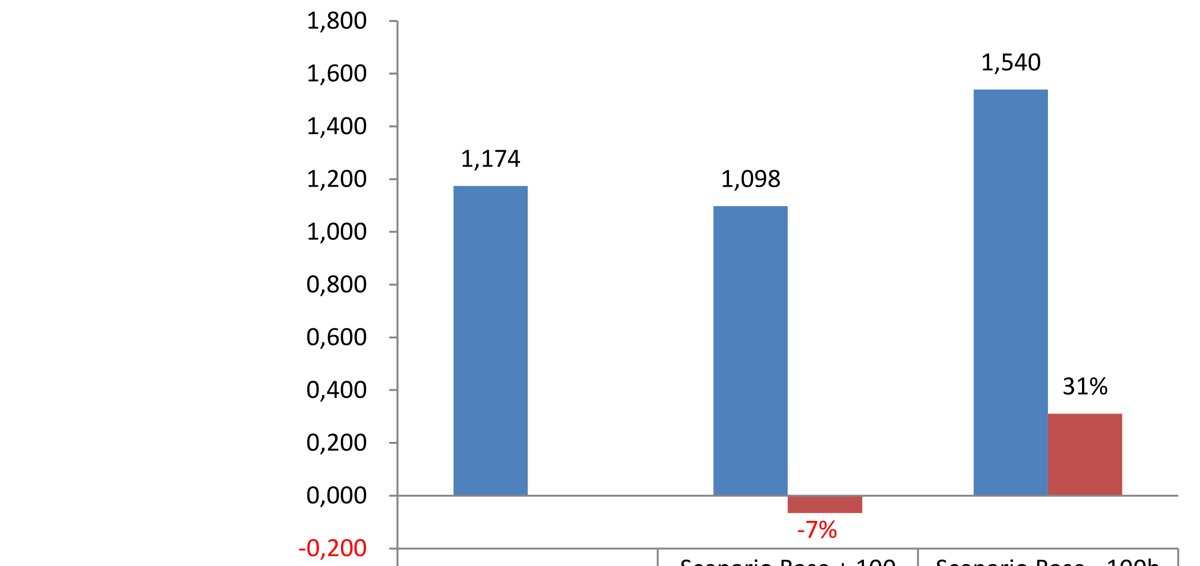
However, following the half-yearly monitoring instituted by a letter to the market dated 30 May 2013 (*investigation into exposure to interest rate risk of insurance undertakings exercising life business*) the aforementioned additional provisions are determined using three scenarios (base/up/down), calculating current and foreseeable returns:

- within a 15-year time frame;
- using the same forward structures derived from the swap rates – base scenario;
- applying an instantaneous and parallel shock of +/- 100 base points to the base curve.

The following emerges from the comparison of the two additional provisions at aggregated market level, using the more prudent appropriation method (method A):

- The additional market provision recalculated on a fifteen-year time frame (equal to 1.2 billion euro) is almost double the additional provisions appropriated in the balance sheet on the basis of a five-year time frame (0.5 billion euro);
- A reduction (of 100 base points) of interest rates (swap curve) would lead to an increase of approximately 30 percentage points of the additional provision necessary to cope with the implicit guarantees in the life policies (around 1.2 to 1.5 billion euro).

Graph I. 35 - Additional technical provision from monitoring on 31/12/2014



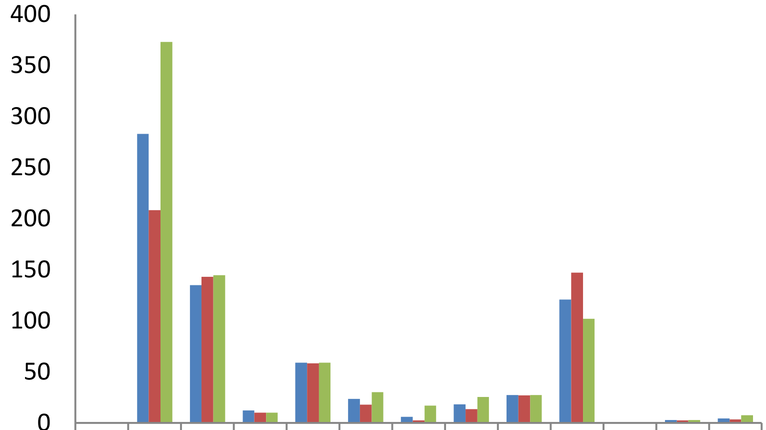
	Scenario Base	Scenario Base + 100 pbs.	Scenario Base - 100b pbs.
Riserva Aggiuntiva A (miliardi di euro)	1,174	1,098	1,540
Varaz. risp. Scenario Base (%)	0	-7%	31%

Source: IVASS

This amount would, however, be small, equal to little more than 0.3 percent of the entire amount of technical provisions. On the other hand, increasing the interest rate curve would produce an overall, but smaller, reduction in the additional provision (-7%).

Below is the composition of the additional provision in the sample of 13 undertakings analysed, varying the scenario in graph I.36a and the calculation method in graph I.36b.

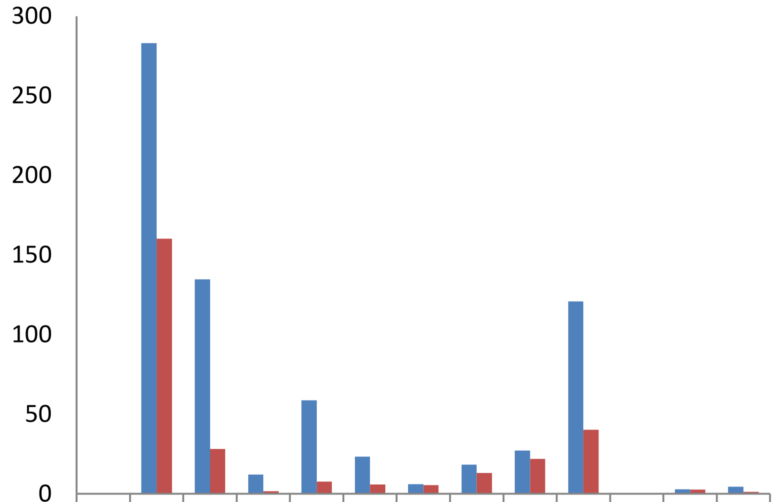
Graph I.36a - Additional provisions for interest rate risk
More prudent appropriation (Method A)



	1	2	3	4	5	6	7	8	9	10	11	12	13
Metodo A Riserva Aggiuntiva (milioni di euro) Base	0	283	135	12	59	23	6	18	27	121	0	3	5
Metodo A Riserva Aggiuntiva (milioni di euro) +100 pbs	0	208	143	10	58	18	2	13	27	147	0	3	4
Metodo A Riserva Aggiuntiva (milioni di euro) -100 pbs	0	373	144	10	59	30	17	25	27	102	0	3	8

Source: IVASS

Graph I.36b - Additional provisions for interest rate risk
Comparison of more and less prudent appropriation (methods A and C)



	1	2	3	4	5	6	7	8	9	10	11	12	13
Metodo A Riserva Aggiuntiva (milioni di euro) Base	0	283	135	12	59	23	6	18	27	121	0	3	5
Metodo C Riserva Aggiuntiva (milioni di euro) Base	0	160	28	2	8	6	6	13	22	40	0	3	1

Source: IVASS

5.2 - Non-life business

Table I.43 provides a summary of the profit and loss account of non-life business overall.

Table I.43 - Scalar profit and loss account of non-life business - (domestic undertakings and branches of non-EU undertakings)*
(Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Premiums earned	32,959	33,868	33,992	34,063	33,811	32,458	33,590	33,257	32,241	31,353
Return transferred from the non-technical account	2,093	1,922	2,015	829	2,439	1,095	640	1,660	1,262	1,347
Claims charges	-23,526	24,390	24,217	25,403	26,865	25,106	25,199	23,480	21,323	-20,188
Other technical items	-563	-638	-633	-723	-680	-662	-588	-651	-581	-508
Variations other Technical provisions	-6.4	-6.6	-4.2	0.4	3.0	5.3	0.2	0.5	2	1
Operating expenses	-7,875	-8,094	-8,456	-8,462	-8,465	-8,141	-8,322	-8,018	-8,041	-8,245
Variation of equalisation provisions	-20	-55	6	61	-16	-23	-18	-4	-14	-12
RES. TECH. ACCOUNT	**3,100**	**2,605**	**2,702**	**365**	**228**	**-375**	**106**	**2,765**	**3,546**	**3,748**
investment income (net of charges)	2,962	2,729	2,914	413	3,378	1,296	-93	1,754	2,087	2,273
Return transferred to the technical account	-2,093	-1,922	-2,015	-829	-2,439	-1,095	-640	-1,660	-1,262	-1,347
Other net income	-571	-803	-522	-688	-1,161	-1,185	-948	-1,295	-1,354	-1,488
RES. PROFIT OR LOSS ON ORDINARY BUSINESS	**3,399**	**2,610**	**3,080**	**-739**	**6**	**-1,359**	**-1,576**	**1,563**	**3,018**	**3,186**
Extraordinary net income	418	640	823	324	33	218	386	1	473	450
Tax on profit or loss	-990	-820	-1,101	248	-24	143	174	-924	-1,365	-1,166
PROFIT OR LOSS FOR THE FINANCIAL YEAR	**2,829**	**2,430**	**2,802**	**-167**	**63**	**-998**	**-1,016**	**640**	**2,125**	**2,469**

* specialist reinsurers excluded
Source: IVASS

In 2014, the non-life business (Italian and foreign portfolio, direct and indirect) disclosed a profit for the financial year, equal to 2.5 billion euro (2013: 2.1 billion euro) and a positive balance on the technical account of 3.7 billion euro (2013: 3.5 billion euro). The technical account result for the non-life business represents 62.8% of the total operating result for the two classes (67.8% in 2013).

In the light of a fall in income of -2.8%, claims incurred fell by -5.3% (following a decrease of -9.2% in 2013), whereas the contribution of profit from the non-technical account in 2014 is 1.3 billion euro (substantially unchanged compared to the previous year).

In fact, ordinary financial operations, thanks to the positive performance of the financial markets, reported net investment income of 2.3 billion euro (2013: 2.1 billion euro), which led to an improvement in the result from ordinary business of 169 million euro compared to 2013: in 2014 this result reached 3.2 billion euro.

Also the contribution to the profit or loss for the financial year from extraordinary income, net of charges, was positive and amounted to 450 million euro (473 in 2013).

The level of claims for the year recorded a fall in value of -5.3% (following a decrease of -9.2% in 2013), premiums earned fell by nearly 3 percentage points (from 32.2 to 31.4 billion euro) and the loss ratio (ratio between claims burden and premiums earned) fell further from 66.1% for 2013 to 64.4% for 2014.

Operating expenses remained substantially stable, at 8.2 billion euro, whereas their proportion of premiums earned increased to 26.3% (24.9% in 2013) mainly due to the reduction in premium income.

In the Appendix, Table A12 shows the time series from 2005 to 2014 of some indicators showing the trend in non-life business (Italian and foreign portfolio, direct and indirect).

5.2.1 - Motor vehicle liability and liability for ships (sea, lake and river and canal vessels)

Premiums written in 2014 in the mandatory civil liability classes (motor vehicles and ships), of 15.2 billion euro, fell for the third consecutive year, with a reduction of -6.5% compared to 2013, which follows the -7% in that year and the fall of -1.2% in 2012. At the end of 2014, this premium income weighed in for 46.4% on non-life business overall.

In 2014, motor vehicle liability sales channels remained substantially the same and confirmed a low erosion in income through agencies (86.9% in 2014; 90.5% in 2009) in favour of direct sales, including telephone and online sales (8.3% in 2014; 5.2% in 2009); however, sales through other channels remained more or less stable (brokers: 2.8%; banks and post offices: 2%).

Table I.44 summarises the technical account of motor liability and liability for ships insurance pertaining to the Italian portfolio in the decade 2005-2014.

Table I.44 - Scalar profit and Loss Account - motor liability and liability for ships - (domestic undertakings and branches of non-EU undertakings)*
(Italian portfolio – insurance and reinsurance business)

(million euro)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Premiums earned	direct insurance	18,116	18,350	18,250	17,804	16,999	16,607	17,495	17,697	16,835	15,559
Claims incurred	direct insurance	-14,284	-14,588	-14,732	-14,672	-15,106	-14,467	-14,791	-13,110	-11,563	-10,819
(of which claims incurred in the financial year):	direct insurance	-14,756	-14,940	-14,794	-14,761	-14,912	-13,865	-13,444	-12,108	-11,539	-11,176
Balance on other technical items	direct insurance	-210	-231	-226	-290	-267	-244	-202	-272	-248	-143
Operating expenses	direct insurance	-3,235	-3,276	-3,346	-3,275	-3,208	-3,116	-3,236	-3,233	-3,167	-3,187
Technical balance (net of the share of return on investments and of the variation of the equalisation reserve) of direct business	direct insurance	**386**	**256**	**-55**	**-433**	**-1,583**	**-1,221**	**-735**	**1,084**	**1,857**	**1,410**
Profit or loss outward reinsurance	direct insurance and reinsurance	-14	39	17	-3	21	-20	-26	-29	-44	-4
Net profit or loss reinsurance	direct insurance and reinsurance	-5	-3	-2	-7	-48	-6	3	26	-7	0
Variation in the equalization provisions	direct insurance and reinsurance	0	-31	30	6	0	0	0	0	0	0
Part of the investment return transferred from the non-technical account	direct insurance and reinsurance	1,107	996	967	346	1,228	504	275	802	617	657
Balance on the technical account net of reinsurance	direct insurance and reinsurance	**1,474**	**1,257**	**957**	**-91**	**-381**	**-744**	**-482**	**1,883**	**2,423**	**2,063**

* specialist reinsurers excluded

Source: IVASS

The figures indicate that technical balance of direct business in 2014 was positive for 1.4 billion euro (2013: positive for 1.9 billion euro); and thus, also the result of the technical account, net of reinsurance, which closed with a positive balance (2014: 2.1 billion euro, 2013: 2.4 billion euro).

The contribution of the portion of profit of the investments transferred from the non-technical account rose by 6.5% with respect to the amount for the previous year (from 617 million euro in 2013 to 657 million euro in 2014).

The operating expenses remained constant with respect to 2013 (3.2 billion euro).

Table I.44 shows, from 2011 to 2013, an improvement in the claims burden over gross premiums earned (*loss ratio*), in continual reduction: it was 84.5% in 2011, 74.1% in 2012 and 68.7% in 2013. In 2014 there was a slight worsening of the loss ratio, which was 69.6%. The incidence of operating expenses for the entire market on premiums written (expense ratio) increased in the year, in the presence of falling premiums, from 19.5% to 21% and the combined ratio (loss ratio + expense ratio) consequently rose from 88.2% in 2013 to 90.5%, after having equated to 92.5% in 2012 and 102.7% in 2011. With regard to the sole generation of claims, the loss ratio showed an increase in 2014, from 68.5% to 71.8%, influencing the combined ratio, which rose from 88% in 2013 to 92.8% in 2014 mainly due to the afore-mentioned rise in the expense ratio.

The Appendix (Table A13) contains a number of indicators for the period 2005-2014, showing the trends in the motor liability and liability for ships classes.

Table I.45 shows the time series of the balance sheet combined ratio and the savings/shortfall index of the provision for outstanding claims both gross and net of the balance of the recoveries (recourses, etc.) at year end. The savings/shortfall ratio gross of the balance of the recoveries indicates the pure sufficiency/insufficiency of the provision for outstanding claims due to the payments and the revaluation of the residual provision at year end. The same index, net, by contrast includes the positive contribution of the recoveries.

The algebraic sum of the balance sheet combined ratio and the savings/shortfall index of the provision for outstanding claims net of the balance of the recoveries leads to the combined ratio relating to the sole generation of occurrence of the claims.

Table I.45 - Performance of the combined ratio and of the balance on the provision for claims outstanding (PCO) over premiums earned

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PCO saving/lack - gross of balance on sums recoverable	1.4%	0.6%	-3.7%	-2.1%	-4.2%	-7.4%	-14.4%	-6.5%	-0.9%	0.9%
PCO saving/lack - net of balance on sums recoverable	2.6%	1.9%	0.3%	0.5%	-1.1%	-3.6%	-7.7%	-5.7%	-0.1%	2.3%
Balance sheet combined ratio	**96.6%**	**97.3%**	**99.1%**	**101.0%**	**107.7%**	**105.5%**	**102.7%**	**92.5%**	**88.2%**	**90.5%**

Source: IVASS

The data for 2014 show that the balance of the provision for outstanding claims for the previous years shows an improvement compared to 2013, emerging as essentially level with respect to premiums earned.

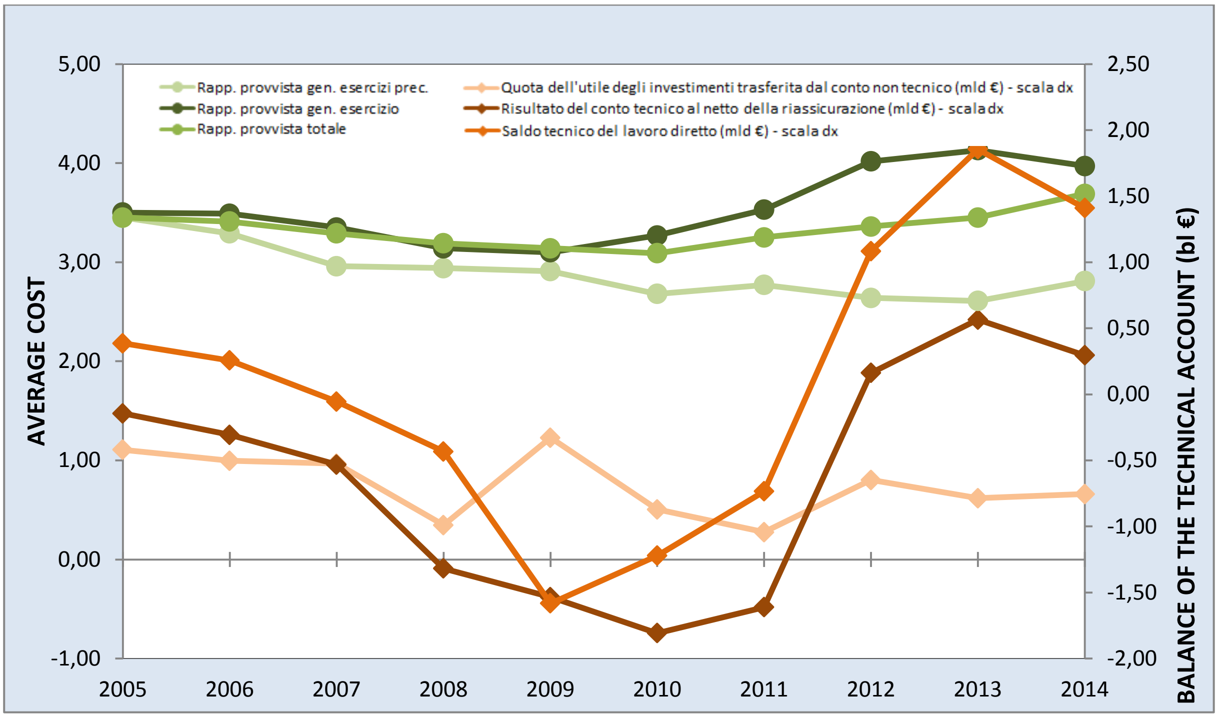
In detail, table I.46 and graph I.37 illustrate the time series, divided up by the generation relating to the current year and to the previous ones, of the so-called ratio between average reserve/average cost which expresses how many times (in prospect, also considering the time necessary for the payment and any future increase in costs) the average cost of the claims paid in the year would be covered by the estimated average reserved claims on closure of the insurance company's financial statements.

Table I.46 - Average performance										
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Previous year gen.	3.45	3.29	2.96	2.94	2.91	2.68	2.77	2.64	2.61	2.81
Jan. Financial year	3.50	3.49	3.35	3.14	3.10	3.27	3.53	4.02	4.13	3.97
Total	**3.45**	**3.41**	**3.29**	**3.19**	**3.09**	**3.09**	**3.25**	**3.36**	**3.45**	**3.69**

** IBNR claims excluded*

Source: IVASS

Graph I.37 - Average reserve/average cost ratios and balance on the technical accounts



Source: IVASS

The overall ratio between average reserve/average cost increased with respect to the previous year (3.69 in 2014 and 3.45 in 2013), thus confirming the upward trend over the last few years. However, a considerable decrease is observed in the average reserve/average cost ratio for the provision relating to claims occurred during the year and to a simultaneous increase in the ratio for claims relating to previous years. Graph I.37 discloses that the variations in the pattern of the two ratios in any event does not change the overall effect on the general average reserve/average cost ratio which remains at a more or less unchanged level over the long-term. It can also be observed how the average reserve/average cost ratio for the year has, in detail, over the last three years, the same trend as the direct business technical balance.

5.2.2 - The other non-life insurance classes

In 2014, the non-life insurance classes other than motor liability overall reported a positive balance on the technical account of 1.5 billion euro, up with respect to 2013 (balance on the technical account: 1.1 billion euro). Table I.47 shows, in detail, the trend in the various segments.

Table I.47 - Technical performance other non-life classes

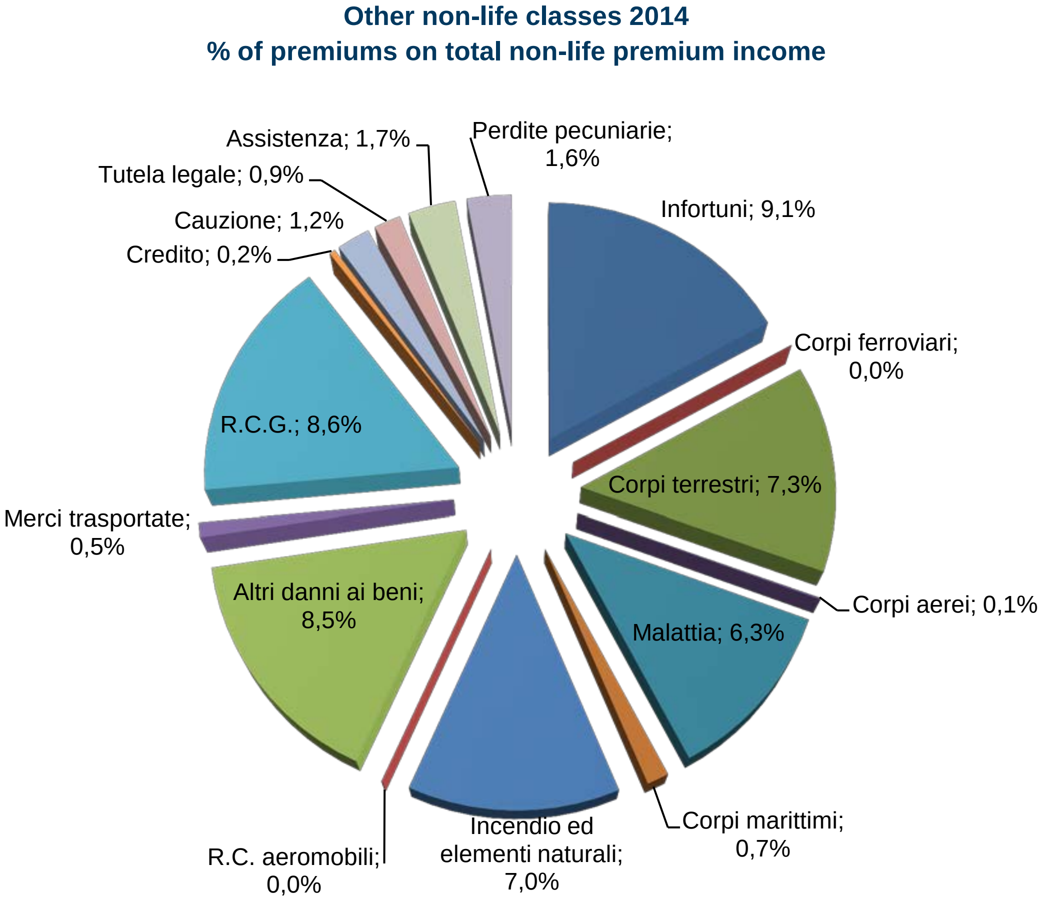
(thousand euro)

Insurance class	Claims/premiums earned		Operating expenses/ premiums earned		Combined Ratio		Technical balance (net of the share of return on investments and of the variation of the equalisation reserve) of direct business		Balance on the technical account	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Health sector										
Accident	42.6%	43.8%	33.7%	34.7%	76.3%	78.5%	636,045	572,676	647,367	617,312
Sickness	71.1%	67.9%	23.6%	23.0%	94.7%	91.0%	74,124	144,416	101,119	158,902
Total							**710,169**	**717,092**	**748,486**	**776,214**
Automobile sector - only land vehicles										
Land vehicles	66.4%	60.8%	26.5%	28.9%	93.0%	89.7%	154,338	238,433	190,809	249,509
Transport										
Railway rolling stock	-0.4%	-312.1%	13.0%	19.4%	12.6%	-292.7%	5,835	15,831	-4,057	13,149
Aircraft	170.2%	24.0%	13.2%	17.6%	183.4%	41.6%	-25,556	12,047	-3,825	1,612
Ships	59.8%	94.4%	16.9%	17.6%	76.7%	112.0%	56,944	-32,477	17,280	-8,688
Goods in transit	39.9%	46.8%	29.3%	30.2%	69.1%	77.0%	53,904	29,956	37,196	11,786
Aircraft liability	23.0%	72.1%	14.4%	15.6%	37.4%	87.7%	9,300	886	-3,012	-4,847
Total							**100,427**	**26,243**	**43,582**	**13,012**
Property sector										
Fire and natural forces	47.8%	54.2%	32.1%	32.9%	79.9%	87.1%	407,233	220,525	173,270	62,005
Other damage to property	67.7%	69.7%	29.5%	29.2%	97.2%	98.9%	34,598	-17,602	-70,365	-127,846
Financial loss	53.2%	42.8%	42.3%	42.0%	95.5%	84.7%	6,149	65,279	36,896	75,087
Total							**447,980**	**268,202**	**139,801**	**9,246**
General liability										
General liability	83.9%	67.4%	30.3%	30.9%	114.1%	98.3%	-472,272	-14,807	-271,319	219,906
Credit / Suretyship										
Credit	89.4%	102.0%	29.9%	33.5%	119.2%	135.5%	-19,000	-24,680	-12,343	-19,532
Suretyship	67.7%	73.7%	30.3%	35.6%	98.0%	109.2%	-27,340	-68,421	3,820	-38,142
Total							**-46,340**	**-93,101**	**-8,523**	**-57,674**
Legal expenses / Assistance										
Legal expenses	35.7%	22.3%	36.7%	37.9%	72.4%	60.2%	73,318	115,725	71,397	108,262
Assistance	27.9%	28.4%	33.6%	33.8%	61.5%	62.2%	179,447	191,924	144,306	155,867
Total							**252,765**	**307,649**	**215,703**	**264,129**
Total							**1,147,067**	**1,449,711**	**1,058,539**	**1,474,342**

Source: IVASS

Among the classes with a certain importance with regard to premium income (see graph I.38) mention is made of the health segment (accident and sickness) with a positive technical result of 776 million euro, legal protection and assistance with a positive technical result of 264 million, the land vehicles class (250 million euro) and in conclusion general liability insurance with 220 million.

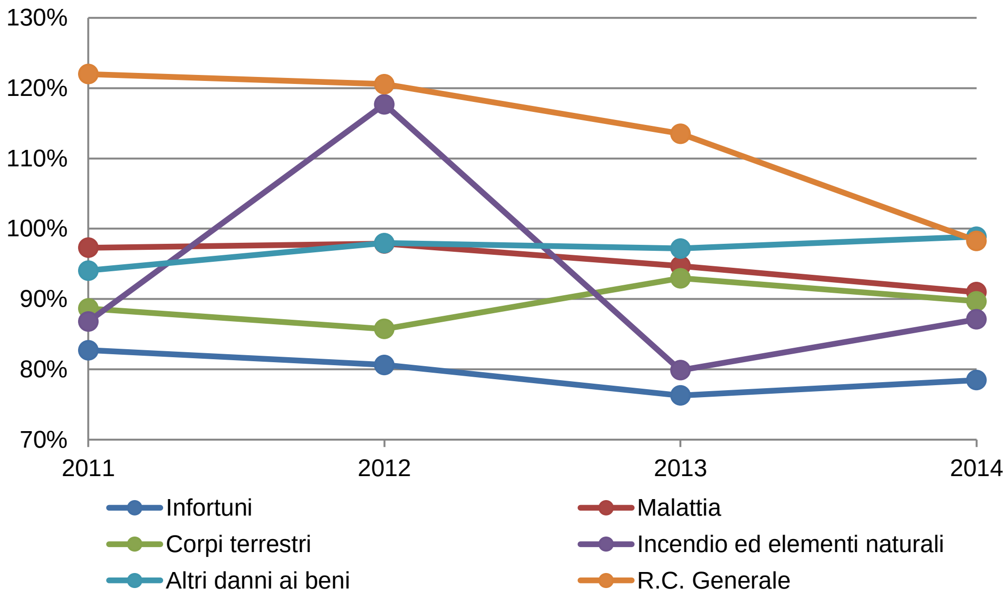
Graph I.38 - Other non-life classes



Source: IVASS

The combined ratios (graph I.39) of the following classes are particularly high: credit (135.5%), ships (112%) suretyship(109.2%). Accident insurance has a *combined ratio* of 78.5%, sickness insurance of 91%, other damage to property of 98.9% and fire and other natural forces of 87.1%. The combined ratio of the general liability class (98.3%) has decreased with respect to the previous year.

Graph I.39 - Balance sheet Combined ratio performance in the other non-life classes
Main classes



Source: IVASS

6. – Motor liability insurance: premiums, claims and prices

This section provides an overview of the class, with particular reference to:

- key indicators for the motor liability class, used to calculate tariffs (frequency, average cost, pure premium);
- actual prices found in 21 metropolitan provinces and provincial main towns;
- CARD costs and parameters;
- results of the IPER survey (periodic sample survey into the prices applied by the insurance undertakings);
- principal anti-fraud data and information.

The overview also provides an estimate of the potential effects of important measures that have affected this class recently (not least the Competition Decree).

6.1 - Performance of the key indicators

Tables I.48, I.49 and I.50 show, for the class as a whole and, separately, for the *motor vehicles and the motorbikes and motorcycles* segments, trends in the frequency and the average cost of claims (further analysed between paid and reserved), the pure premium (being frequency multiplied by total average cost) and the gross average premium (pure premium plus expenses, taxes, contributions and profit margin). The data on the cost of claims include the estimate for the IBNR claims (numbers and amounts). The tables show, for each individual variable, the average of the periods 2004-2014 and 2011-2014.

Table I.48 - Total motor vehicle liability and liability for ships

			Claims paid		Claims written in the provisions		Total claims		Pure premium		Gross average premium	
	Claims frequency	% Variation	Average cost	% Variation	Average cost	% Variation	Average cost	% Variation	Value	% Variation	Value	% Variation
2004	8.9%	-1.7%	1,958	+6.9%	6,121	+2.6%	3,827	+4.2%	342	+2.4%	555	+0.3%
2005	8.6%	-3.2%	2,029	+3.6%	6,521	+6.5%	3,949	+3.2%	342	-0.1%	550	-0.9%
2006	8.6%	-0.2%	2,064	+1.7%	6,565	+0.7%	3,973	+0.6%	343	+0.4%	558	+1.5%
2007	8.9%	+3.4%	2,17	+5.2%	6,241	-4.9%	3,766	-5.2%	336	-2.0%	553	-0.9%
2008	8.7%	-2.0%	2,376	+9.5%	6,541	+4.8%	3,915	+4.0%	342	+1.8%	533	-3.7%
2009	8.8%	+0.6%	2,362	-0.6%	6,538	-0.0%	3,934	+0.5%	346	+1.1%	513	-3.7%
2010	8.3%	-5.2%	2,427	+2.8%	7,01	+7.2%	4,087	+3.9%	341	-1.6%	536	+4.4%
2011	7.4%	-11.5%	2,5	+3.0%	7,901	+12.7%	4,435	+8.5%	327	-4.0%	566	+5.6%
2012	6.4%	-13.4%	2,411	-3.5%	8,628	+9.2%	4,612	+4.0%	295	-10.0%	568	+0.3%
2013	6.2%	-3.5%	2,415	+0.2%	8,913	+3.3%	4,711	+2.2%	291	-1.4%	542	-4.4%
2014	6.0%	-1.9%	2,455	+1.7%	8,676	-2.7%	4,641	-1.5%	281	-3.4%	506	-6.7%
Variation 2004-2014	-32.3%		+25.4%		+41.8%		+21.2%		-17.9%		-8.8%	
Variation 2011-2014	-18.1%		-1.8%		+9.8%		+4.6%		-14.3%		-10.6%	

Table I.49 - Motor vehicle sector

			Claims paid		Claims written in the provisions		Total claims		Pure premium		Gross average premium	
	Claims frequency	% Variation	Average cost	% Variation	Average cost	% Variation	Average cost	% Variation	Value	% Variation	Value	% Variation
2004	8.3%	-0.6%	2,052	+10.0%	6,676	+2.8%	4,142	+5.0%	345	+4.4%	599	+1.1%
2005	8.2%	-1.1%	2,164	+5.5%	6,856	+2.7%	4,204	+1.5%	347	+0.4%	599	-0.0%
2006	8.3%	+0.1%	2,19	+1.2%	6,919	+0.9%	4,22	+0.4%	348	+0.4%	588	-1.8%
2007	9.4%	+13.6%	2,134	-2.6%	6,217	-10.2%	3,629	-14.0%	340	-2.3%	576	-2.0%
2008	9.3%	-0.7%	2,321	+8.7%	6,517	+4.8%	3,765	+3.7%	351	+3.0%	548	-4.8%
2009	9.5%	+2.0%	2,302	-0.8%	6,484	-0.5%	3,767	+0.1%	358	+2.1%	527	-3.9%
2010	9.1%	-4.3%	2,36	+2.5%	6,852	+5.7%	3,882	+3.1%	353	-1.4%	542	+2.8%
2011	8.1%	-11.4%	2,435	+3.2%	7,661	+11.8%	4,192	+8.0%	338	-4.3%	578	+6.6%
2012	7.0%	-13.5%	2,334	-4.2%	8,405	+9.7%	4,323	+3.1%	301	-10.8%	573	-0.9%
2013	6.6%	-4.5%	2,35	+0.7%	8,593	+2.2%	4,396	+1.7%	292	-2.9%	533	-6.9%
2014	6.5%	-1.6%	2,38	+1.3%	8,39	-2.4%	4,365	-0.7%	286	-2.3%	507	-4.9%
Variation 2004-2014	-21.6%		+16.0%		+25.7%		+5.4%		-17.3%		-15.5%	
Variation 2011-2014	-18.8%		-2.3%		+9.5%		+4.1%		-15.4%		-12.3%	

Table I.50 - Mopeds and motorcycles sector

			Claims paid		Claims written in the provisions		Total claims		Pure premium		Gross average premium	
	Claims frequency	% Variation	Average cost	% Variation	Average cost	% Variation	Average cost	% Variation	Value	% Variation	Value	% Variation
2004	3.8%	+0.4%	1,414	+12.3%	6,286	+11.8%	3,682	+12.1%	141	+12.5%	234	+5.1%
2005	3.8%	-2.3%	1,513	+7.0%	6,903	+9.8%	3,945	+7.2%	148	+4.7%	243	+3.8%
2006	3.8%	+2.5%	1,608	+6.3%	6,94	+0.5%	4,086	+3.6%	157	+6.2%	245	+1.1%
2007	4.9%	+27.4%	2,533	+57.5%	7,579	+9.2%	5,018	+22.8%	246	+56.5%	250	+2.1%
2008	5.1%	+4.2%	3,036	+19.8%	7,651	+1.0%	5,294	+5.5%	270	+9.9%	260	+3.6%
2009	5.3%	+3.4%	3,067	+1.0%	7,59	-0.8%	5,406	+2.1%	285	+5.5%	267	+2.7%
2010	4.8%	-9.7%	3,177	+3.6%	8,037	+5.9%	5,675	+5.0%	271	-5.2%	282	+5.8%
2011	4.4%	-8.6%	3,195	+0.6%	8,769	+9.1%	6,047	+6.6%	264	-2.6%	301	+6.8%
2012	3.6%	-17.9%	3,064	-4.1%	9,511	+8.5%	6,414	+6.1%	230	-12.9%	294	-2.4%
2013	3.4%	-4.2%	3,131	+2.2%	10,275	+8.0%	6,9	+7.6%	237	+3.1%	276	-6.1%
2014	3.4%	-0.4%	3,285	+4.9%	10,127	-1.4%	6,824	-1.1%	233	-1.5%	293	+6.0%
Variation 2004-2014	-11.1%		+132.3%		+61.1%		+85.3%		+64.7%		+25.2%	
Variation 2011-2014	-21.6%		+2.8%		+15.5%		+12.8%		-11.6%		-2.9%	

Source: IVASS

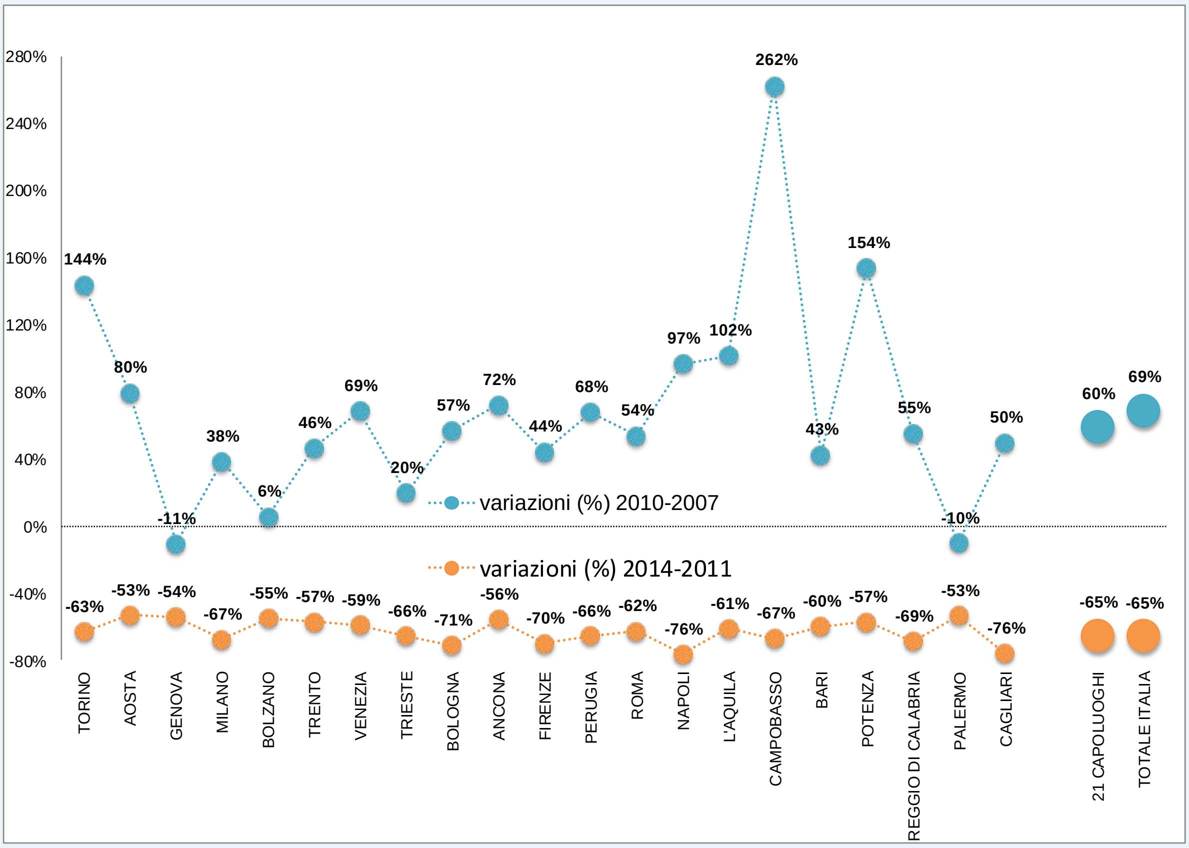
The figures shown above reveal in particular.

- with regard to the *claims frequency*, in the period 2011-2014, a decrease has been witnessed for the *entire motor liability sector* equal to 18.1% - from 7.4% to 6.0% - (-32.3% in the period 2004-2014). In particular, the *motor* segment reported a decrease equal to 18.8% (from 8.1% to 6.5%) while the *motorbike and motorcycle sectors* taken together recorded a decrease equal to 11.1% (from 4.4% to 3.4%).
- with regard to the *total average claims cost (paid and reserved)* in the period 2011-2014, an increase was seen for the *entire motor liability sector* from 4,435 euro to 4,641 euro equating to +4.6% (+21.2% in the period 2004-2014), an increase entirely due to the reserve component. In fact, in detail, the average cost of the claims settled disclosed a drop of 1.8% while the average cost of the claims reserved increased by 9.8%. Similar trends are found in relation to *motor vehicles,* respectively, +4.1, -2.3% and +9.5%, and *motorbikes and motorcycles,* +12.8%, +2.8% and +15.5%;
- with regard to the *pure premium*, a decrease was recorded, in the period 2011-2014 for the *entire motor liability insurance class,* of 47 euro, equal to -14.3%, just under that reported for the entire period 2004-2014 (61 euro). With regard to *motor vehicles,* the drop was 52 euro (-15.4%) and for *motorbikes and motorcycles* 30 euro (-11.6%);
- with regard to the *gross average premium*, in the period 2011-2014, a decrease was reported for the *entire motor liability insurance class,* of -10.6 %,(60 euro) which can be split in 12.3% for the *motor vehicle* sector (71 euro) and -2.9% for the *motorbike and motorcycle* sectors (9 euro).

The effects of the new rules on the assessment of the so-called minor injuries

The entry into force of the Competition Decree (Decree no. 1/2012, converted into Law no. 27/2012) and the consequent instructions covering the medical verification of minor injuries have resulted in a significant reduction in the related amounts paid, as shown in graph I.40

Graph I.40 - Motor Vehicle Segment - Change (%) in final amounts paid for same-year claims – comparison of the four-year periods 2007-10 and 2011-14



Source: IVASS statistics and estimates based on Consap data[19]

Graph I.40 shows, for the motor vehicle segment, the percentage change in amounts paid for personal injury claims (final settlement) in the same year of occurrence; the information relates to 21 provinces and Italy as a whole. The analysis is divided into two periods: the change 2007-2010, being prior to the new rules governing the medical verification of minor injuries, and the change 2011-2014, during which (2012) the rules came into effect. The trends clearly show two opposing trends: the first period shows a general upward trend in almost every province that was interrupted by introduction of the new rules. The marked inversion of the trend in the second period highlights a true and proper structural change in the system for the reimbursement of claims for permanent disabilities of between 1 and 9%.

[19] The 2007 claims generation starts from 1 February.

6.1.1 - The direct compensation system

The tables which follow show the evolution of the CARD claims in the motor liability sector since 2007 (year of introduction of the CARD system) through 2014.

Table I.51 - CARD and NO CARD portfolio over TOTAL (net of IBNR)

	CARD		NO CARD	
year of generation	Numbers	Amounts	Numbers	Amounts
2007	65.7%	41.0%	34.9%	59.0%
2008	73.0%	47.9%	27.6%	52.1%
2009	79.6%	52.3%	21.0%	47.7%
2010	80.6%	53.1%	20.1%	46.9%
2011	79.7%	50.5%	21.1%	49.5%
2012	79.3%	47.0%	21.5%	53.0%
2013	79.2%	46.3%	21.6%	53.7%
2014	80.0%	45.9%	20.7%	54.1%

Source: IVASS 2007-2013 Financial statements and 2014 provisional balance sheet data

The percentage of the claims falling within the sphere of the CARD agreement (table I.51) increased progressively in terms of numbers (from 65.7% in 2007 to 80% in 2014) and, more moderately, in terms of amounts (from 41.0% in 2007 to 45.9% in 2014). Specifically, with regard to this last indicator, the drop registered in the last four years was significant, also reflecting the decrease in charges for compensation for the slight disabilities due to the provisions of the Competition Decree.

Table I.52a describes the settlement time of claims HANDLED (numbers and amounts) with respect to the number of claims closed with payment determined on closure of 2014, calculated with respect to the motor liability insurance class in its entirety and in relation to the two compensation regimes in force (CARD and NO CARD, see tables I.52b and I.52c below).

Table I.52a - Claims paid in the year of occurrence over claims without indemnification (HANDLED)

year of generation	NET OF IBNR		GROSS OF IBNR	
	Number	Amounts	Number	Amounts
2007	60.0%	32.8%	60.0%	32.8%
2008	62.8%	36.0%	62.7%	36.0%
2009	62.7%	35.5%	62.6%	35.5%
2010	64.1%	36.5%	64.1%	32.0%
2011	65.3%	36.5%	65.1%	36.4%
2012	65.4%	34.4%	65.2%	34.2%
2013	66.4%	34.1%	65.6%	33.5%
2014	71.6%	38.8%	64.9%	34.3%

Source: IVASS 2007-2013 Financial statements and 2014 provisional balance sheet data

With regard to the CARD system, the data shown in table I.52b, net of the estimated final reserve for IBNR claims, highlights a steady increase in the speed of settlements, both in numeric and value terms. On the other hand, if we include the final estimate for IBNR claims, the speed of settlement improved up to the 2013 claims generation, but has slowed in the current generation in numeric terms (from 73.1% in 2013 to 72.8% in 2014), while remaining stable in value terms.

Table I.52b - Claims paid in the year of occurrence over claims with indemnification (CARD)

year of generation	NET OF IBNR		GROSS OF IBNR	
	Number	Amounts	Number	Amounts
2007	65.5%	50.7%	65.5%	50.7%
2008	68.7%	55.8%	68.7%	55.8%
2009	68.8%	54.7%	68.8%	54.7%
2010	70.6%	56.5%	70.6%	56.4%
2011	72.1%	58.1%	72.0%	58.0%
2012	72.4%	57.5%	72.3%	57.5%
2013	73.3%	56.3%	73.1%	56.1%
2014	77.6%	60.0%	72.8%	56.2%

Source: IVASS 2007-2013 Financial statements and 2014 provisional balance sheet data

With regard to the NO CARD system, table I.52c highlights a partially divergent trend, depending on whether claims are considered (both in numeric and value terms) net or gross of the estimated final reserve for IBNR claims. In the first case, a marked increase can be seen in the speed of settlements in the current claims generation compared with the past, both in numeric and value terms, while in the second case, the speed of settlements has decreased in numeric terms, while increasing slightly in value terms.

Table I.52c - Claims paid in the year of occurrence over claims with indemnification (NO CARD)

year of generation	NET OF IBNR		GROSS OF IBNR	
	Number	Amounts	Number	Amounts
2007	48.8%	21.8%	48.8%	21.8%
2008	46.4%	20.7%	46.4%	20.7%
2009	39.4%	17.9%	39.4%	17.8%
2010	39.0%	18.3%	38.9%	18.3%
2011	40.4%	18.4%	40.1%	18.3%
2012	40.9%	17.1%	40.3%	16.9%
2013	42.1%	17.2%	40.5%	16.8%
2014	47.5%	20.8%	37.7%	17.6%

Source: IVASS 2007-2013 Financial statements and 2014 provisional balance sheet data

Tables I.53a and I.53b show the residual provision as a percentage of the claims closed with payment (paid and reserved) at the end of 2014, calculated in numeric and value terms both net and gross of the estimated final reserve for IBNR claims.

Table I.53a - Percentage of residual provision as at 31.12.2014 over claims with indemnification (net of IBNR)

year of generation	TOTAL MANAGED		CARD		NO CARD	
	Number	Amounts	Number	Amounts	Number	Amounts
2007	0.6%	4.7%	0.2%	1.3%	1.2%	6.8%
2008	0.8%	6.0%	0.4%	1.8%	2.0%	9.2%
2009	1.3%	7.7%	0.6%	2.6%	3.8%	12.4%
2010	1.9%	10.4%	0.9%	3.8%	5.8%	16.3%
2011	3.1%	14.5%	1.6%	5.7%	8.4%	22.0%
2012	5.3%	22.2%	2.8%	10.7%	13.8%	30.8%
2013	8.9%	35.8%	5.0%	19.1%	22.4%	48.4%
2014	28.4%	61.2%	22.4%	40.0%	52.5%	79.2%

Source: IVASS 2007-2013 Financial statements and 2014 provisional balance sheet data

Table I.53b - Percentage of residual provision as at 31.12.2014 over claims with indemnification (gross of IBNR)

year of generation	TOTAL MANAGED		CARD		NO CARD	
	Number	Amounts	Number	Amounts	Number	Amounts
2007	0.6%	4.7%	0.2%	1.3%	1.3%	6.8%
2008	0.8%	6.0%	0.4%	1.8%	2.1%	9.3%
2009	1.3%	7.8%	0.6%	2.6%	4.0%	12.5%
2010	2.0%	10.5%	0.9%	3.8%	6.0%	16.6%
2011	3.2%	14.8%	1.6%	5.8%	9.0%	22.3%
2012	5.6%	22.7%	2.9%	10.9%	15.0%	31.5%
2013	9.9%	36.9%	5.4%	19.5%	25.3%	49.8%
2014	35.1%	65.7%	27.2%	43.8%	62.3%	82.4%

Source: IVASS 2007-2013 Financial statements and 2014 provisional balance sheet data

The CARD system is characterised by a rapid run-off of the claims, both when the provision for claims outstanding excludes the estimate for IBNR claims and when that component is included. In the first case (table I.53a), after three years (e.g. claims generation for 2011) 1.6% of the CARD claims still remain outstanding, in numeric terms, while 5.7% remains in terms of amount. With regard to NO CARD, by contrast, 8.4% and 22% of the claims remain outstanding, bearing witness to the greater complexity of these latter claims including, amongst other aspects, the compensation for injuries to the driver from 10 to 100 P.D. points.

A similar trend can be seen for claims gross of the IBNR component (table I.53b).

Table I.54a - Average cost of generation				
year of generation	**CLAIMS HANDLED**			
	Paid *	**Reserve (net of IBNR)**	**Paid+Res. (net of IBNR)**	**Paid+Res. (gross of IBNR)**
2007	2,228	7,438	3,909	3,873
2008	2,371	7,472	3,919	3,928
2009	2,356	7,289	3,890	3,922
2010	2,428	7,939	4,058	4,091
2011	2,497	8,827	4,340	4,431
2012	2,396	9,647	4,494	4,600
2013	2,406	9,932	4,564	4,689
2014	2,455	9,759	4,532	4,641

* Partial payments included
Source: IVASS 2007-2013 Financial statements and 2014 provisional balance sheet data

With regard to the average cost of claims handled (table I.54a), calculated with reference solely to claims settled in the year of occurrence, there was a 2.5% rise in the average cost of payments between 2012 and 2014, while the amount reserved fell by 1.7% in 2014 following an increase between 2007 and 2013 of 33.5%.

Table I.54b - Average cost of generation				
year of generation	**CARD**			
	Paid *	**Reserve (net of IBNR)**	**Paid+Res. (net of IBNR)**	**Paid+Res. (gross of IBNR)**
2007	1,827	4,166	2,441	2,434
2008	2,024	4,267	2,570	2,570
2009	2,011	4,168	2,555	2,574
2010	2,052	4,650	2,671	2,667
2011	2,097	4,930	2,751	2,754
2012	1,996	4,905	2,661	2,674
2013	1,994	4,968	2,666	2,674
2014	2,010	4,626	2,597	2,607

* Partial payments included
Source: IVASS 2007-2013 Financial statements and 2014 provisional balance sheet data

With regard to the trend in CARD average costs (table I.54b), again calculated with reference solely to claims settled in the year of occurrence, the average cost of payments was essentially stable (+0.7%) between 2012 and 2014, while the amount reserved fell by 6.9% in 2014 following an overall increase between 2007 and 2013 of 19.3%.

Table I.54c - Average cost of generation				
year of generation	NO CARD			
	Paid *	Reserve	Paid+Res. (net of IBNR)	Paid+Res. (gross of IBNR)
2007	3,188	10,974	6,607	6,355
2008	3,630	11,665	7,388	7,126
2009	4,423	12,592	8,841	8,283
2010	4,822	13,567	9,499	8,971
2011	4,857	14,924	10,165	9,841
2012	4,680	16,909	11,066	10,508
2013	4,739	17,446	11,337	10,750
2014	5,176	17,907	11,854	11,104

* Partial payments included
Source: IVASS 2007-2013 Financial statements and 2014 provisional balance sheet data

The trend in NO CARD claims (table I.54c), again calculated with reference solely to claims settled in the year of occurrence, reflects a noticeable rise (+9.2%) in the average cost of payments in 2014, while the amount reserved in 2014 rose by 2.6% compared with the previous year. Considering that the overall increase between 2009 and 2014 was 42.2%, the majority of this growth took place in the period to 2013.

6.1.2 - The new direct compensation procedure

The direct compensation procedure for losses deriving from road accidents (the so-called "CARD system)", made compulsory in Italy in 2007, was supplemented by art. 29 of the Competition Decree dated 24 January 2012, which assigned IVASS the task of identifying criteria for measuring the costs and any excesses used to determine the offsets between insurance companies.

Following this action by the legislator, IVASS issued Order no. 18/2014, which defines new criteria for calculating these offsets.

The key elements that guided the creation of the new model for reimbursements and the related system included:

a) ***efficient management***: the system should be both easy to operate and efficient;
b) ***transparency:*** the model for calculating incentives and penalties should guarantee the generation of results that can be checked easily, to facilitate any verification work;
c) ***limitation of improper conduct***: the system should restrict as far as possible any misleading conduct or circumvention of rules by companies;
d) ***impartiality***: the system should operate in a way that does not give a priori advantages to one company with respect to another;
e) ***competitiveness***: the system should not generate results that are foreseeable ex ante, thus stimulating maximum competition among companies to achieve the greatest incentives.

The decision identifies two distinct methods of reimbursement for, respectively, the CARD-CID component and the CARD-CTT component.

For the CARD-CID component, which comprises the most significant part of the CARD system (more than 90% in value terms), the system established - known as the "linear model" - is based on the *forfait* mechanism already in place, plus a simple algorithm for calculating incentives/penalties that are settled by a single cash flow at the end of each year.

This system has numerous advantages:

1. parametric nature of the model for the calibration and periodic review of the system, which means that it can be easily adapted and refined with reference to the results generated and the evolution of the sector;
2. periodic monitoring of achievement of the objectives established by law, allowing the progressive refinement of the tools used by the model to attain the efficiency and cost containment objectives;
3. simple application and ex ante transparency of the system of incentives and disincentives;
4. strict system of controls for the ex post verification of the data reported by companies;
5. broad and numerous range of efficiency drivers: costs, in terms of their level and dynamics, speed of settlement and, for the future, indicators of the anti-fraud activities carried out on claims, as processed by the new Anti-fraud Integrated Database (AIA) to be launched soon.

The method of operation selected has also avoided major changes to the pre-existing system and minimised the impact on the activities of the companies and the clearing house.

At the start of each year of claims generation, IVASS decides the "rules of the game" (minimum company size, measurement of percentiles, delta) used to guide the calculation of incentives or penalties among companies. Operators only find out how they are "positioned", with respect to the market as a whole, at the end of the observation period envisaged by the above algorithm.

Static approaches, seeking to confirm historical results, run the risk of causing companies to fall behind in relative terms: levels that proved rewarding in one year may be penalising in another, if other operators (large or small) have improved their relative positioning in the meantime.

For the CARD-CTT component, Order no. 18/2014 envisages the use of documented reimbursements. The previous mechanism, based on a *forfait* system with fixed and percentage excesses, was unable to deal adequately with the circumvention of rules given the way it was structured. In addition, the new instructions covering minor disabilities, introduced by Law 27/2012 in order to base the verification of injuries on objectively determinable elements, confirmed the conviction that a system based on documented reimbursements would be most suitable for this type of claim.

In order to allow application of the linear model and make it possible to calculate incentives and penalties, IVASS Order no. 27/2014 fixed for 2015 the minimum thresholds for premiums collected, the percentiles used to determine the minimum and maximum amounts of the "average cost level" variable and the maximum values for the percentage differentials (delta) between the incentives and penalties adopted. Calibration of the above limits required a detailed analysis of the performance of the CARD-CID system and the projection of possible outcomes using simulations.

6.2 - Motor liability insurance - motor vehicle sector: frequency, cost of claims, pure and average premium, and prices actually paid in Italy's 21 principal provinces

Table I.55 shows for 21 provinces[20] the percentage changes in terms of *overall claims* (number and amount), *claims with minor injuries paid* (*amount*), *actual average price paid* (*tariff net of discounts*), both on average and analysed by age band. The *actual price* information was obtained from the IPER quarterly sample surveys carried out by IVASS (see section 6.3) in relation to policyholders who signed a motor vehicle liability policy in the *fourth quarters of 2013 and 2014*. Accordingly, the annual changes in the prices actually paid relate solely to those policyholders, and not to all those who signed a policy at any time during each of those two years.

Table I.55 shows the *loss ratio* and the *settlement speed* (by number) for 2014.

Table I.56 shows, again for the 21 provinces, the absolute data and changes for *frequency*, *average cost* (analysed between paid and reserved), *the pure premium and the gross average premium (pure premium plus expenses, taxation and profit margin)*. In this case, by contrast with the IPER survey, the gross average premium and the 2013-2014 change relate to the average price paid by all policyholders that signed a policy during 2014. The *pure premium* refers to the industrial cost of claims. The table also shows, for comparative purposes, the *actual average price paid* in the fourth quarter of 2014, as identified by the IPER survey.

Table I.57 analyses the total cost of claims between the amounts paid and reserved (the latter representing the *estimate for IBNR claims*).

[20] IVASS - Letter to the market dated 25 March 2015 – Technical data for motor vehicle liability and liability for ships – Italian direct business.

Table I.55 - motor liability insurance										
	Variation 2013-2014								Data as at 31.12.2014	
Province	Total claims		Micro-injuries*	Actual average price*	Actual average prices by age brackets**				Loss ratio	Claims settlement time
	Number	Amounts	Final amounts paid		age < 25	age >=35 and < 45	age >=45 and < 60			
Turin	+2.5%	+2.1%	-20.7%	-6.8%	-4.4%	-7.5%	-6.5%		79.1%	67.8%
Aosta	+0.2%	+14.3%	-13.0%	-6.1%	+0.8%	-8.4%	-4.7%		60.6%	76.0%
Genoa	+2.5%	+8.6%	-14.1%	-6.9%	-6.3%	-8.0%	-6.7%		80.6%	66.5%
Milan	+1.2%	-0.1%	-24.9%	-7.8%	-3.6%	-8.5%	-7.8%		73.0%	68.2%
Bolzano	-0.3%	-17.2%	-1.8%	-4.9%	-0.6%	-4.4%	-6.1%		56.2%	72.7%
Trento	-3.4%	+0.6%	-27.0%	-6.8%	-1.7%	-8.6%	-7.1%		59.4%	76.8%
Venice	-3.4%	-6.7%	-10.4%	-7.0%	-1.2%	-8.8%	-5.9%		75.0%	67.0%
Trieste	+9.0%	+27.1%	-12.8%	-7.5%	-5.0%	-8.9%	-8.1%		83.8%	69.4%
Bologna	-0.2%	+0.7%	-15.1%	-7.4%	-4.6%	-9.4%	-7.2%		78.0%	70.3%
Ancona	-1.1%	+1.3%	-14.4%	-7.9%	+0.6%	-8.6%	-8.2%		87.4%	69.8%
Florence	+3.9%	+3.8%	-19.1%	-6.3%	-2.4%	-7.2%	-5.9%		73.9%	69.6%
Perugia	+5.6%	+4.5%	-25.8%	-8.5%	-0.9%	-8.7%	-8.6%		82.3%	73.8%
Rome	+1.5%	+4.7%	-4.8%	-7.5%	-2.5%	-8.2%	-7.3%		73.5%	62.1%
Naples	+16.3%	+22.3%	-17.7%	-8.7%	-5.3%	-9.1%	-8.8%		68.2%	39.8%
L'Aquila	-9.1%	+2.6%	-8.9%	-8.7%	-8.4%	-9.4%	-8.3%		73.1%	70.7%
Campobasso	+2.6%	+14.9%	-20.6%	-8.5%	-4.1%	-9.4%	-7.8%		98.0%	69.7%
Bari	-1.4%	+8.2%	-13.0%	-13.0%	-12.0%	-14.0%	-12.0%		70.8%	63.6%
Potenza	+0.9%	+8.6%	-15.9%	-9.0%	-1.6%	-8.6%	-8.8%		73.8%	68.0%
Reggio Calabria	-3.6%	+3.2%	-8.8%	-7.8%	-3.3%	-7.8%	-7.7%		64.1%	61.3%
Palermo	+4.1%	-4.6%	-25.4%	-5.8%	-5.4%	-5.8%	-5.7%		70.5%	65.4%
Cagliari	+0.0%	-19.2%	-25.5%	-8.8%	-7.6%	-9.7%	-8.3%		66.9%	74.1%
Average in the 21 provinces	**+2.7%**	**+3.9%**	**-16.7%**	**-7.7%**	**-3.7%**	**-8.5%**	**-7.7%**		**73.3%**	**63.9%**
National Average	**+0.8%**	**+0.1%**	**-15.2%**	**-7.8%**	**-4.0%**	**-8.7%**	**-7.7%**		**72.2%**	**67.0%**

Source: IVASS **IPER Annual percentage variation 4 quarter 2014 over 4Q 2013
*IVASS statistics based on CONSAP data

Table I.56 – Motor vehicle liability – Technical data and premiums													
Province	Claims frequency	% Variation	Claims paid		Claims written in the provisions		Total claims		Pure premium		Gross average premium		Actual average price*
			Average cost	% Variation	Average cost	% Variation	Average cost	% Variation	Value	% Variation	Value	% Variation	
Turin	7.9%	0.6%	2,465	2.3%	6,712	-0.5%	3,834	-0.4%	302	0.2%	489	-5.5%	460
Aosta	4.8%	-22.4%	2,231	27.4%	9,378	9.7%	3,947	14.2%	188	-11.4%	398	14.2%	318
Genoa	10.3%	1.6%	2,347	7.9%	5,359	-0.6%	3,356	5.9%	345	7.6%	549	-0.2%	498
Milan	7.6%	-0.8%	2,083	-1.4%	7,292	-3.0%	3,74	-1.3%	284	-2.1%	498	3.0%	448
Bolzano	5.3%	-2.1%	2,196	2.9%	6,47	-29.9%	3,363	-16.9%	179	-18.7%	409	-4.4%	373
Trento	5.3%	-7.1%	2,107	-4.2%	8,615	17.4%	3,615	4.2%	193	-3.2%	416	-6.3%	366
Venice	5.2%	-2.9%	3,019	0.9%	10,507	-5.0%	5,492	-3.4%	285	-6.2%	487	-4.9%	459
Trieste	6.2%	10.9%	2,145	-1.9%	9,788	21.4%	4,482	16.7%	277	29.4%	423	-4.8%	390
Bologna	6.6%	-1.0%	2,531	-0.6%	10,596	1.3%	4,925	0.9%	323	-0.1%	531	-5.8%	510
Ancona	6.3%	-2.4%	2,915	-0.4%	10,942	-0.8%	5,338	2.3%	335	-0.2%	491	-5.8%	461
Florence	8.1%	-0.9%	2,836	1.9%	7,899	-3.4%	4,374	-0.1%	354	-1.0%	614	-2.8%	560
Perugia	6.1%	-3.5%	2,535	2.0%	10,595	-3.5%	4,65	-1.0%	284	-4.5%	442	-7.0%	412
Rome	8.5%	-4.7%	2,39	4.0%	6,671	0.4%	4,012	3.2%	340	-1.7%	593	-3.8%	549
Naples	9.9%	9.7%	2,366	0.1%	5,584	0.9%	4,305	5.1%	428	15.3%	804	-7.1%	766
L'Aquila	5.8%	-9.0%	2,218	8.8%	9,431	13.7%	4,332	12.8%	253	2.6%	444	-4.2%	410
Campobasso	5.5%	4.1%	1,999	16.6%	13,338	6.1%	5,439	12.0%	300	16.6%	392	-2.4%	352
Bari	5.9%	-1.5%	2,492	4.5%	10,785	11.9%	5,514	9.8%	327	8.2%	592	-9.6%	549
Potenza	5.2%	3.5%	2,209	0.9%	11,027	6.0%	5,028	7.7%	262	11.5%	455	4.5%	382
Reggio Calabria	5.1%	-6.1%	3,12	3.2%	12,22	5.6%	6,638	7.0%	340	0.4%	679	-6.6%	640
Palermo	7.3%	0.4%	2,034	0.8%	7,801	-14.4%	4,029	-8.4%	293	-8.0%	533	-4.0%	492
Cagliari	7.5%	-3.1%	1,986	-7.8%	7,876	-23.5%	3,512	-19.2%	263	-21.7%	504	-6.7%	461
Average 21 provinces	**7.5%**	**-0.7%**	**2,371**	**1.8%**	**7,385**	**-2.1%**	**4,18**	**1.1%**	**314**	**0.4%**	**549**	**-3.9%**	**511**
National Average	**6.5%**	**-1.6%**	**2,38**	**1.3%**	**8,39**	**-2.4%**	**4,365**	**-0.7%**	**286**	**-2.3%**	**507**	**-4.9%**	**475**

Source: IVASS – Technical data motor liability - * IPER

Table I.57 – Motor liability insurance				
PROVINCE	**Change in claims 2013/2014**			
	Total cost paid		**Total cost reserved (including IBNR estimate)**	
	Number	**Amounts**	**Number**	**Amounts**
Turin	4.00%	6.40%	-0.50%	-1.00%
Aosta	1.60%	29.50%	-4.20%	5.10%
Genoa	-1.40%	6.40%	11.20%	10.50%
Milan	0.00%	-1.50%	3.90%	0.80%
Bolzano	-0.70%	2.10%	1.00%	-29.20%
Trento	-1.40%	-5.60%	-9.50%	6.30%
Venice	-2.80%	-2.00%	-4.40%	-9.20%
Trieste	5.30%	3.30%	18.30%	43.60%
Bologna	-0.40%	-1.10%	0.40%	1.70%
Ancona	-3.70%	-4.10%	5.80%	4.90%
Florence	2.70%	4.60%	6.70%	3.10%
Perugia	5.30%	7.40%	6.30%	2.60%
Rome	-0.60%	3.30%	5.10%	5.60%
Naples	2.00%	2.10%	28.30%	29.40%
L'Aquila	-9.70%	-1.70%	-7.50%	5.10%
Campobasso	0.50%	17.20%	7.60%	14.10%
Bari	-1.60%	2.80%	-1.20%	10.60%
Potenza	-1.70%	-0.80%	6.80%	13.20%
Reggio Calabria	-5.80%	-2.70%	0.10%	5.80%
Palermo	2.50%	3.30%	7.40%	-8.00%
Cagliari	1.40%	-6.50%	-3.80%	-26.40%
Average 21 provinces	**0.40%**	**2.20%**	**7.10%**	**4.90%**
National Average	**0.40%**	**1.70%**	**1.60%**	**-0.80%**

Source: IVASS

Examination of the three tables together shows:

- an inversion in the trend (see table I.55) in the *number* and *value* of claims with respect to the reductions reported in 2012 - 2013 (see IVASS report for 2013, page 61), both on average for the 21 provinces (respectively +2.7%; +3.9%) and with respect to the national average (+0.8%; +0.1%). Analysis of the distribution of changes at provincial level highlights some that are more significant: rises in the North and Centre-South, such as *Aosta* (+0.2%; +14.3%), *Genoa* (+2.5%; +8.6%), *Trieste* (+9%; +27%), *Naples* (+16.3%; +22.3%), *Campobasso (*+2.6%; +14.9%), *Potenza* (+0.9%; +8.6%); falls in *Bolzano (*-0.3%; -17.2%) and *Cagliari* (0%; -19.2%); also, the positive effect of the rules governing minor injuries has continued in 2014, with a further average decrease of 16.7% in the amounts paid in the 21 provinces with respect to 2013, with peaks in excess of 20% in some provinces;
- however, as regards the *number of claims* this increase is not, on average, the result of an increase in *frequency* (table I.56). Although the reduction in this last parameter has slowed considerably compared with prior years, there was another slight decrease (-0.7%) across the 21 provinces to 7.5% (compared with a national average of 6.5%). In this case too, analysis of the internal distribution at provincial level highlights considerable increases in *Naples* (+9.7%; freq. 9.9%) and *Trieste* (10.9%; freq. 6.2%) and marked decreases in *Aosta, L'Aquila, Trento* and *Reggio Calabria.* However table I.57 shows that the increased number of claims was essentially due to the reserved component and therefore to the estimated part, which also includes that relating to incurred but not reported (IBNR) losses. This was particularly the case in the provinces of *Naples* (+28.3%), *Trieste* (+18.3%) and *Genoa* (+11.2%), where there was also an increase in *frequency*, while the opposite was true in *Trento* (-9.5%) and *L'Aquila* (-7.5%);
- with regard to the *total cost of claims*, table I.57 also provides an analysis of costs paid and costs reserved, showing that the average cost of claims paid is essentially unchanged (+2.2% on average across the 21 provinces), while there has been an average rise of 4.9% in the claim costs reserved, which is an estimated amount. Considering the provinces, as with the number of claims, there has also been a large increase in the costs reserved in *Trieste* (+43.6%) and *Naples* (+29.4%, compared with an average rise in costs paid of 2.1%), together with significant increases in *Campobasso, Bari* and *Potenza.* Alongside these increases, there have been equally large decreases in *Bolzano* (-29.2%) and *Cagliari* (-26.4%). This performance is confirmed by reference to the trends in *average costs paid* and *average costs reserved* (table I.56). In fact, the average reserve/average cost ratio is very high in a number of provinces, where the average reserve is even about 7 times (*Campobasso)* and in many cases 4 times higher than the average cost, being frequently above the average for the 21 provinces as a whole (3.5);
- with reference to the *other indicators* for claims shown in table I.55, it is clear that the *loss ratio* has increased due to the trends highlighted above in numeric and value terms, especially in certain *Centre-South provinces* that were observed to be particularly profitable in 2013 (see IVASS Annual Report for 2013 pages 61-62), e.g. *Naples* from *55%* to *68%; Bari* from *59.2%* to *70.8%, Reggio Calabria* from *59.6%* to *64,1%.* In terms of *settlement speed,* the situation has deteriorated further in Naples to 39.8% (down by over 5 points) from the already slow rate of claims settlement reported in 2013 (45.4%), marking the record in Italy for 2014 (Italian average of 67.0%; 21 provinces 63.9%);
- with regard to *prices* and looking first at the *pure premium* (frequency multiplied by total average cost) (see table I.56), the slight increase in the 21 provinces (+0.4%) compared with the national average - down 2.3% - hides significant differences from province to province: major

increases in *Aosta, Trieste, L'Aquila, Campobasso, Bari, Potenza, Reggio Calabria* and marked decreases in *Cagliari, Palermo, Bolzano* which has the lowest pure premium among the 21 provinces (179 euro). Analysis of the *gross average premium* shows, overall with respect to 2013, that it did not follow the same trend as the *pure premium* and, with the exception of *Aosta,* policyholders received a "discount" compared with the gross average premium paid in 2013 (-3.9% in the 21 provinces and -4.9% in Italy as a whole).
Looking at the *actual price* in the fourth quarter of 2014, table I.56 shows that this amount was always lower, in all 21 provinces, than the *gross average premium* paid by policyholders in the whole of 2014. Accordingly, there was a tendency for the gross average premium to decrease in the last part of 2014.
This is confirmed by comparing the changes in the actual average prices and the gross average premium for the 21 provinces; for example *Bari* (-9.6% gross average premium and -13% actual average price in the fourth quarter of 2014), *Potenza* (+4.5%; -9%), *L'Aquila (-4.2%; -8.7%)* and *Naples* (-7.1%; -8.7%).
In age terms, the reductions in the actual average price (table I.56) were greater for the 35-45 age band (-8.5%) and more contained for policyholders up to the age of 25 (-3.7%).

6.3 - IPER: Survey on actual motor liability prices

The survey covered the amounts of the premiums effectively paid for motor liability coverage by policyholders and the main components which, in said policies, contribute towards the determination of the final price. The sample survey, launched by IVASS in October 2013, concerns the policies which cover vehicles owned by individuals and therefore does not include motorcycles, lorries and fleets.

The survey covered contracts signed/renewed during the quarter ("new" contracts) and included both a transversal component, looking at 30% of the population (the sample consisted of about 2 million number plates), and a longitudinal component (Panel), containing information about the sequence of contracts signed by one million individuals.

6.3.1 - Trend in actual prices during 2014

The average premium paid by policyholders (table I.58) for contracts signed or renewed between 1 October and 31 December 2014 was 475 euro, with 50% of policyholders paying a premium in excess of 428 euro and 10% paying more than 740 euro, while only 10% paid less than 265 euro.

Table I. 58 - Statistics on the premium distribution

(amounts in euro)

Period	Average	Median	Variat. %	Dev. Coeff.of	10° Perc.le	75° Perc.le	90° Perc.le	90°- 10° Perc.le	50°-10° Perc.le	90°-50° Perc.le
4 quarter 2013	515.0	461.7	45.7	235	286	612	808	522	176	346
1 quarter 2014	495.7	446.0	45.2	224	278	588	773	495	168	327
2 quarter 2014	488.0	439.9	45.2	221	273	580	761	488	167	321
3 quarter 2014	488.9	440.1	45.5	222	271	581	764	493	169	324
4 quarter 2014	475.0	428.1	45.1	214	265	564	740	474	163	312

Source: IPER

The average premium fell by -7.8%[21] in 2014, while the median decreased by -7.3%. If this trend remains stable in the next few years and average prices in Europe stay at 2012 levels, the differential between the average price prevailing in Italy and the European average will be eliminated within 6 years[22].

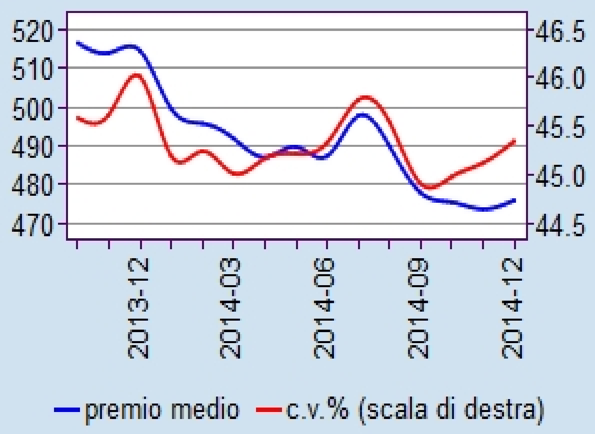
Analysis of the price trend on a monthly basis (graph I.41a) shows an uneven downward movement in 2014: the most significant reduction took place in January (-2.9%, about one third of the annual decrease), while the reduction in prices was more contained in the later months of the year.

The fluctuations in the monthly trend of premiums reflects a correlation between the month of signing the contract and the characteristics of certain risk variables related to the policyholder (e.g. Bonus-Malus class, type of fuel used by the vehicle and instalment payment of the premium): for example, considering the above variables for contracts signed in July, the policy characteristics were more weighted towards individuals with higher risk profiles, with an obvious impact on the average premium.

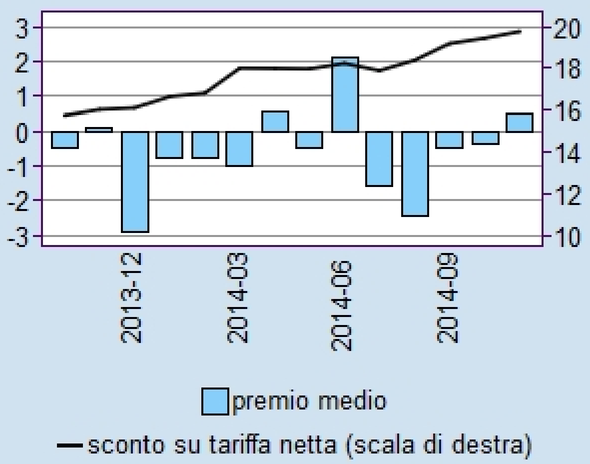
Following an opposite trend to the premium, the discount (graph I.41b) increased by 19.2% in 2014; the discount on the net tariff (premium net of taxation after discount) rose by 3.7% in the twelve months to December 2014.

[21] Percentage change in the average price of policies signed in the 4th quarter of 2014 compared with the 4th quarter of 2013.
[22] Source: "IVASS Pamphlet n. 1": In 2012, the average net premium in the 4 major countries, excluding Italy, was 225 euro.

Graph I.41a - Monthly values for price and coefficient of variation



Graph I.41b - Monthly change in premium and percentage discount on net tariff
(% values)



Source: IPER

6.3.2 - Change in price dispersion

Although still high, the price dispersion moderated a little in 2014 (coefficient of variation - 1.3%).

Accordingly, the reduction in the prices of motor liability cover in 2014 was accompanied by a decrease in their variability.

Comparison of the monthly trend in prices with that for the coefficient of variation (graph I.41a) shows that the two curves peaked in the same months (December 2013 and July 2014).

6.3.3 - Prices over the territory

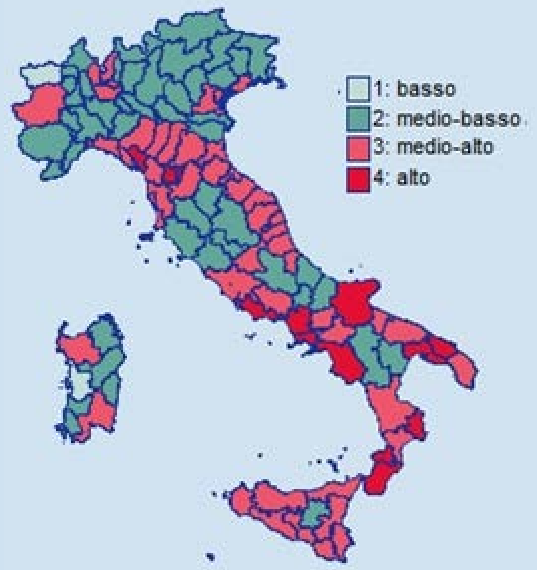
Tables A14 and A15 analyse the average premium by the province of residence of the owner and the price changes recorded by IPER between 4Q2014 and 4Q2013, and between 4Q2014 and 2Q2014.

The graphs below (I.42a and I.42b) show a correlation (0.33) between the level of prices and their annual change. The reduction in premium was greatest in the provinces that had the highest prices in 2013 (Puglia, Calabria and Campania); frequently, the changes were smaller in places (northern provinces) where prices were lower in 2013.

The annual price changes at provincial level were also lower (see section 6.2.2.).

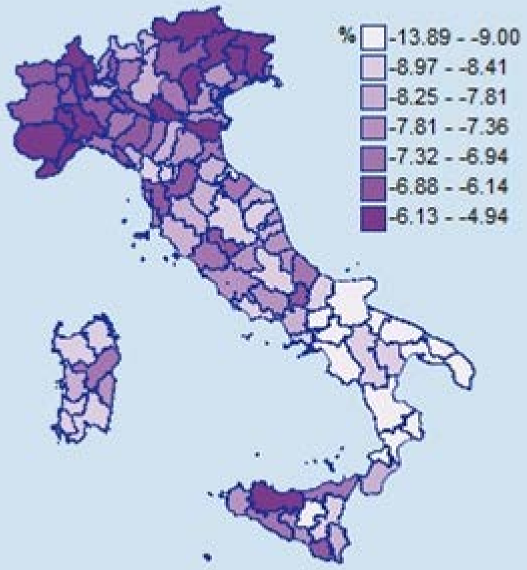
Graph I.42a – Level of average premium

(contracts signed in the 4Q2013)



Graph I.42b – Average premium and percentage variation

(4Q2014 over the corresponding quarter 2013)



Source: IPER

6.3.4 - Analysis of price components

With regard to contracts signed in the 4th quarter of 2014 (table I.59), the average premium of 475 euro included average taxation of 58 euro and 40 euro for the National Health Service (SSN).

On average, taxes absorbed 12.2% of the premium paid (15.5% of the taxable premium), while 8.4% of the premium paid (10.5% of the taxable premium) went to the SSN as a contribution to the cost of caring for persons injured in road accidents.

It ensues that the amount of the average premium which is paid for the coverage of the risk gross of commissions, management costs and any profit of the undertaking, is 377 euro (79.4% of the premium paid).

Table I. 59 - Statistics on premium components
(contracts entered into in the 4th quarter of 2014)

Variable	Average	Dev. Coeff.of	10° Perc.le	Median	75° Perc.le	90° Perc.le	Variat. %
PREMIUM	475	215	264	429	565	740	137
Taxes	58	27	31	53	70	92	47
N.H.S.	40	18	22	36	47	62	45
net premium	377	170	211	340	448	586	45
(of which commissions)	*39*	*20*	*20*	*35*	*48*	*63*	*50*

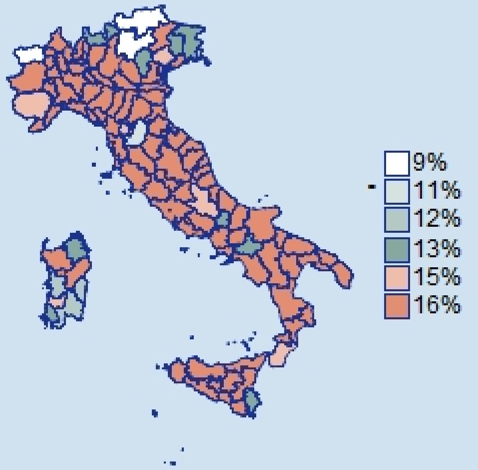
Source: IPER

IPER data was used to calculate the average ratio of taxation to net premium. This approximates the tax rate charged on motor liability insurance premiums, which is determined each year at provincial level: this rate varies in the 9-16% range.

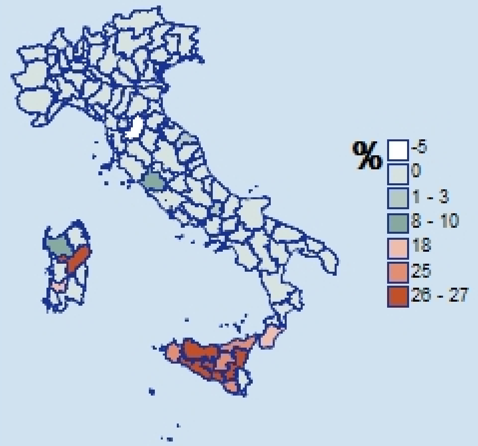
Graph I.43a shows the variability at provincial level of this proxy for the motor liability insurance tax rate (table A14). To improve readability, the rate has been rounded to the nearest percentage point. Most of the provinces (86 out of 110) apply the maximum rate allowed (16%). Only 3 provinces (Aosta, Bolzano and Trento) apply the minimum rate (9%). The other provinces whose taxation of the motor liability insurance premium is lower than the base value are: Florence, Gorizia and four of the eight Sardinian provinces.

In 2014 (graph I.43b), the motor liability insurance tax rate rose in 15 provinces: taxes were increased in the Sicilian provinces, in two of the Sardinian provinces and in Reggio Calabria. The tax rate was only reduced in Florence.

Graph I.43a – Tax rate for motor liability insurance
(contracts entered into in the 4Q2014)



Graph I.43b – Change in the tax rate
(4Q2014 over the corresponding quarter 2013)



Source: IPER

On average, 10.3% of the net premium was allocated to commissions. This is subject to considerable variability (the coefficient of variation is 50%). Analysis of commissions by the principal distribution channel (table I.60) indicates that for those companies with an agency distribution network the discount rate is in line with the national average (10.4%); however, the commissions of companies that distribute via bank branches and post offices are less than half of the national average (4.8%).

Table I.60 - Commissions for the main distribution channel
(contracts entered into in the 4th quarter of 2014)

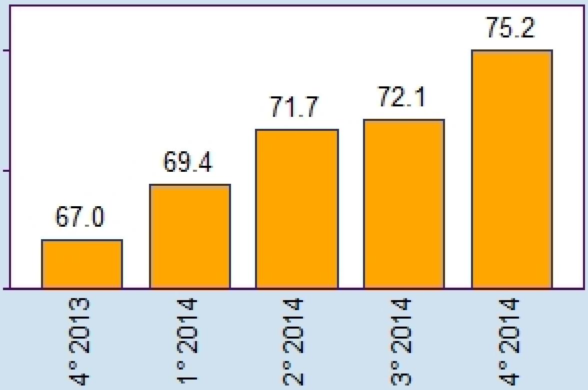
Distribution channel	% contracts distributed	Contracts with commissions %	Average rate	10° Perc.le	Median rate	90° Perc.le	Variat. %
agency	85.8	98.8	10.4	7.0	10.7	12.7	17.0
bank/post office	2.2	82.2	4.8	1.9	5.0	8.5	49.2
phone	12.0	10.0	8.2	3.9	7.8	12.0	42.8

Source: IPER

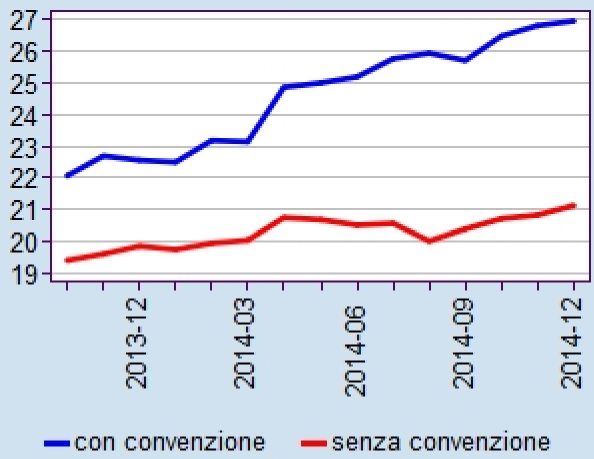
6.3.5 – Discounts and agreements

The percentage of policies arranged with discounts increased during 2014 (graph I.44a): 75.2% of those signed in the 4th quarter of 2014.

Graph I.44a – Extent of discounts
(% values)



Graph I.44b – Discount as percentage of net tariff
(discounted contracts)



Source: IPER

Discounts, being the difference between the net tariff and the premium after taxation and NHS contribution, are applied to 3 contracts out of 4. Their dispersion is high and the distribution has strong positive asymmetry (table I.61): the coefficient of variation was 97%; the average discount applied was 23% of the net tariff (120 euro on 492); 10% of policyholders obtained a discount of less than 5%, while in 90% of cases the discount was less than 42%, although 1% of policyholders obtained discounts in excess of 60% of the net tariff.

Table I.61 - Discount statistics – discounted contracts *(contracts signed in the 4th quarter of 2014)*										
Existence of agreement	*Average net tariff*	*% distribution of contracts*	*Discount on net tariff (ave. % incidence)*	*Discount CV %*	**Discount on net tariff (% incidence)**					
					5° Perc.le	**10° Perc.le**	**Median**	**90° Perc.le**	**95° Perc.le**	**99° Perc.le**
No	487.7	77.4	21	102	2	4	19	40	47	59
Yes	506.7	22.6	27	82	4	8	26	47	51	60
Total	492.0	100.0	23	97	2	5	20	42	49	60

Source: IPER

Table I.61 shows that policies written under a collective agreement are more likely to be discounted, resulting in a larger reduction in the net tariff (27%). The differential between the discount applied to policies subject to agreements and that allowed on policies without an agreement widened during 2014 (graph I.44b).

Looking at policies subject to agreements, the discount is distributed more evenly among the policies (the coefficient of variation is about ¾ that of the distribution for policies without an agreement) and this distribution is less asymmetric.

6.3.6 – Contract terms

Driver type

The most common driver types recognised in the Italian market (present in 91% of motor liability insurance contracts) are Any Driver and Expert Driver (table I.62).

Table I.62 - Driving formula: statistics on the premium distribution *(contracts signed in the 4th quarter of 2014)*								
Driver type	% distribution of contracts	Average	Median	Variat. %	Dev. Coeff.of	10° Perc.le	75° Perc.le	90° Perc.le
Only driver	4.9	521.9	468.9	44.8	234	288	626	823
Expert driver	42.8	471.6	424.5	44.9	212	264	561	736
Any driver	48.0	471.6	426.4	44.8	211	266	559	730
other	4.3	494.5	441.4	48.6	240	258	590	785
Total	**100.0**	**475.0**	**428.1**	**45.1**	**214**	**265**	**564**	**740**

Source: IPER

"Any driver" contracts do not apply restrictions to the drivers of the vehicle. "Expert driver" contracts require the vehicle to be driven by experts, belonging to a specified age band and with a specified amount of driving experience; the insurance cover provided by these contracts is conditional on compliance with the restrictions imposed on drivers. These restrictions, which vary from company to company, relate to the minimum age of the driver (often 25) and, in some cases, to the minimum number of years that a driving licence has been held (usually 2). "Only driver" contracts require that the vehicle be driven by just one driver.

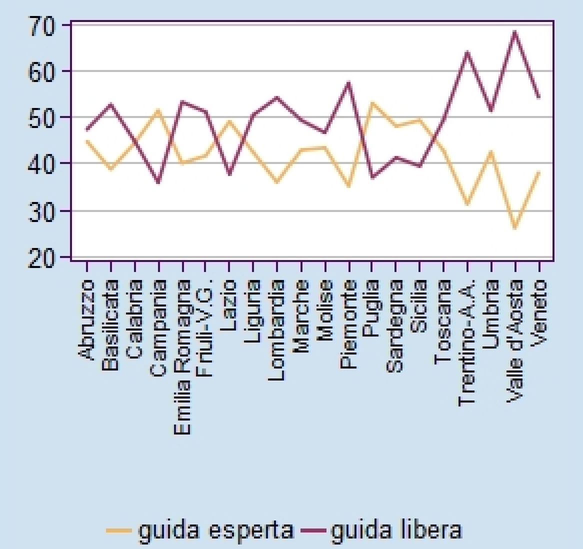
The various driver types are not adopted uniformly by companies: all companies offer "any driver" cover, while only 30 offer "expert driver" cover and 20 provide "only driver" cover; only 12 companies envisage other driver types.

Analysis of the premium in relation to driver type shows that the premiums are higher for the most restrictive driver type: the average premium for "only driver" contracts is 522 euro (46 euro more than the national average). This counter-intuitive information should be considered together with the related Bonus-Malus class (table A16): the weighting of the higher classes (from 4 to 18) in "expert driver" contracts is almost double the national statistic (27.2% compared with 15.1%).

Where "any driver" is more common, "expert driver" is less common and vice versa (graph I.45a). There is an inverse correlation between the amount of the premium and application of the "any driver" type (graph I.45b): this formula, which allows greater freedom regarding the driver of the vehicle, is less common in the regions with higher prices (Campania, Puglia, Lazio, Calabria), while the residents of regions where prices are lower generally choose the driver formula that allows the greatest flexibility (Valle d'Aosta, Trentino Alto Adige, Piedmont).

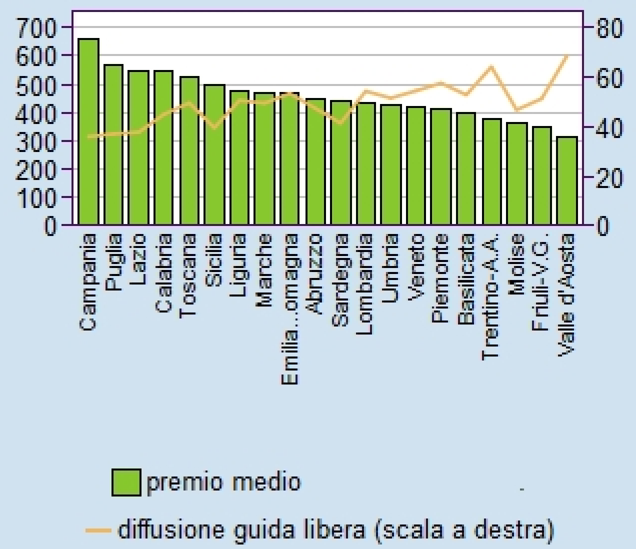
Graph I.45a – Application of driver types

(contracts signed in the 4th quarter of 2014)



Graph I.45b – Premium and percentage of "any driver" contracts

(contracts signed in the 4th quarter of 2014)



Source: IPER

Prior inspection

The optional prior inspection clause allows companies to inspect the vehicle before signing the contract with, all other risk factors being equal, a resulting reduction in the premium. This clause is considered to be an anti-fraud measure.

The data shows that the clause is essentially absent from the Italian market: with regard to contracts signed/renewed during the fourth quarter of 2014, only one company offers this clause and it is present in just 0.1% of contracts.

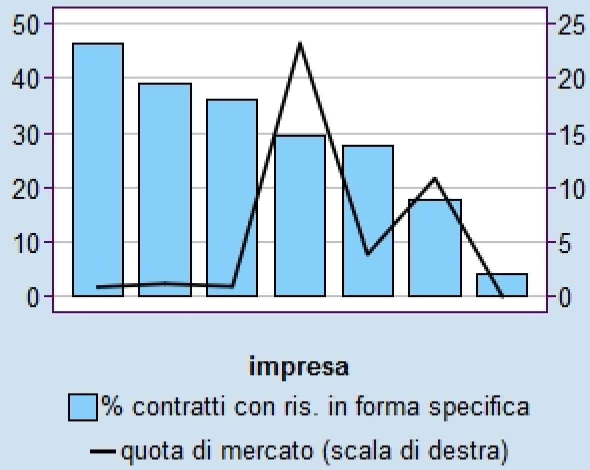
Specific arrangements for compensation

In the case of "no fault" claims, this clause requires policyholders to have damage repaired by a garage approved by their own insurance company.

At national level, 10.7% of contracts contain this clause. The adoption of compensation on this basis varies considerably in the Italian market (graph I.46a): the contracts of 7 companies, with an overall market share of 41% stipulate specific arrangements for compensation.

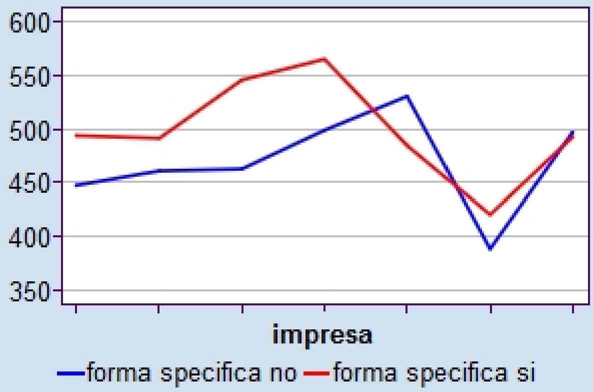
Graph I.46a – Specific arrangements for compensation

(contracts signed in the 4th quarter of 2014)



Graph I.46b – Specific arrangements for compensation: average premium per undertaking

(contracts signed in the 4th quarter of 2014)



Source: IPER

On average, the policyholders that accept the specific arrangements for compensation clause also pay a higher price: contracts with specific arrangements for compensation cost 4.8% more, on average, than contracts with standard compensation clauses (506 euro compared with 482)[23].

Understanding the correlation between price and the specific arrangements for compensation clause

The positive correlation between prices and the presence of this clause is explained by the existence of other risk factors correlated with acceptance of this clause.

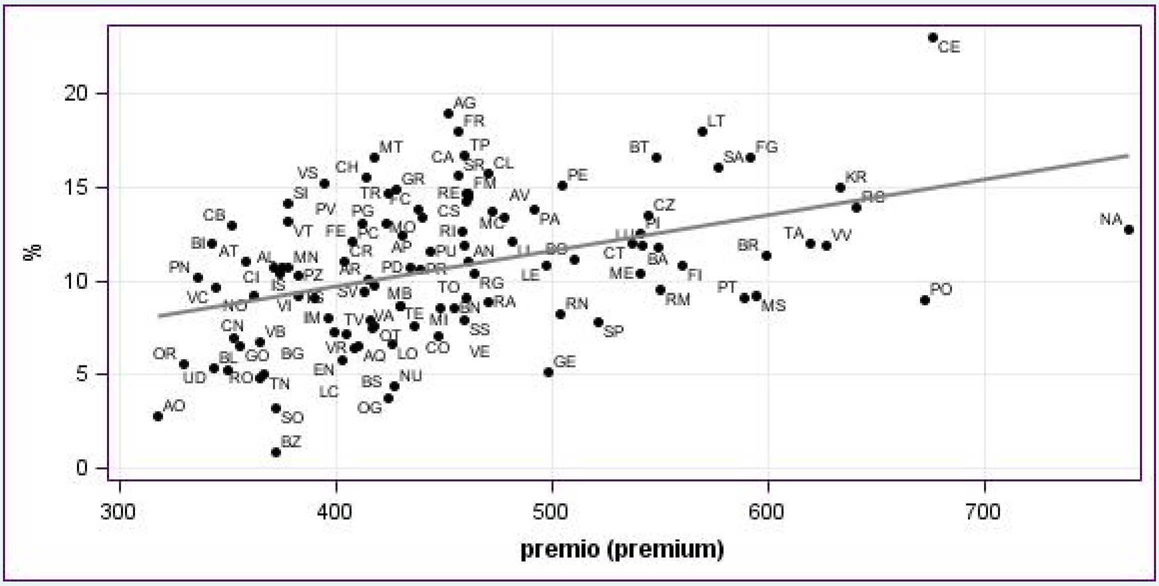
Analysis of the portfolios of companies (table A17) that offer this type of compensation shows that the clause is more common in their contracts with higher risk policyholders: the incidence of the Bonus-Malus classes higher than the first level increases from 22.7% for contracts without the clause to 24.5% with the clause.

Additionally, the clause is less common (graph I.47) in the provinces with fewer claims (the northern

[23] Data for the subset of companies that offer this clause.

provinces and, in particular, those in the north-east), while the clause is more common in contracts with persons resident in centre-south provinces (the clause is most common in the province of Caserta, 23%, while it appears in more than 15% of contracts signed in the Sicilian provinces of Agrigento, Caltanissetta, Siracusa and Trapani, in Sardinia in Medio-Campidano, in Puglia in Barletta-Andria-Trani and in Foggia, as well as in Matera, Salerno, Chieti, Pescara, Frosinone and Latina).

Graph I.47 – Average premium and specific arrangements for compensation (contracts entered into in the 4th quarter of 2014)[24]



Source: IPER

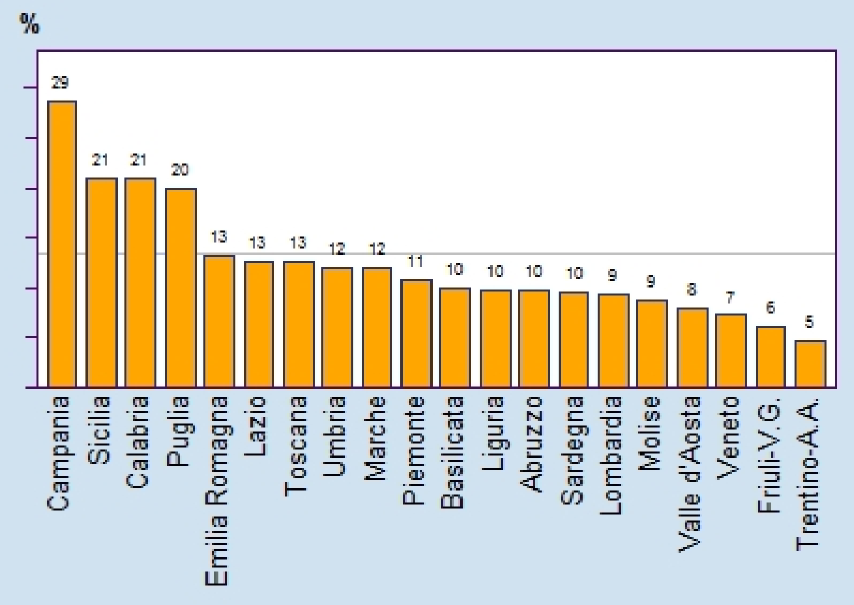
The black box

The presence of a black box in the insured vehicle is increasing significantly. The incidence has risen from 11.2% of insured vehicles (end 2013) to 13.4% (end 2014).

Companies use black boxes both as an anti-fraud system and as a pricing tool. The first reason is most prevalent, considering the discounts offered to encourage this type of contract, which are highly correlated in geographical terms with the levels of premiums and fraud.

[24] Statistics based on the entire sample.

Graph I.48
Adoption of black boxes (contracts signed in the 4th quarter of 2014)



Source: IPER

6.3.7 - Mobility of policyholders between companies

During 2014, 15.2% of policyholders changed company.

On average, the policyholders that changed company during 2014 (table I.63) obtained a premium reduction of 21.8% (123 euro), while the premium of those that did not change company (85% of the total) only decreased by 5% (on average, 24 euro less than in 2013): companies offer significant discounts to obtain new market shares.

Seeking new customers is a key driver of the price reductions seen.

Table I.63 – Change of company and changes in premium
(2014 on 2013 - contracts signed in the 4th quarter)

Change of company	Initial premium	Final premium	Annual % variation	% distribution
No	493	469	-5.0	85
Yes	564	441	-21.8	15

Source: IPER

Table I.64 – Mobility of policyholders in 2014: Price differential by Bonus-Malus class (2014 over 2013: contracts entered into in the 4th quarter)

Bonus-Malus class	Without change			With change		
	Average premium 2013	**Average premium 2014**	**annual % variation**	**average premium 2013**	**average premium 2014**	**annual % variation**
class 1	455	435	-4.4	509	404	-20.6
classes 2 and 3	556	533	-4.0	620	497	-19.9
classes 4 to 10	616	593	-3.8	682	531	-22.0
classes 11 to 18	843	808	-4.1	974	754	-22.6

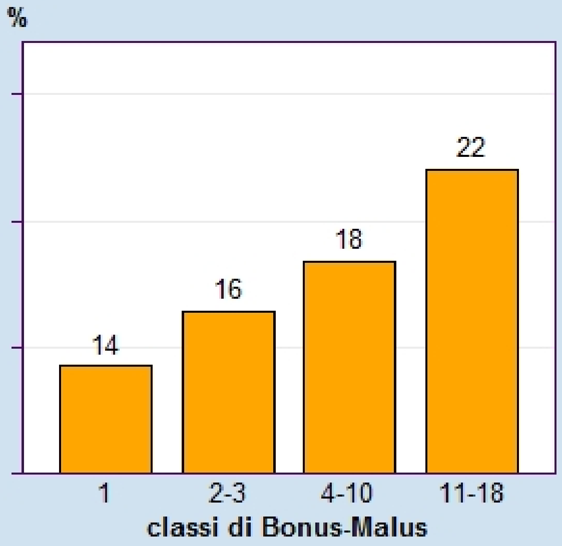
Source: IPER

Who changes company?

The mobility rate increases with the rise in the Bonus-Malus class of the policyholder (graph 8): in the first class, the rate of change is below the national average (14%), while it rises to 22% in the higher classes (from 11 to 18). On average, the Bonus-Malus class of policyholders that decide to change is higher than that of those who do not change company (class 2.6 compared with 2.2); table I.64 shows that the annual percentage change in the premium of policyholders that move company typically increases with the rise in Bonus-Malus class. For example, policyholders in class 1 that change obtain a price reduction of -20.6%, while those that do not change obtain a reduction of -4.4%. On the other hand, policyholders in classes 11-18 that change company obtain a reduction of 22.6%, compared with -4.1% for those that do not change.

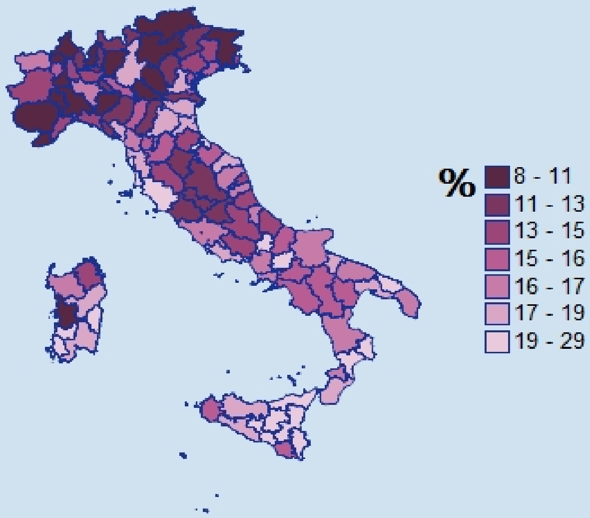
Graph I.49a – Mobility rate in 2014 by Bonus-Malus class

(contracts entered into in the 4th quarter)



Graph I.49b – Mobility rate in 2014

(contracts entered into in the 4th quarter)



Source: IPER

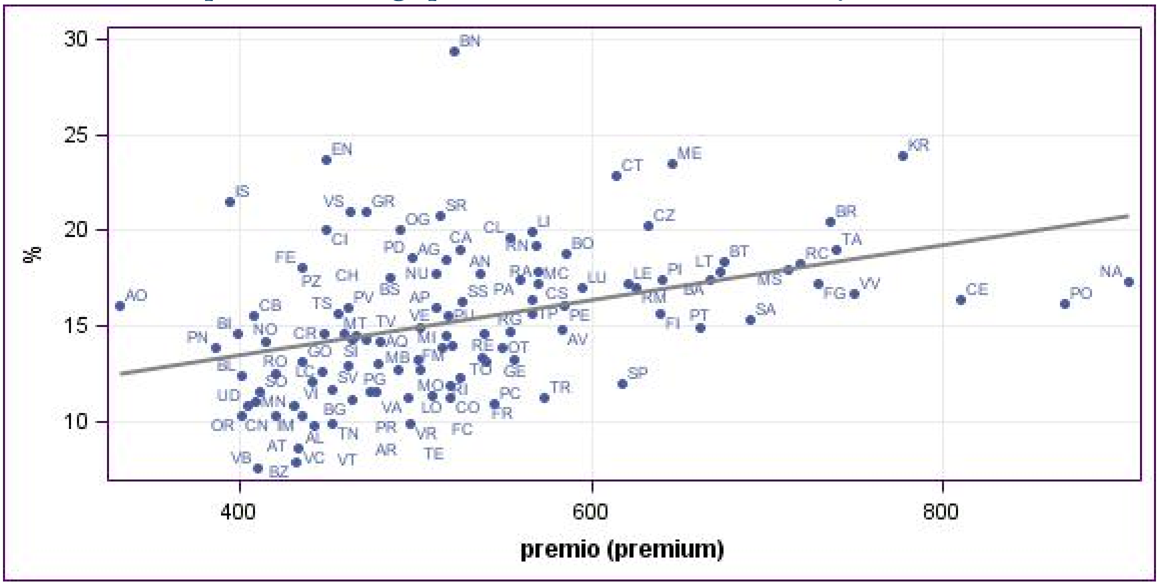
Graph I.49b shows the mobility of policyholders in Italy. Table A18 shows, by province, the mobility rate and the annual change in premium both with and without mobility.

The highest rates of mobility are found in the southern provinces: the greatest mobility was seen in Benevento (29%), while high levels were recorded in Calabria (Crotone, Catanzaro and Reggio Calabria), Puglia (Brindisi and Taranto) and Sicily (Caltanissetta, Catania, Enna, Messina and Siracusa). There were lower levels of mobility in the northern provinces and, in particular, in the north-east. Mobility rates in central Italy reflect the national average, although high rates were found in the provinces of Grosseto and Livorno.

The data (graph I.50) shows a direct correlation between mobility rate and average premium: in the provinces where the premium paid is higher, policyholders make greater recourse to mobility in order to save on their policy costs.

These statistics show that consumers actively search for the most advantageous prices, and that higher premiums result in a more intensive search for premium reductions offered by the market (outside options): higher-risk policyholders (higher Bonus-Malus class/provinces with more claims) have a greater propensity to change.

Graph I.50 – Average premium at end 2013 and mobility rate in 2014



Source: IPER

Some examples of the annual change in premium for the two groups of policyholders: Trento -30.6% with change and -4.8% without, Bari -26% and -9.8%, Milan -24.3 % and -4.6%, Naples -22.8 % and -6.2 %, Rome -22 % and -4.1%.

6.4 - Anti-fraud activities

6.4.1 - IVASS anti-fraud activities and the anti-fraud integrated database

IVASS activities

The Claims data bank (BDS) is populated by the communications of insurance undertakings and contains the information relating to motor liability claims following accidents between vehicles registered in Italy. It also includes the information relating to the details of the witnesses and the details of the injured parties. These databases can be consulted for the anti-fraud purposes by the same undertakings which populate them, by the Public authorities (law enforcement agencies) and third parties identified by the law.

A number of actions were taken during the year to improve anti-fraud activities in the motor liability insurance sector:

- in implementation of the new wording for art. 148 of the CAP, which requires consultation of the claims data bank, undertakings that operate under the freedom to provide services have been encouraged to provide information to the BDS as well as to consult it; the objective is, in part, to ensure the completeness of the database with regard to accidents in Italy that are covered by foreign undertakings;

- summary reports containing assessments of the anti-fraud activities carried out by companies have been made available to IVASS for supervisory purposes. These contain statistical analyses relating to 2013, the latest year available, prepared using the data required by IVASS Regulation no. 44/2012 and provided by the companies concerned;
- individual situations worthy of further investigation have been reported to the Prosecutor or the competent anti-fraud offices;
- inspections were planned and carried out in 2014 and early 2015 at seven companies, addressing issues identified in the examination of their annual anti-fraud reports, as well as in their contributions to and use of the BDS;
- work has commenced on revision of the regulations governing Bonus-Malus certificates in order to make them electronic, in accordance with the 2012 liberalisation decree. IVASS Regulation no. 9/2015 was issued in early 2015.

IVASS contributes to the fight against fraud by:

- analysing, processing and evaluating the information obtained by administering the claims data bank;
- requesting information from insurance companies in order to check the reports received and suggesting the possible presentation of reports/complaints to the judicial authorities;
- informing companies of anomalies found in the databases;
- collaborating with companies, the police and the judicial authorities.

As part of their general monitoring of the country and their investigative work, the police forces report fraudulent phenomena to IVASS and request access to the BDS to check licence plates, individuals and circumstances, asking companies to check anomalies, verify irregularities and file reports.

During the year, 62 reports of possible illegal activity were received: 17 from Authorities, 6 from insurance companies and 39 from other parties. In addition, 187 requests were received to check contractual documentation seized by the police. IVASS manages the reports of possible fraud by requesting the insurance companies to investigate and to file complaints with the competent Authorities when appropriate.

There has also been a sharp increase in requests for access to personal data from private individuals (102 in 2014) wanting to know what personal information, if any, is held on the database. This indicates a slow but steady spread of awareness about this tool among motor liability insurance policyholders.

The parties authorised to consult the claims data bank pursuant to Regulation no. 31/2009 are granted access credentials by IVASS. IVASS checks the consultations made by the authorised parties, partly by carrying out periodic verification work on a sample basis. In the event of improper consultations, IVASS suspends or revokes the authorisation of the party concerned.

Authorisation management during the year involved:

- the insurance companies, with 474 new authorisations and 188 deactivations of users;
- agencies[25], with 18 authorisations and 31 deactivations;
- the provision of technical assistance, including requests for passwords and user-ids, to about 440 users.

During 2014, 73 sanctioning procedures were commenced against companies that did not update the BDS correctly.

Motor liability insurance databases

The motor insurance sector is involved in a broad process of simplifying the underwriting phase - including the related anti-fraud function - in order to make the contract documentation increasingly electronic.
In order to combat the counterfeiting of insurance certificates, their replacement with electronic systems linked to databases is envisaged. The Ministry of Economic Development (MISE) has set 18 October 2015 as the deadline for the introduction of electronic stickers.
The issue of Regulation no. 9/2015, governing the database of certificates of claims experience, completes the first phase in the project to create virtual certificates of claims experience, relieving policyholders of the current requirement to present their certificate of claims experience to the insurer when signing a new contract. The database, which already exists (SITA_ATRC), is held and managed by ANIA under a specific convention, on the basis and timing established in specific instructions issued by IVASS. The new system is also designed to tackle the growing phenomenon of counterfeit certificates of claims experience.
Making both the insurance sticker and the certificate of claims experience electronic, thereby reducing the underwriting costs of companies and tackling fraud, should help to reduce the overall costs of insurers. This could also have a positive effect on the price of motor liability insurance cover.

The anti-fraud integrated computer database

The analysis and development of the first phase of the anti-fraud integrated database (AIA) was completed in 2014 with a view to preventing and tackling fraud in the motor liability sector, pursuant to art. 21 of Decree no. 179/2012, as converted into Law no. 221 dated 17/12/2012.

This first phase of the project has linked the IVASS claims data bank to the AIA, together with the databases of the Motor Vehicle Office, the Public Vehicle Registry, CONSAP and ANIA.

The databases linked in this first phase can provide information principally about the vehicles involved in a claim; the data available is used to calculate more than 20 indicators of anomaly that, based on their significance for anti-fraud purposes, contribute to determining the

[25] Mainly local police with judicial functions, since other law enforcement agencies have direct access to the BDS via the Interforce Department at the Ministry of the Interior.

event's anomaly level, which is included in a summary indicator (score). The results of this processing are communicated to the insurance companies involved in the claim. Greater detail is transmitted to the companies if the summary indicator is medium-high, while more summarised data is provided when the score is low or zero.

The IT procedures were tested towards the end of 2014, with participation by insurance companies on a voluntary basis. The response of the companies was immediate and significant: 20 companies took part in the testing, representing more than 55% of the claims reported to the claims data bank. This broad participation in the testing of the AIA procedure confirms the industry's growing expectations for the new procedure and, furthermore, highlights the importance attached by companies to the fight against fraud.

The inter-ministerial decree implementing the AIA is about to be issued; once this regulatory process has been completed, IVASS will issue operational instructions for the full adoption of the AIA, most of which have already been drafted.

Alongside the completion and full implementation of the first phase, methodological, IT and legal analyses are already in progress for the second phase of the AIA project; the second phase envisages four principal lines of activity, in addition, of course, to observation and assessment of the results of the initial phase.

The first line involves expanding the number of external databases linked to the AIA, including all those envisaged in the above-mentioned art. 21 that established the AIA. The new information to be obtained principally relates to the parties involved in the claim either directly (person responsible, victims, witnesses etc.) or indirectly (lawyers, garages, doctors etc.); in particular, analysts are assessing the potential contributions of the taxpayers' database, the new national database of residents and other databases held by the Ministry of the Interior to the tackling of motor liability fraud.

The second group of activities is methodological. New anomaly indicators will be defined, using the additional information available, and more complex tools for anti-fraud analysis will be developed based on network analysis.

The third line relates to the development of new interactive IT functions for IVASS, the police and insurance companies, in order to highlight and analyse anomalies, as well as to monitor the anti-fraud activities carried out by the companies, as envisaged in art. 21.

The final line relates to the new business phase. Specific analysis will consider possible use of the AIA at the time of signing insurance contracts, focusing attention on data and indicators that can effectively help to combat fraud during the underwriting stage, while not conflicting with the various existing measures that govern the protection of privacy, the obligation to insure and unfair competition.

6.4.2 - Undertakings' anti-fraud activities

The prior year saw the introduction of an obligation for companies to prepare and submit an annual report on their anti-fraud activities in the motor liability sector. The process was consolidated in 2014 and the early part of 2015 with the acquisition of data for 2013 and 2014 that, associated with that already held for 2012, has broadened the time horizon available for analysis.

The wealth of information has been further expanded by the knowledge obtained from numerous inspections addressing this topic carried out at companies.

On the one hand, this has made it possible to specify criteria and methodologies for assessing the anti-fraud activities of companies and, on the other, to check the validity and quality of the information provided, highlighting any recurring issues.

Information relating to the activities for combating fraud adopted by the undertakings in 2013

In 2014, pursuant to ISVAP Regulation no. 44/2012, annual reports were received from 52 Italian companies and 17 EU undertakings (9 under the right of establishment and 8 under the freedom to provide services) that operated in the Italian motor liability insurance class during 2013.

Following corporate mergers, the number of Italian companies was slightly lower than in the prior year (54), while the number of EU undertakings that wrote motor liability insurance policies rose (from 14 in 2012), although their overall market share in terms of insurance cover, about 6.1%, was unchanged.

The overall final results, after careful checks and normalization of numbers, indicate the total number of claims reported in 2013 as 2,891,442, and the total number of risk units (hereinafter RU) insured during the year as 40,732,279.

The number of risk units insured was 2.7% lower, while 117,421 fewer claims were reported in 2013, down 3.9%.

The increase in the number of claims considered by companies to be at risk of fraud, 478,394, represents a rise of 19.3% compared with 2012, while the number of claims specifically investigated by companies for possible fraud rose by 8.2% in 2013 to 250,954.

The number of claims investigated for possible fraud that were closed without payment declined from 33,739 in 2012 to 30,256 in 2013, representing a reduction of 10.3%.

This data confirms the significant 2013 increase in claims subject to reporting/legal action, up almost 34% with respect to 2012, and documents the much improved detection work performed by companies during 2013. This is further confirmed by the absolute number of complaints filed by companies in that year, with a rise of 30% in relation to the settlement phase and 35.5% in relation to contractual and pre-contractual fraud at the underwriting stage.

Analysis of the geographical coverage of anti-fraud activities in 2013 confirms the results obtained in relation to 2012, with an increase in volume distributed evenly throughout the country.

For example, Campania was the source of 8.5% of all claims reported in Italy during 2013 and continues to have the highest percentage of claims subject to fraud risk, contributing 34.7% of all Italian claims subject to reporting/legal action.

Table I.65 - 2013 data Regulation no. 44

Macroareas	Regions	Risk units 2013	Claims reported in 2013	Claims exposed to the risk of fraud in 2013	Claims checked in relation to the risk of fraud in 2013	Claims checked in relation to the risk of fraud and closed without payment in 2013	Claims subject to reporting/legal action in 2013
North	EMILIA ROMAGNA	3,340,792	215,168	28,681	13,066	1,668	258
	FRIULI-VENEZIA GIULIA	962,799	49,209	5,937	1,980	237	118
	LIGURIA	1,179,769	99,755	13,124	6,202	701	94
	LOMBARDIA	6,959,017	512,745	57,660	23,406	3,382	515
	PIEMONTE	3,312,427	227,746	27,547	12,463	1,623	385
	TRENTINO-ALTO ADIGE	848,169	51,633	6,731	1,685	168	22
	VALLE D'AOSTA	140,998	11,143	951	295	27	15
	VENETO	3,705,802	204,526	20,044	7,650	1,014	207
	North - Total	**20,449,773**	**1,371,925**	**160,675**	**66,747**	**8,820**	**1,614**
CENTRE	LAZIO	4,218,571	398,887	63,906	33,458	4,403	822
	MARCHE	1,189,625	70,070	10,595	4,660	520	106
	TOSCANA	2,863,640	210,310	27,690	13,413	1,455	404
	UMBRIA	714,965	44,997	7,071	3,797	368	93
	Centre -Total	**8,986,801**	**724,264**	**109,262**	**55,328**	**6,746**	**1,425**
South	ABRUZZO	933,008	59,054	10,261	4,811	545	143
	BASILICATA	374,067	19,445	4,303	2,403	251	59
	CALABRIA	1,022,965	58,057	14,309	9,143	923	389
	CAMPANIA	2,634,601	245,074	94,320	58,667	7,090	2429
	MOLISE	236,049	13,681	2,936	1,632	225	74
	PUGLIA	2,160,520	128,017	31,896	21,544	2,387	285
	South-Total	**7,361,211**	**523,328**	**158,025**	**98,200**	**11,421**	**3,379**
ISLANDS	SARDEGNA	1,043,173	70,860	9,431	4,778	640	104
	SICILIA	2,891,321	201,065	41,001	25,901	2,629	485
	Islands-Total	**3,934,494**	**271,925**	**50,432**	**30,679**	**3,269**	**589**
	Domestic total	**40,732,279**	**2,891,442**	**478,394**	**250,954**	**30,256**	**7,007**

Source: Data processed pursuant to ISVAP Regulation no. 44/2012

The adequacy of the corporate organisations and the claims settlement system when fighting fraud in the motor liability insurance sector

As mentioned, the 2013 data documents an increase in the anti-fraud activities carried out by the insurance market, in terms of the volume of claims analysed for possible fraud. However, it also highlights that the greater number of claims identified and investigated for possible fraud, has not been accompanied by an equal rise in cases dealt with at the settlement stage by rejection of the related compensation claims.

The main obstacles to the improved efficiency of anti-fraud activities, especially at the settlement stage, are - as confirmed by the inspections carried out - attributable to the backwardness of the technology used by large parts of the insurance market.

Recurring issues have been found with the outdated IT installations of operators and the poor integration of their management systems. In some cases, this inadequacy is limited to isolated phases in the motor liability insurance process, while in others, the problems extend to the entire organisational model adopted.

In addition to hampering the effectiveness of the business processes concerned, this backwardness also jeopardises the success of current projects (AIA, introduction of electronic certificates of claims experience and insurance stickers), whose objective is to improve anti-fraud monitoring within the entire motor liability insurance system.

The complete success of these projects requires precise and timely flows of IT information, both to and from the databases that have been linked together, and therefore depends on the reliability of the IT systems used by each company.

Delays in the adoption of technology are also evidenced by the limited propensity of the market to accept recording devices, such as black boxes, whose validity is uncontested - even in the business world - in both the underwriting and settlement phases. Although the majority of companies commercialise or have started experimenting with black boxes, their true penetration was limited to just a small share of the market in 2013.

The market also seems reluctant to adopt other contractual clauses that are effective against fraud, such as the agreement of specific forms of compensation or prior inspection of the vehicle to be insured.

Analysis of scores in 2013

Assessment of the data collected from the annual reports submitted by companies highlights an overall rise in the scores obtained by the market as a whole.

Once again, the companies were divided into 5 brackets[26] based on the score obtained by their anti-fraud activities.

[26] No score was calculated for 7 of the 69 companies examined (with a total market share of about 0.01%) since their volumes were negligible.

Table I.66 - Assessment brackets by final score 2013						
Assessment bracket	**Number undertakings**	**Total RUs per assessment bracket**	**RU market share per assessment bracket**	**Claims reported**	**% over total claims reported Italy**	**Claims ratio per assessment bracket**
I	16	28,295,652	69.5%	1,885,299	65.2%	6.7%
II	11	4,504,660	11.1%	401,756	13.9%	8.9%
III	12	5,112,690	12.6%	335,950	11.6%	6.6%
IV	11	1,526,490	3.8%	125,719	4.4%	8.2%
V.	12	1,290,079	3.2%	142,531	4.9%	11.1%

Source: Data processed pursuant to ISVAP Regulation no. 44/2012

The first bracket, with the best scores, comprises 16 companies following an increase of 2 over the year. The number of companies grouped in the second bracket has also risen, from 6 in 2012 to 11 in 2013, while the number in the third bracket has increased by 4, from 8 to 12.

This trend is comforting, not least in view of the reduction in the number of companies allocated to the fifth and final bracket, which has decreased by 6 since 2012.

There was a further increase at national level in the estimated claim costs (table I.67) saved by anti-fraud activity. This saving rose by more than 3%, from 177.5 million in 2012 to 183.5 million in 2013, representing 1.6% of claim costs and 1.1% of 2013 premiums. Significantly, the inspection work carried out confirms the general reliability of this estimate.

Table I.67 - Assessment brackets and estimated reduction in claim costs due to anti-fraud activity						
Assessment bracket	**Number of undertakings**	**Claims reported**	**% over total claims reported in Italy**	**Claims ratio per assessment bracket**	**Estimated amounts**	**Estimated market share**
I	16	1,885,299	65.2%	6.7%	145,519,615	79.3%
II	11	401,756	13.9%	8.9%	19,791,094	10.8%
III	12	335,950	11.6%	6.6%	12,875,572	7.0%
IV	11	125,719	4.4%	8.2%	3,861,016	2.1%
V.	12	142,531	4.9%	11.1%	1,503,593	0.8%

Source: Data processed pursuant to ISVAP Regulation no. 44/2012

Information relating to the activities for combating fraud in 2014 Provisional data

The data received from companies by 31 May 2015, regarding their anti-fraud activities in 2014, has been subjected to provisional analysis.

In 2015, pursuant to Regulation no. 44/2012 the annual reports of 49 Italian undertakings and 19 EU undertakings were received (10 under the right of establishment and 9 under the freedom to provide services) operating in Italy in the motor liability insurance class in 2014.

Analysis of the 2014 data shows a reduction in the number of RU insured by about 160,000 units compared with 2013 (-0.4%). There was a more significant decrease, of about 7% over the year, in the number of claims reported, which fell from 2.9 million to just under 2.7 million.

The increase in anti-fraud activity, already discussed, is further confirmed by the rise in the number of claims where suspicion of fraud exists (more than 518,000 in 2014, up by almost 8.5% compared with 2013) and the number of claims investigated for possible fraud (about 265,000 in 2014, up by more than 5% compared with 2013).

The most positive signs, however, come from the increase in the number of claims investigated for possible fraud that were closed without payment. The rise of more than 26%, to over 38,000, is a move in the desired direction and reflects the greater efficiency of the anti-fraud activities carried out.

On the other hand, the number of claims subject to reporting/legal action fell sharply in 2014. Only 4,670 were identified during the year, which was about 33% fewer than in 2013.

This aspect of anti-fraud activity was most likely influenced by the provisions of the long-announced and debated Decree no. 28/2015 on "Instructions regarding impunity for minor offences pursuant to art. 1, para. 1, letter m), of Law no. 67/2014", generally known as the "de-criminalisation decree".

The impact of this legislation on anti-fraud activities is still under discussion, but it is undeniable that court recognition of the so-called "minor nature of the fact" will strongly influence company decisions about whether or not to take court action in order to discourage or punish fraudsters.

This is confirmed by the absolute number of legal actions pursued by companies in 2014 with regard to possible fraud at the settlement stage, 3,407, which represents a reduction of about 20% with respect to 2013.

There was a smaller decline, compared with 2013, in the number of legal actions pursued for fraud in contractual or pre-contractual matters: down by 8.7% to 3,817 cases. For the first time, the number of reports/legal actions pursued for this reason, associated with the underwriting phase, has exceeded the number relating to the settlement phase.

This is not a chance event, but reflects the greater attention paid to anti-fraud activities in the underwriting phase of the motor liability insurance process. IVASS has taken action to promote this, holding various meetings during 2014 with the companies most affected by fraudulent practices at the contract issue stage. These companies, almost entirely specialised in the distance selling of contracts, are otherwise known as "telephone" companies.

Analysing together the most common types of fraud, the most effective tool for combating them has been found to be massive recourse to IT connectivity, which considerably reduces the possibility of using false supporting documentation to circumvent the law.

Table I.68 - 2014 data Regulation no. 44

Macroareas	Regions	Risk units 2014	Claims reported in 2014	Claims exposed to the risk of fraud in 2014	Claims checked in relation to the risk of fraud in 2014	Claims checked in relation to the risk of fraud and closed without payment in 2014	Claims subject to reporting/ legal action in 2014
NORTH	EMILIA ROMAGNA	3,369,280	193,474	31,170	14,371	2,013	223
	FRIULI-VENEZIA GIULIA	957,946	44,179	6,937	2,864	429	74
	LIGURIA	1,159,159	92,115	16,750	8,463	1,115	147
	LOMBARDIA	6,988,508	476,218	65,312	26,045	3,877	234
	PIEMONTE	3,245,287	217,687	31,152	13,305	1,908	211
	TRENTINO-ALTO ADIGE	915,849	49,278	7,799	2,346	190	13
	VALLE D'AOSTA	163,142	8,346	1,056	550	94	22
	VENETO	3,785,151	195,252	25,036	9,997	1,340	137
	North - Total	**20,584,323**	**1,276,549**	**185,212**	**77,941**	**10,966**	**1,061**
CENTRE	LAZIO	4,195,072	368,238	70,146	35,566	5,773	483
	MARCHE	1,175,916	65,030	11,242	5,081	670	114
	TOSCANA	2,855,432	194,066	30,686	14,648	1,872	183
	UMBRIA	731,806	40,246	6,705	3,218	412	31
	Centre -Total	**8,958,226**	**667,581**	**118,779**	**58,513**	**8,727**	**811**
SOUTH	ABRUZZO	915,952	54,013	10,609	4,752	708	98
	BASILICATA	360,582	17,904	3,966	2,193	315	28
	CALABRIA	1,004,345	52,840	14,040	8,676	1,258	286
	CAMPANIA	2,523,062	228,822	99,597	62,231	9,278	1,678
	MOLISE	218,830	12,922	2,984	1,713	236	37
	PUGLIA	2,151,768	122,486	32,020	19,664	2,728	256
	South-Total	**7,174,539**	**488,987**	**163,216**	**99,229**	**14,523**	**2,383**
ISLANDS	SARDEGNA	1,036,808	65,114	9,834	4,675	755	144
	SICILIA	2,818,532	185,497	41,048	24,737	3,191	271
	Islands-Total	**3,855,340**	**250,611**	**50,882**	**29,412**	**3,946**	**415**
	Domestic total	**40,572,428**	**2,683,728**	**518,089**	**265,095**	**38,162**	**4,670**

Source: Data processed pursuant to ISVAP Regulation no. 44

Lastly, there is a positive trend in the reduction in claim costs deriving from the investigation of fraud estimated by insurance companies.

Despite the further reduction of about 7% in claims reported with respect to 2013, the estimated savings at national level deriving from anti-fraud activity have risen by 2.9%, from 183.5 million in 2013 to 188.8 million in 2014, representing 1.7% of claim costs and 1.2% of premiums earned.

Accidents per kilometre in Italian provinces

In addition to fraud, the volume of claims is also affected by a number of other factors, including road safety and the number of vehicles on the road in a given territory.

In order to provide a useful analytical tool for all parties interested for various reasons in the problem (market, institutions, local agencies), an "accidents ratio" has been calculated for each province. This ratio, whose name was chosen to avoid confusion with the "claims ratio", is calculated as the ratio of road-related claims in a given province to the number of kilometres of road in that province.

The claims used for the numerator were taken from the Claims Data Bank, while the length of the provincial road network, used for the denominator, was obtained from calculations made by the CINECA Consortium, using official data that includes all municipal roads.

This indicator is useful for identifying the phenomenon of "fictitious" residential addresses used to pay lower motor liability insurance premiums.

The results of the calculations are presented below in tabular and graphical form, covering the period 2012-2014.

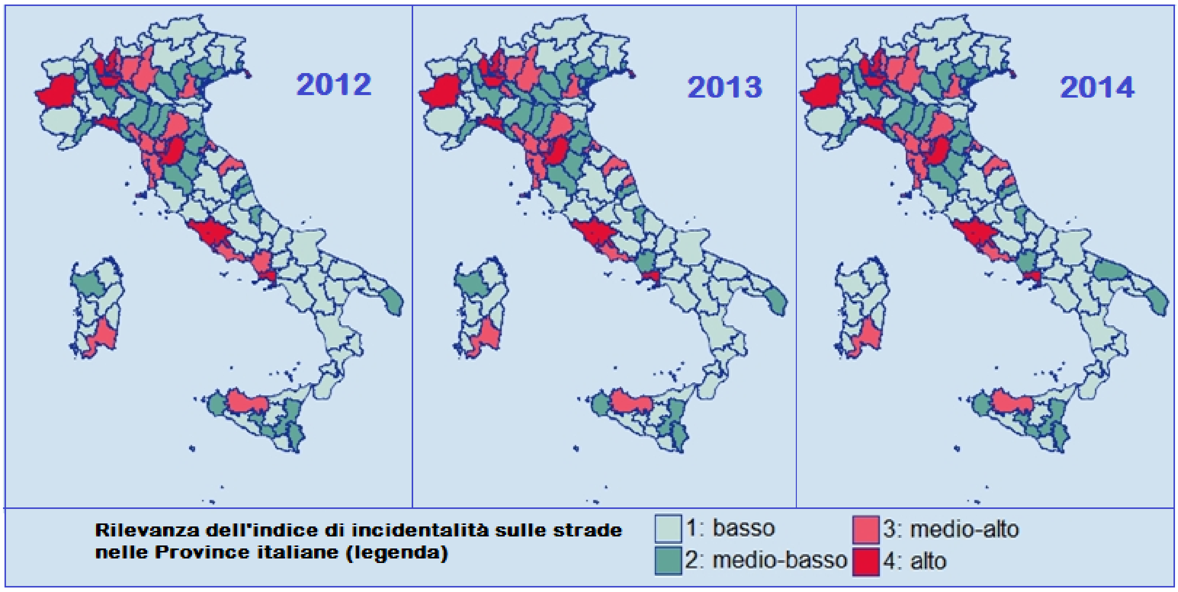
Table I.69 – Provincial accidents ratio in the period 2012-2014

Province	Accidents per Km			Province	Accidents per Km			Province	Accidents per Km		
	2012	2013	2014		2012	2013	2014		2012	2013	2014
Valle d'Aosta				**Trentino Alto Adige**				**Lombardia**			
Aosta	1,34	1,28	1,26	Bolzano	1,24	1,24	1,23	Bergamo	4,21	4,00	4,06
Piemonte				Trento	1,50	1,46	1,48	Brescia	3,60	3,48	3,52
Alessandria	1,53	1,40	1,39	**Friuli Venezia Giulia**				Como	4,72	4,53	4,67
Asti	1,53	1,39	1,41	Gorizia	2,49	2,39	2,39	Cremona	2,16	2,07	2,05
Biella	2,21	2,10	2,17	Pordenone	1,50	1,43	1,46	Lecco	4,05	3,92	3,89
Cuneo	1,37	1,31	1,30	Trieste	6,14	5,80	5,77	Lodi	2,59	2,54	2,53
Novara	2,57	2,37	2,48	Udine	1,51	1,47	1,45	Mantova	1,82	1,80	1,77
Torino	5,15	4,62	4,86	**Emilia Romagna**				Milano	12,61	11,87	12,09
Verbania	1,74	1,63	1,70	Bologna	3,61	3,40	3,43	Monza	8,17	8,02	8,21
Vercelli	1,35	1,22	1,22	Ferrara	1,34	1,31	1,32	Pavia	2,47	2,32	2,26
Liguria				Forlì	2,32	2,17	2,15	Sondrio	1,65	1,52	1,55
Genova	5,80	5,65	5,90	Modena	2,16	2,08	2,05	Varese	5,16	4,90	5,05
Imperia	1,54	1,49	1,51	Parma	2,24	2,17	2,15	**Veneto**			
La Spezia	2,27	2,25	2,26	Piacenza	1,59	1,53	1,48	Belluno	1,09	1,12	1,12
Savona	2,16	2,06	2,04	Ravenna	1,95	1,85	1,87	Padova	2,66	2,60	2,62
Toscana				Reggio nell'Emilia	2,03	1,99	2,01	Rovigo	0,95	0,92	0,92
Arezzo	2,44	2,37	2,38	Rimini	4,15	3,88	3,82	Treviso	2,06	2,01	2,06
Firenze	5,04	4,86	4,98	**Umbria**				Venezia	2,51	2,40	2,48
Grosseto	1,82	1,71	1,66	Perugia	1,28	1,24	1,24	Verona	2,17	2,10	2,14
Livorno	4,08	3,78	3,89	Terni	1,36	1,30	1,28	Vicenza	2,04	1,97	1,99
Lucca	3,51	3,27	3,29	**Lazio**				**Abruzzo**			
Massa	2,70	2,60	2,57	Frosinone	1,68	1,53	1,53	Chieti	1,18	1,09	1,09
Pisa	3,67	3,45	3,51	Latina	3,26	2,88	2,85	L'Aquila	0,95	0,85	0,83
Pistoia	3,76	3,52	3,43	Rieti	1,05	1,00	0,95	Pescara	2,29	2,15	2,09
Prato	9,32	8,89	9,07	Roma	10,13	9,48	9,20	Teramo	1,39	1,29	1,27
Siena	2,17	2,02	2,03	Viterbo	1,46	1,34	1,31	**Marche**			
Campania				**Molise**				Ancona	2,64	2,57	2,55
Avellino	0,69	0,65	0,66	Campobasso	0,43	0,39	0,40	Ascoli Piceno	2,35	2,21	2,24
Benevento	0,70	0,66	0,68	Isernia	0,38	0,35	0,37	Fermo	2,50	2,49	2,49
Caserta	2,57	2,35	2,27	**Puglia**				Macerata	1,14	1,07	1,08
Napoli	19,49	17,41	15,86	Andria/ Barletta/Trani	1,13	1,17	1,26	Pesaro	1,28	1,23	1,20
Salerno	1,60	1,48	1,49	Bari	1,82	1,75	1,85	**Basilicata**			
Sardegna				Brindisi	0,96	0,92	0,94	Matera	0,54	0,52	0,52
Cagliari	3,13	2,78	2,73	Foggia	0,77	0,74	0,77	Potenza	0,51	0,48	0,47
Carbonia/Iglesias	1,50	1,39	1,32	Lecce	1,96	1,84	1,91	**Sicilia**			
Lanusei/Tortolì	0,84	0,78	0,71	Taranto	1,40	1,41	1,49	Agrigento	1,40	1,25	1,30
Nuoro	1,32	1,30	1,30	**Reggio Calabria**				Caltanissetta	1,95	1,71	1,82
Olbia/Tempio Pausania	1,65	1,55	1,58	Catanzaro	1,10	1,00	0,97	Catania	2,45	2,23	2,30
Oristano	0,86	0,81	0,83	Cosenza	0,77	0,73	0,71	Enna	0,68	0,61	0,64
Sanluri/Villacidro	0,68	0,58	0,59	Crotone	0,77	0,80	0,78	Messina	1,60	1,43	1,41
Sassari	1,90	1,78	1,72	Reggio di Calabria	1,32	1,21	1,20	Palermo	3,63	3,36	3,45
				Vibo Valentia	1,27	1,21	1,18	Ragusa	1,40	1,27	1,33
								Siracusa	2,33	2,20	2,24
Total for Italy	**2,50**	**2,35**	**2,36**					Trapani	2,16	1,99	2,08

Sources: IVASS and CINECA statistics

The above indicators were classified into 4 categories: "low", including values that are below the median (2nd quartile), "medium-low" (between the 2nd and 3rd quartiles), "medium-high" (between the 3rd quartile and the 9th decile), "high" (above the 9th decile). For an immediate understanding, the following charts show the adjusted indicator for each province.

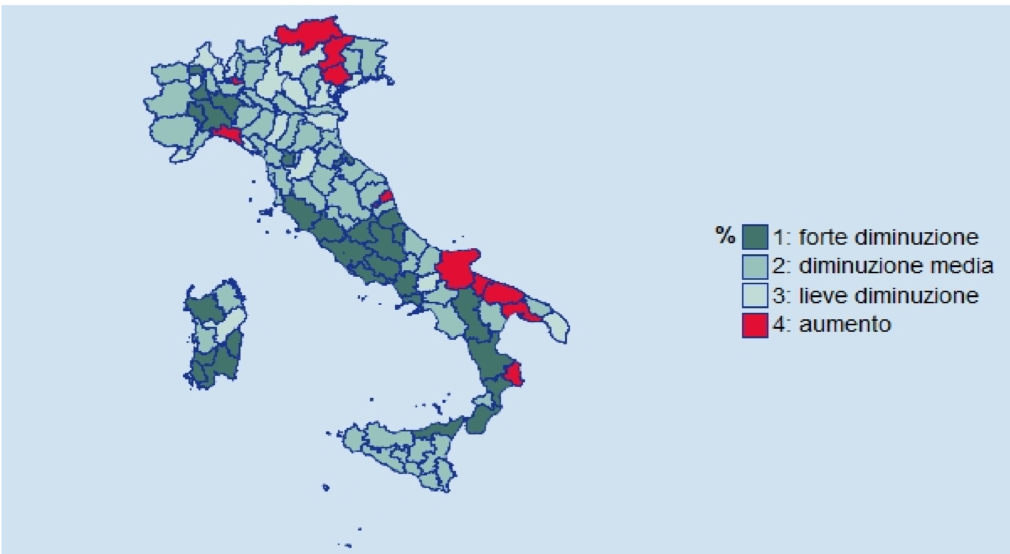
Graph I.51a – Graph of provincial accidents ratio in the period 2012-2014



Sources: IVASS and CINECA statistics

The changes in the provincial ratio between 2012 and 2014 range from -18.6% to 11%. These are shown in the following graph, which summarises the values using the following classification: “Significant reduction”, a category that comprises changes in the range from -18.6% to -7.6% (up to the 1st quartile); "Medium reduction" (from -7.6% to -2.3%, from the 1st to the 3rd quartile); "Slight reduction" (from -2.3% to 0%, from the 3rd quartile to the 9th decile); "Increase in accidents rate", for rises in the provincial ratios.

Graph I.51b – Graph of change in accidents ratios in the period 2012/2014



Sources: IVASS and CINECA statistics

7. - INVESTIGATIONS CARRIED OUT BY IVASS

7.1 - Natural catastrophe risks

The characteristics of catastrophe risk make it difficult to manage, especially with regard to the fundamental principles of insurance; in fact:

- the losses deriving from catastrophic events are concentrated in one geographical area: this makes diversification within the portfolio difficult, while the scale of the losses tends to increase in proportion to the growth in the number of risks insured;
- although there is a low probability of occurrence, severity is high if the event actually takes place.

Accordingly, considering the difficulty of calculating a fair premium, companies tend to estimate a very prudent premium, which is often too high for the potential purchaser.

Another factor to be considered, that adversely affects the insurability of catastrophe risks, is the asymmetry of the information available to the policyholder and the insurer; this is, in fact a cause of *moral hazard*[27], i.e. unscrupulous behaviour by policyholders, as well as adverse selection, being the tendency for the risk to be covered only by parties most exposed to it.

Assessment of the insurability of a catastrophe risk also depends on the characteristics of the insurance company: size, propensity to accept risk and underwriting ability are all elements that influence the decision to include the coverage of catastrophe risks in the insurance portfolio.

Once accepted, a catastrophe risk must necessarily be re-insured with one or more other insurers. Accordingly, reinsurance is a useful tool in the diversification of the portfolios of insurance companies.

In recent years, catastrophic events have occurred with increasing frequency and greater severity. This creates difficulties for the reinsurance companies as well, raising the risk that the capital allocated to cover the related losses may be inadequate.

Commencing from 2016, companies will be required to quantify the extent of the catastrophe risks covered and consider the related impact on their solvency. In particular, Solvency II requires an assessment and formal description, using a specific form (life and non-life), of the impact of catastrophe risk on the capital requirements of the company. Solvency identifies the following natural catastrophe risks: storm, earthquake, flood, hail and land subsidence (landslides); with reference to all these aspects, the company must have sufficient capital to meet its obligations to policyholders over the next 12 months, with 99.5% probability. The solvency calculation must take the diversification of the portfolio into account,

[27] The losses deriving from a catastrophic event do not depend solely on its severity, but also on a number of human-related factors, such as the construction methods used, which determine the resistance of buildings, and the presence of control or prevention mechanisms in relation to a given risk.

both in geographical terms and with regard to types of risk accepted, as well as re-insured risks and any limits on the compensation payable (uninsured amounts and excesses).

Given that information about catastrophe risks is not yet specified on the financial reporting forms, IVASS has carried out a statistical analysis on a significant sample of companies.

The sampled data identified that premiums for the coverage of catastrophe risks represent 1.6% of the total premium income from non-life classes recorded by the sampled firms, with a re-insurance percentage of 31.3%.

Based on an estimate provided by EIOPA, which uses an indicator obtained from Munich Re, a reinsurer, the incidence of catastrophe claims on total premium income in 2014 was 2.5% at European level. By contrast, for the sample analysed this incidence was 1% in 2014.

The insolvency risk deriving from purchases of insurance cover in this particular class can be overcome by using *catastrophe bonds* (cat bonds), which increase "underwriting ability" by making recourse to the capital market via securitisation of the catastrophe risk.

Cat bonds are the most standardised and common type of *Insurance Linked Security* (ILS). They are used to finance the coverage of lower-frequency, high-impact insurance risks, such as hurricanes, earthquakes and other natural catastrophes. The issue and placement of these instruments in fact redistributes part of the exposure deriving from catastrophe risks to a vast number of investors, with a high propensity to accept risk, that seek high returns. For financial markets, these instruments represent an attractive opportunity to diversify the investment portfolios held. In this way, insurance risk is transformed into financial risk.

Cat bonds are issue at a notional value that will be repaid on maturity (typically 3-5 years) if the related catastrophe has not occurred; on the other hand, if the event has occurred, the notional value will be repaid in part, or not at all, to the extent used to cover the losses caused by the catastrophe.

The sponsor of the issue may be an insurance company, re-insurer or the State; as mentioned, the investors are usually professional operators looking for an asset class that is not correlated with the traditional financial markets.

Given the low recourse made to insurance against natural catastrophe risks, the cat bond market has not yet developed in Italy: only one Italian company has made recourse to the ILS market, signing a re-insurance contract in April 2014 with an SPV that issued an indemnity-type cat bond with the underlying risk of storm in Europe. The market placement of this financial instrument was more successful than expected.

Although Italy is heavily exposed to natural catastrophes (especially earthquakes and hydro-geological movements), this segment of the insurance market continues to struggle due to weaknesses in both demand and supply, and the absence of specific legislation.

The current model relies on State financing authorised on an ad hoc basis following a catastrophe. This approach has caused the population to believe that it is "entitled" to State compensation after a natural catastrophe, despite not taking any individual prevention measures. In general, individuals may also not perceive the catastrophe risks actually faced, believing such events to be excessively rare.

On the other hand, the persons most aware of the issue and therefore willing to purchase insurance cover, are also those most exposed to catastrophe risk: weak demand is therefore also strongly linked with "anti-selection".

This reason has an adverse effect on the offer of insurance cover by companies, since they are unable to reach the critical mass needed, in terms of both the number of contracts signed and the necessary geographical dispersion; accordingly, the drivers are absent for the efficient mutuality of risk.

In addition, the characteristics of the risks faced by Italy require the availability of substantial capital for the development of the related insurance activity.

Other issues encountered in the current Italian system essentially relate to the nature of ex-post State intervention, with uncertainties about the size and actual payment of the compensation; excessively long time required to obtain compensation; lack of transparency with regard to payments and possible allocation inefficiencies; low incentives to invest in prevention.

The introduction of a mixed public-private insurance system, that would incentivise citizens to cover catastrophe risks, has been discussed for many years; this would mitigate the anti-selection phenomena and provide, due to State intervention, the financial resources needed to cover any events that cause losses in excess of those sustainable by the private system on its own. The private insurance sector would make its skills available for the appraisal and settlement of losses.

International experience of mixed public-private systems shows that the State can play various roles: as primary insurer, as re-insurer or by defining rules that enable the private sector to provide insurance.

International experience shows that, in some cases, the State can be the primary insurer: covering the entire catastrophe risk. Usually, the premiums collected and the compensation paid are proportional, generalised and pre-determined, which might cause the premium paid to be seen as a tax levied for the provision of public support, rather than an obligation deriving from the provision of insurance cover. This approach is taken, for example, in Spain, in the USA with regard to floods, and in Turkey.

In other cases, such as in France, the UK, Japan and Norway, the State acts as a re-insurer with part of the risk borne by the private insurance sector. Even so, on payment of a price, the State uses the administrative mechanisms of the private insurance market (e.g. for the signature of policies and the appraisal and settlement of claims). This approach increases the effectiveness of the private market since the public system intervenes when necessary.

The State can also act as regulator, issuing specific rules governing responsibility and the precautionary and preventive obligations to be met, so that certain risks can be managed by the private sector.

Direct State intervention in the market could easily neutralise the insolvency risk faced by the private insurance sector, although it is well known that public intervention often facilitates moral hazard, especially when contracts do not contain corrective mechanisms, such as deductibles and maximum covers. Accordingly, movement towards the private insurance model will increase the insurance costs of individuals, while also reducing the costs borne by the State.

The efficient, fair and financially sustainable allocation of catastrophe risks is a complex and urgent challenge for many governments. These have multiple policy options for the achievement of this objective. The benefits and defects of public intervention are measured, above all, by the ability of governments to establish efficient prevention policies. In fact, while the likelihood of a catastrophic event is essentially beyond human control, the adoption of appropriate prevention measures can limit the extent of losses.

The various forms of State intervention can perhaps be classified as follows:

1. *Ex-post intervention – public coverage of losses* (partial or total compensation). This model does not envisage the need for ex-ante prevention measures by the State, with the State deciding after the catastrophic event if and to what extent the losses incurred will be covered. This type of intervention is very risky for both the State and the citizens affected by the catastrophe, since the cost of the losses generated will be random, as will be the ability of the State to provide coverage. This is the model currently used by Italy.
2. *Ex-ante intervention - via public mutuality:* risks are allocated ex ante among all citizens via rules for the (partial or total) coverage of losses in the event of a catastrophic event, public works are carried out to prevent the events or their effects, and action is taken to make the population aware of risks and to prepare emergency plans.
3. *Incentives for catastrophe risk insurance*: insurance companies may be left free to carry out their activities (writing policies, collecting premiums, appraising claims etc.), however if citizens are unable to find insurance cover or only find cover at excessive prices, the State intervenes to establish criteria for the acceptance of risk or by paying subsidies so that the related premiums are not too high. The State may also intervene by establishing a public fund for the coverage of any losses not foreseen by insurance companies. An example of this model can be found in Belgium.
4. *Collaboration with insurance companies*: via its network, the private sector accepts ex ante the risks that are then retroceded (in whole or in part) to the State, which plays the role of re-insurer of last resort. The private sector is generally restricted however, since the State imposes the standardisation of contracts and fixes the prices charged. Under this model, the most severe and unforeseeable losses are borne by the State, while the private sector covers "normal" losses and guarantees provision of the related underwriting and settlement services.

It is not possible to state that one model is better than the others; the four models may even be combined together. In fact, the effectiveness of the various solutions depends on the types of catastrophic event considered, the degree of solidarity and the level of conflict between efficiency and solidarity. All models include a redistribution mechanism, where the more fortunate help to support those affected by the catastrophic event.

Turning to Italy, the introduction of compulsory insurance cover for natural catastrophes, or an obligatory extension of fire cover to include these events, has been discussed for some time. However, the State knows about the low propensity of citizens to address risk prevention and is concerned that this expense might be seen as a new property tax, rather than a form of wealth protection.

On the other hand, compulsory cover would generate the critical mass needed for the good functioning of the insurance mechanism, based on mutuality and the sharing of risk. In fact, even if linked to the size of the home and the riskiness of its location, the per capita cost would be much less than the premium that companies would have to charge in the case of optional insurance.

7.2 - Medical malpractice

With regard to the *medical malpractice* risk within the general liability insurance class, there has recently been a steady withdrawal of coverage by Italian operators, leaving the field open for individual EU operators.

There have been both demand-side and supply-side problems with the coverage of this risk for some time.

The principal problem in relation to demand has been the presence in almost every contract available on the market of a *claims made*[28] clause. On the supply side, on the other hand, the principal problem has been caused by an inability to determine the extent of compensation costs due, in the main, to the constantly changing jurisprudence. In fact, as a result of medical responsibility now being deemed "contractual", the burden of proof has essentially been inverted and risks only become time expired after ten years.

This scenario has resulted in price "tensions" that, in some cases, have facilitated or even caused recourse to self-insurance (situation identified in a number of Italian regions regarding the coverage of ASL - public healthcare facility - risks).

Indeed, the possibility of self-insurance was introduced by Decree-Law no. 158/2012 (as amended and supplemented by art. 27, para. 1, of Decree-Law no. 90/2014), which allows healthcare operators - obliged to arrange third-party insurance cover - to adopt “other similar measures to cover their third-party liability risks (RCT) and employers' liability risks (RCO), for the protection of patients and personnel”.

[28] This type of clause limits the application of the insurance cover to requests for compensation received from the policyholder and reported by the latter to the insurer during the contractual life of the policy. Sometimes, these policies contain "posthumous cover" and/or a "retroactive period". In the first case, cover is extended for a specific period following the expiry date of the contract; in the second, a retroactive period is defined during which the injurious conduct must have taken place so that claims for compensation deriving from such conduct can be covered.

Clearly this clause transfers to healthcare management the work necessary to assess the adequacy of the alternatives to insurance cover; alternatives that cannot be limited to merely setting aside specific provisions in the balance sheet to cover healthcare risks.

In fact, a more complex risk appraisal is required, followed by provision of the related cover. To some extent, this is similar to the work performed by insurers.

Inadequate coverage of the risks concerned remains a threat, with obvious adverse effects on future budgets, as well as on the administrative responsibility of the executives responsible for evaluating the adequacy of the measures adopted. Indeed, self-insurance can only result in true savings for healthcare management if risk monitoring is carried out effectively.

Considering the social importance of the matter, in a letter to the market dated 5 May 2015 IVASS commenced a study of the reference market that seeks to analyse both demand and supply, addressing the qualitative and quantitative aspects.

The results should enhance knowledge of the demand and supply conditions, together with any factors that influence them both within and external to the market concerned.

The results of the first phase of the project are presented below. This work surveyed the insurance companies providing in Italy specific cover for medical malpractice risks, within the general liability class, over the past five financial years (2010-2014).

There are 66 Italian insurance companies and branches of non-EU undertakings active in the general liability class, of which 29 offer cover for medical malpractice risks; all of them offer policies that cover healthcare personnel, but only 3 companies cover the risks relating to public healthcare facilities and 12 cover those of private healthcare facilities.

Only one company stated that it does not apply the *claims made* clause, but solely with regard to its coverage of the risks of private healthcare facilities, while another two companies stated that they exercise a withdrawal clause in the case of claims against the cover provided for healthcare personnel. Focusing on this last type of cover, out of the 29 active companies it is noted that:

- 10 do not apply deductibles;
- 13 do not apply excesses; the others adopt excesses of between zero and 20%;
- the (minimum and maximum) amounts covered applied generally differ from company to company; the median values range from 500,000 euro to 2,000,000 euro.

The survey also included 11 EEA undertakings operating in Italy under the right of establishment or the free provision of services:

- 2 companies provide cover for all three types of risk;
- 5 companies cover healthcare personnel;

Tables I.70, I.71 and I.72 and Graphs I.52a and I.52b provide information about gross premiums and market shares for medical liability cover in Italy.

Table I.70 - Gross Premiums - Italian undertakings and branches of non-EU undertakings

(in euro)

Year	Health care facilities				Health care personnel	Δ%	TOTAL	Δ%
	Public	Private	Total	Δ%				
2010	243,668,291	67,558,828	**311,227,119**	-	118,736,075	-	**429,963,194**	-
2011	132,017,557	75,127,878	**207,145,435**	-33.44%	134,125,395	12.96%	**341,270,830**	-20.63%
2012	85,210,193	61,563,294	**146,773,487**	-29.14%	149,876,813	11.74%	**296,650,300**	-13.07%
2013	31,589,021	55,284,196	**86,873,217**	-40.81%	165,196,744	10.22%	**252,069,961**	-15.03%
2014	26,878,735	58,438,001	**85,316,736**	-1.79%	165,994,924	0.48%	**251,311,660**	-0.30%
% Variation from 2010 to 2014			**-72.59%**		**39.80%**		**-41.55%**	

Source: IVASS

Table I.71 - Gross Premiums - EEA undertakings operating in Italy under the right of establishment and under the free provision of services

(in euro)

Year	Health care facilities				Health care personnel	Δ%	TOTAL	Δ%
	Public	Private	Total	Δ%				
2010	259,930,440	7,788,837	**267,719,277**	-	27,779,801	-	**295,499,078**	-
2011	305,863,108	24,520,742	**330,383,850**	23.41%	30,565,385	10.03%	**360,949,235**	22.15%
2012	311,466,790	34,831,760	**346,298,550**	4.82%	28,502,035	-6.75%	**374,800,585**	3.84%
2013	279,901,319	30,810,859	**310,712,178**	-10.28%	29,131,317	2.21%	**339,843,495**	-9.33%
2014	259,076,675	17,245,448	**276,322,123**	-11.07%	23,708,438	-18.62%	**300,030,561**	-11.72%
% Variation from 2010 to 2014			**3.21%**		**-14.66%**		**1.53%**	

Source: IVASS

Table I.72 - Gross premiums - Market Total

(in euro)

Year	Health care facilities				Health care personnel	Δ%	TOTAL	Δ%
	Public	Private	Total	Δ%				
2010	503,598,731	75,347,665	**578,946,396**	-	146,515,876	-	**725,462,272**	-
2011	437,880,665	99,648,620	**537,529,285**	-7.15%	164,690,780	12.40%	**702,220,065**	-3.20%
2012	396,676,983	96,395,054	**493,072,037**	-8.27%	178,378,848	8.31%	**671,450,885**	-4.38%
2013	311,490,340	86,095,055	**397,585,395**	-19.37%	194,328,061	8.94%	**591,913,456**	-11.85%
2014	285,955,410	75,683,449	**361,638,859**	-9.04%	189,703,362	-2.38%	**551,342,221**	-6.85%
% Variation from 2010 to 2014			**-37.54%**		**29.48%**		**-24.00%**	

Source: IVASS

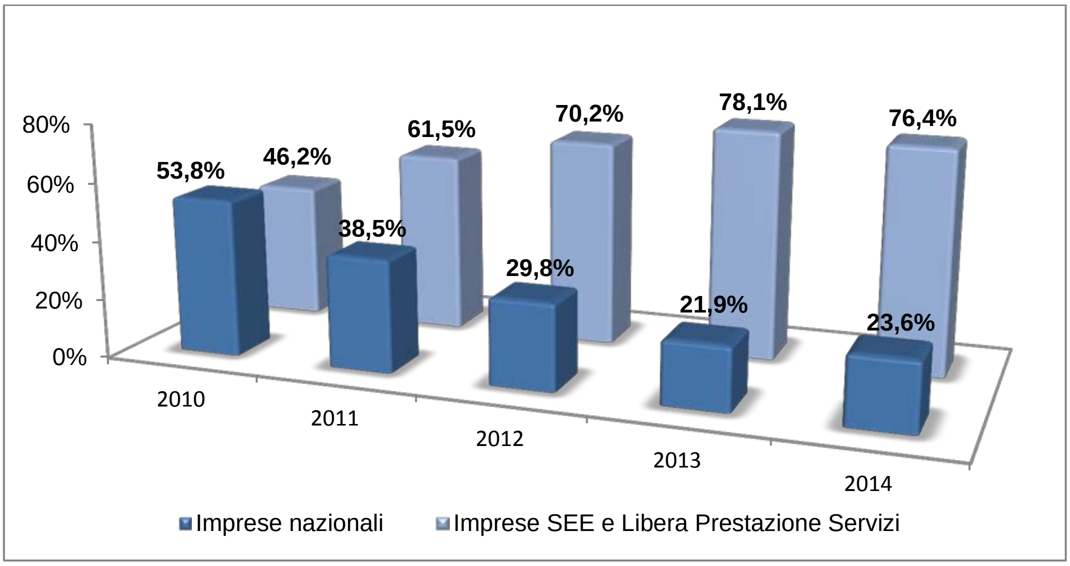
The above tables show the steady contraction of premium income from insurance cover purchased by public healthcare facilities, which fell during the reference period from about 504 million euro in 2010 to 286 million euro in 2014 (-43.3%).

The reduction over the same five-year period in premiums from public and private healthcare facilities taken together was less significant (-37.5%), as was the decline in total premiums (-24.0%) including the coverage of healthcare personnel.

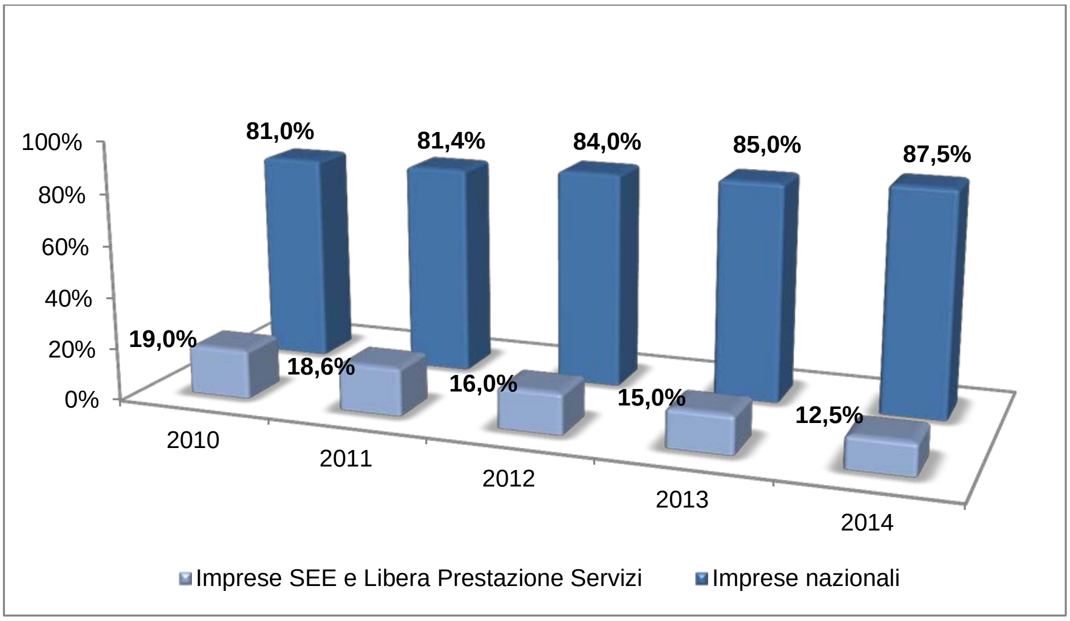
In fact, there was a steady increase in gross premiums for the coverage of healthcare personnel, from 146.5 million euro in 2010 to almost 190 million euro in 2014 (+29.5%).

The presence of Italian operators in the public healthcare facilities segment covered 48.4% of the total market in 2010, but fell steadily during the period to 9.4% in 2014. The analysis of market shares, shown in the graphs below, highlights on the other hand the constant presence during the period of domestic operators in the individual coverage of healthcare personnel (81% of the market in 2010 and 87.5% in 2014).

Graph I.52a - Market shares -Health care facilities



Graph I.52b - Market shares -Health care personnel



Source: IVASS

Tables I.73a and I.73b show the Herfindahl-Hirschman concentration indexes.

Table I.73a - Concentration index (Herfindahl-Hirschman) – Italian undertakings and branches of non-EU undertakings			
Year	**Public and Private Healthcare facilities**	**Healthcare personnel**	**Total**
2010	983	1,481	**2,676**
2011	555	1,530	**2,504**
2012	240	1,562	**1,787**
2013	134	1,722	**1,630**
2014	146	1,755	**1,727**

Source: IVASS

Table I.73a - Concentration index (Herfindahl-Hirschman) – Market total			
Year	**Public and Private Healthcare facilities**	**Healthcare personnel**	**Total**
2010	2,438	1,201	**1,936**
2011	3,499	1,242	**2,406**
2012	4,020	1,243	**2,491**
2013	4,700	1,310	**2,564**
2014	4,452	1,391	**2,356**

Source: IVASS

The Herfindahl-Hirschman supply concentration index for contracts arranged with public and private healthcare facilities was already at a warning level in 2010 (2,438), but has become worrying with reference to the 2014 data (4,452).

As part of the statistical survey, the Italian companies and branches of non-EU undertakings that do not provide medical liability cover were asked to indicate the principal reasons for this exclusion; they identified the following issues:

- uncertainty about the extent of the risk due to changes in the jurisprudence (in all sectors; this issue was indicated by all companies with reference to the coverage of healthcare personnel);
- insufficient profitability of the sector (regarding both the public and private healthcare facilities);
- absence of effective risk prevention and management policies (regarding the coverage of healthcare personnel).

By contrast, the market did not highlight among its principal reasons for not providing medical liability insurance cover the need to increase the capital required pursuant to the Solvency II regulation, or the lack of demand, or the absence of adequate pre-contractual information.

This initial data obtained from insurance companies shows the clear impact on the market of the law that made insurance cover compulsory in the healthcare field (Decree-Law no. 158/2012, as converted into Law no. 189/2012, known as the Balduzzi decree). This limits the responsibility of individual healthcare providers to wilful misconduct and gross negligence (as also specified in the related national employment contracts), while making healthcare facilities responsible, by contrast, for any cases of slight negligence; as well as the impact of subsequent regulatory changes that have allowed recourse to self-insurance by healthcare facilities. The pricing levels for healthcare facilities, combined with the well-known public finance budgetary manoeuvres, have in part encouraged the recourse made to self-insurance, with the limitation of insurance cover to claims of larger amounts (by the application of deductibles or excesses). With regard to the coverage of gross negligence risks, statistically much less frequent, the availability of multiple alternatives in the supply has resulted in a slight increase in demand.

Among the evidence gathered by the survey, the greatest concern relates to the concentration index for the cover available to the public and private healthcare facilities.

The above scenario is accompanied by the provisions contained in art. 12 of the draft competition law (AC 3012 annual law promoting the market and competition) on the "Extended survival of professional liability cover" that, with reference to art. 3, para. 5, letter *e)*, of Decree-Law no. 138/2011, as converted with amendments into Law no. 148/2011, adds: «In all cases, without prejudice to the contractual freedom of the parties, the general conditions of the insurance policies referred to in the previous sentence shall envisage the offer of extended cover for requests for compensation presented for the first time within the period of ten years following facts generating the liability that occurred during the period when cover was provided».

In other words, the Legislator recognises the almost universal adoption of the "claims made" clause in the cover available on the market, as well as the almost universal absence of a clause envisaging the extended survival of cover ("posthumous cover") or, in any case, the insufficient period of time covered (generally for a period of less than 10 years, which is the time limit for claiming compensation for losses). Consequently, insurance companies will now be obliged to offer this type of cover.

II – THE EVOLUTION OF THE REGULATORY ENVIRONMENT

1.- THE ACTIVITIES OF THE INTERNATIONAL BODIES

1.1 - Towards the definition of a capital requirement for the groups which are systemically important

During 2014, work continued in the IAIS sphere relating to the identification of the insurance entities of systemic importance (*Global Systemically Important Insurers – G-SIIs*) and to the drafting of supervisory measures applicable to them. The first identification, made in 2013, took on the form of a list of nine insurance groups which include an Italian group. The list is updated every year.

IVASS contributes various resources to this work and, from 2014, a Board member serves as chairman of the IAIS FSC working party that coordinates its development.

Following discussion by the *Financial Stability Board* (FSB) of the adequacy of the methodology adopted to identify *Globally Systemic Important Insurers (*G-SIIs*)*, the IAIS has established a task force (*G-SIIs Methodology Task Force*, G-MTF) to make recommendations designed to overcome the limitations encountered. Ahead of completion of this work in the insurance sector, the same insurers identified in 2013 were also identified in 2014, since all decisions about the status of G-SIIs, re-insurers and financial guarantors have been deferred until the methodology has been developed further.

Among all the supervisory measures envisaged for G-SIIs, in line with the FSB recommendations and with the provisions already envisaged for the banking entities of systemic importance (SIBs), it is worth mentioning enhanced supervision, an effective resolution regime and a higher ability to absorb the losses.

The supervisory activities shall have to extend to all the group entities capable of affecting the risk profile of systemic insurers; the latter shall also have to endow themselves with a plan for the management of the systemic risk (Systemic Risk Management Plan) which will contain the measures aimed at reducing, mitigating or handling the systemic importance of the group. The systemic insurers, in co-ordination with the supervisory authorities, will have to draw up recovery plans and liquidity risk management plans; the respective supervisory authorities will also have to draw up resolution plans. The plans in their entirety are aimed at ensuring that the solution of the crisis situations may take place in observance of the objectives of financial stability and policyholder protection.

With reference to the need for greater loss absorption capacity and to reflect the greater risks that these insurers pose for the global financial system, the G-SIIs will be initially and provisionally requested to hold an amount of supervisory capital at least equal to the sum of the basic capital requirement (BCR) and an additional capital requirement, consolidated at group level (*Higher Loss Absorbency* – HLA). Following a double consultation (2013 and 2014), on 23

October 2014 the IAIS published a document on the BCR, marking the first step in preparing a global capital standard (ICS) for insurance companies. The IAIS is currently developing the definition of the second component, the HLA, which will apply from 2019 to the G-SIIs identified in a list to be published in November 2017.

During the period from December 2014 to February 2015, the IAIS carried out a public consultation in order to obtain feedback from interested parties about fundamental elements of the ICS, such as possible approaches to the appraisal, definition and qualification of capital resources, the development of a standard method for determining the global risk-based capital requirement that will be applied to internationally active insurance groups (IAIGs), as part of the common framework for the supervision of IAIGs (known as ComFrame). Further consultations are envisaged before achieving the objective of adopting the ICS at the end of 2018.

1.2 - Development of the framework for the supervision on groups operating at international level

IVASS has continued to follow the works of the *ComFrame (Common Framework for the Supervision of Internationally Active Insurance Groups)* which represents a series of supervisory principles and criteria for the insurance groups active at international level (IAIGs) The objective is to increase the co-ordination ability between supervisory authorities of different legal systems, in order to better comprehend the activities and the risks of an insurance group, eliminate regulatory gaps and co-ordinate the supervisory action within the colleges of supervisors under the guidance of the authority responsible for the group (group-wide supervisor).

Testing of ComFrame commenced in 2014, with exercises involving the collection of data from both the supervisory authorities and a sample of groups identified as potential IAIGs, in order to check the adequacy of the process and the criteria used to identify IAIGs.

1.3 - Review of the ICP worked out by the IAIS

Following a process of self-assessment and peer reviews (SAPR) carried out within the IAIS since 2013, a process has commenced for the review of certain Insurance Core Principles (ICP), with a view to increasing the worldwide convergence of insurance supervision. The full SAPR process should be completed during 2017. The principles addressed by the first phase of this work relate to insurance groups and the cooperation among supervisors, as well as to certain aspects of governance at both individual company and group level.

2. - The evolution of European regulations

2.1 - Solvency II and Omnibus II: the state of the art

The primary legislation relating to Solvency II was completed in 2014 with the publication in the OJEU of 22 May 2014 of European Directive 51/2014 (known as Omnibus II) which supplemented Directive 2009/138 in certain key points, including measures to manage the artificial volatility of long-term business. The Solvency II directive, together with the Omnibus II directive, is a "principle-based" directive that contains general principles and requires detailed implementing rules.

These detailed rules are contained in the Delegated Acts which, after going through the final phases of the European legislative process in 2014, were definitively adopted by the European Commission with Delegated Regulation no. 35/2015/EU, published in the OJEU of 17 January 2015. These are regulations that are directly applicable at national level and which do not need specific transposition.

In particular, the Delegated Acts lay down rules to:

- Ensure market-consistent valuation of assets and liabilities. The measures contain technical details of the so-called "long-term guarantees" aimed at smoothing out artificial volatility and ensuring that insurers can continue to offer long-term protection at an affordable price.

In particular, it contains measures on:

a) Volatility adjustment (VA): this is an adjustment of the risk-free rate curve aimed at mitigating artificial short-term volatility due to excessive and artificial levels of the rate spreads; this measure produces effects on the value of the technical provisions and, as a consequence, on the value of the capital requirement and the capital resources to cover the requirement.
b) Matching adjustment (MA): this is an adjustment of the risk-free rate curve for discounting the technical provisions of products which have a high predictability in relation to the amount and the timing of the payments to be made to the policyholders and are covered by assets whose returns reproduce these payments (matching). This characteristic makes necessary the use of rates that reflect the return of the underlying assets.

- Determine the eligibility of own funds to cover capital requirements to improve risk sensitivity and allow timely supervisory intervention;
- Determine the method and calibration of the minimum capital requirement (MCR) and the method for calculating the solvency capital requirement (SCR) by using either the standard formula or the internal model;
- Implement a robust system of corporate governance by defining the roles of the key functions (internal audit, risk management, compliance and actuarial);
- Give more detailed rules for the supervisory review process and elements to consider in deciding on an extension of recovery periods;
- Regulate reporting requirements to third parties and supervisors;
- Strengthen coordination between supervisors in the context of groups and criteria to decide whether third countries are equivalent.

In March 2015 the European Commission also adopted the first set of technical standards governing procedural aspects related to authorisations to be issued by the national supervisors. These are regulations proposed by EIOPA and formally adopted by the European Commission. These regulations are also directly applicable at national level and do not require specific transposition.

2.2 - Regulation on packaged retail and insurance-based investment products (PRIIPs)

Regulation no. 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) was published in the Official Journal of the European Union on 9 December 2014.

The PRIIPs Regulation has a wide application in the insurance sector. The Regulation does not apply to the following products: (a) non-life insurance products as listed in Annex I to Directive 2009/138/EC; b) life insurance contracts where the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or infirmity.

On the assumption that PRIIPs are highly complex, the regulation introduces a pre-contractual information system aimed at helping potential contracting parties to understand the PRIIP product they wish to buy. It specifies that, if the manufacturers are subject to the Solvency II directive, both regulations apply. In particular, the regulation sets out the obligation to provide the so-called KID (Key Information Document), before entering into the contract, specifying in detail the characteristics that the document must have (accurate, fair, clear and not misleading) and the information it must contain. The level of standardisation of the pre-contractual document goes as far as indicating in what order the information must be given and the specific content of this information.

As regards the disciplinary system, the PRIIPs regulation (articles 18-20), in line with the Commission's Communication of 8 December 2010 (recital 24 of the regulation) expressly requires states to adopt an effective, proportional and deterrent system of administrative penalties according to the minimum requirements in terms of behaviour disciplined and penalties issued established in this regulation.

2.3 - The measures under discussion

Preparation of the Solvency II implementing rules

EIOPA is currently developing a second set of technical standards which will cover aspects relating to Pillar 1 (quantitative requirements), Pillar 2 (qualitative measures) and Pillar 3 (disclosure requirements) which form the structure of Solvency II. Other technical standards concern groups.

The implementing regulations are expected to be definitively issued by the European Commission by July 2015.

The directive on insurance mediation: IMD 2 Directive

The negotiations for the directive had a significant push under the Italian presidency, during which political agreement was reached in the Council of the European Union. IVASS made an important contribution to achieving this result, as one of its members chaired the Council Working Group in which the negotiations took place.

1. Regarding the scope, the text:
   - Limits the number of intermediaries on the register, proposing an approach similar to that in the directive currently in force concerning the exclusion of ancillary intermediaries. In effect, operators that provide insurance cover as an ancillary activity to their main activity would continue to be excluded from the regulation if the premium for the insurance cover is less than a certain amount; it assigns responsibility for guaranteeing a certain level of consumer protection to undertakings that use ancillary intermediaries exempted from the regulation;
   - Regarding home/host country competences, the proposed text adds a regulation aimed at avoiding regulatory arbitrage although it does not change the competences currently established by the directives.

2. Regarding conflicts of interest:
   - It designs a general system laying down certain principles concerning conflicts of interest generated by remuneration rules, which must be such as not to obstruct the pursuit of the customer's best interest desired by the regulation;
   - Regarding inducements, although the IBIP distribution regulations are almost entirely in line with what is specified in MiFID, there has been a very heated debate between some countries (like France, Germany and Spain) that are against total alignment with MiFID and others (the UK and the Netherlands) that are in favour. The compromise adopted includes a general obligation to disclose inducements, added to the obligation already specified about the cost of advice and of the product, and a prohibition on the intermediary of receiving any benefit, monetary or other, from third parties which might harm the policyholders.

3. Regarding the sanctioning system, the text leaves a high degree of discretion to member states without changing the MiFID disciplinary system totally. National discretion is limited only for insurance-based investment products as the PRIIPs regulation introduces a special system applicable also in the insurance sector.

The draft directive is currently being examined by the so-called Trilogue.

2.4 - The activities of the European supervisory authorities.

EIOPA

Solvency II

The Solvency II regulatory framework is supplemented by the EIOPA guidelines (so-called third-level measures), aimed at standardising supervisory activity across Europe. IVASS contributes with various resources to the development of the work on the guidelines and its members chair the Insurance Group Supervision Committee and the subgroups responsible for developing the Solvency Capital Requirement (SCR) and Supervisory Review Process (SRP) guidelines.

In 2014 work continued to finalise the guidelines which were divided into two sets. In 2014, there was public consultation on the first set which was then definitively adopted by EIOPA in early 2015. The guidelines are subject to a comply/explain system for national authorities which, within two months of adoption, must declare publicly whether they intend to comply with the guidelines or explain why they are not going to comply.

The first set of guidelines concern the following thematic areas:

Basic and ancillary own funds
These 33 guidelines provide clarification on own funds eligible for the solvency capital requirement (SCR), which are classified into:

- Basic own funds (divided into three tiers), made up essentially of the difference between assets and liabilities in the solvency balance sheet and of subordinated liabilities, classified by the directive and delegated acts, to which others can be added that must be authorised and classified by the national authorities (so-called "items not on the list").
- Ancillary own funds (divided into two tiers) made up of contingent elements (e.g. unpaid capital, letters of credit) which, if "called" to cover losses are converted into basic own funds. Ancillary own funds must be authorised by the national authorities as to their suitability and classification.

Segregate funds - so-called *Ring-Fenced Funds*
These 17 guidelines provide clarifications on the ring-fenced funds, a set of assets and liabilities and related own funds. This set is identified by contractual agreements, provisions in articles of association or regulations that restrict the use of assets associated with specific contracts, contracting parties or risks and which offer reduced transferability to cope with risks outside the ring-fenced fund.

Treatment of participations
These 9 guidelines provide information about identifying participations, both strategic ones and those in financial and credit organisations, and on the treatment of these latter participations which, because they generate double gearing of capital, must be deducted from the participating company's own funds if they exceed specified thresholds. Subordinated loans held in these organisations and financial participations held indirectly must also be included in the amount deducted. They also deal with participations not deducted for the SCR calculation (financial participations below the thresholds, strategic financial participations as well as participations in various entities) for which the capital requirements for the

residual value must be calculated using the standard formula, or be reflected in the internal model together with every further or residual risk not included in the deduction of the participation.

Solvency Capital Requirement

These are 95 guidelines on the methods to apply to determine the SCR calculated with the standard formula. The SCR is actually defined on the basis of the risks to which the undertaking is exposed and a standardised calculation method is provided (the so-called standard formula), as the sum of the basic capital requirement, the capital requirement for operating risk and adjustments for the loss-absorbing capacity of specific items.

Specific parameters (USP/GSP) for the calculation of the SCR

These 14 guidelines relate to the calculation of the individual SCR or the group SCR using the standard formula. Undertakings may replace some of the formula parameters with undertaking-specific (USP) or group-specific (GSP) parameters if the standard formula parameters do not adequately reflect the risks facing the undertaking or group. The use of specific parameters is subject to authorisation by the national authority or the group supervisory authority but can also be done at the request of the authority.

Use of internal models

These 64 guidelines provide details about internal models and are a development of the preparatory guidelines for Solvency II, already transposed into national law in 2014. They require a pre-application phase during Solvency II as well, which is considered appropriate for effective definition of the authorisation process. They require the undertaking to ensure that the company's senior management and users understand the internal model and that the authority assesses whether the undertaking's process meets this requirement.

Technical provisions

These 96 guidelines specify how to calculate the technical provisions, the provisions as a single item and other simplified calculations, on the basis of the market-consistency vision introduced by Solvency II. Undertakings are obliged to calculate the technical provisions separately at least per business area, although there is still the possibility of considering a greater level of granularity, grouping risks in homogeneous classes.

Group solvency

These 27 guidelines integrate and clarify some aspects of the calculation of the group solvency with the standard method based on the consolidated accounts or the alternative deduction and aggregation method or a combination of the two methods. They also allow for the parent undertaking to take into account the solvency deficit of the subsidiary undertaking on a proportional basis if the responsibility is "strictly limited" to the participation held and the methods for calculating own funds when there are minority interests and own funds which, due to restrictions to their transferability, must be considered unavailable at group level (ring-fenced funds).

Assessment of equivalence

These 9 guidelines relate to the assessment of equivalence of a third-country supervisory system. If the Commission assesses equivalence, when calculating the group's solvency using the deduction and aggregation method, the solvency requirements for subsidiaries or related undertakings from third countries will be calculated in accordance with local requirements whereas group supervision will be done in accordance with the third country's rules. As a specific national implementation, there is the intention to provide IVASS with the power to ask for the capital requirements of related undertakings to be calculated in accordance with the Solvency II rules when the risks of the third country makes this necessary. In the absence of a decision by the Commission, this verification may be carried out by the group supervisory authority on its own initiative or at the request of the group, according to the guidelines.

Colleges of Supervisors in insurance groups and coordination agreements between supervisors for financial conglomerates
These 26 guidelines contain information on various aspects of how the Colleges work and define the tasks of the authorities in these assemblies and how collaboration takes place.

Supervisory Review Process – SRP
These 42 guidelines provide clarifications and information about the supervisory review process regarding its general principles and its structure, with regard to the various phases into which it is divided, such as the Risk Assessment Framework, the detailed review (which includes off-site and on-site activities) and the operation of the supervisory measures.

EIOPA is completing the preparation of a second set of guidelines which are expected to be published in July 2015.

During 2014 IVASS also contributed significantly to EIOPA's work on the Risk-Free Rate project, to define the technical provisions discounting rate.

Consumer protection

Consumer protection is one of the key points of the EIOPA work programme and will become increasingly important as the work on Solvency II is gradually defined. IVASS contributes to the work of EIOPA's Committee on Consumer Protection and Financial Innovation where consumer protection themes are dealt with.

EIOPA has produced advice for the European Commission on conflicts of interest in the distribution of insurance-based investment products. The MiFID II directive - approved on 15 April 2014 - requires, in the part relating to conflicts of interest introduced in the IMD for insurance-based investment products, the Commission to prepare delegated acts to give details of the principles contained in the individual articles of the first-level directive. In particular, the delegated acts concern:

- Definition of the steps to identify, prevent, manage and make conflicts of interest known during the distribution of insurance PRIIPs (so-called IBIPs, insurance-based investment products);
- Definition of appropriate criteria to determine conflicts of interest that might harm the interests of existing or potential customers.

EIOPA also prepared advice for the European Commission on the delegated acts contained in the PRIIPs regulations regarding powers of intervention over products. The Commission's mandate is aimed at EIOPA identifying the criteria and factors to be considered by the national supervisory authorities and by EIOPA itself, to determine if there are conditions to justify the said powers of intervention, such as temporary prohibitions or restrictions on advertising, distributing or selling IBIPs.

The works of the sub-group concerning governance on product planning (the so-called POG) are nearing completion. They aim at identifying the principles regarding manufacturers' responsibility for organising the processes, functions and strategies for designing products and putting them on the market.

An EIOPA opinion on Internet sales was also approved. The aim of the opinion is to prevent potential harm to consumers if they buy insurance and pension products through digital channels and to encourage awareness.

Peer reviews

In 2014 the peer review on supervision conducted on the activity of undertakings operating under the freedom to provide services saw the EU's supervisory authorities involved in the double phase of self-assessment and so-called "field work". The report on the results of the exercise is currently being prepared.

At the same time work on the peer review of joint inspections is in progress.

Financial Stability

Activity relating to financial stability is a key point for EIOPA, in relation to possible crisis prevention as well. IVASS has followed and taken an active part in all the work and related areas of analysis.

During 2014 EIOPA's Financial Stability Committee continued its regular reporting on insurance market trends in Europe with the publication of half-yearly financial stability reports.

The Committee has further intensified its EU-wide monitoring of the factors which are most relevant to financial stability, also through ad hoc inquiries. Particular attention is devoted to the prolonged period of low interest rates and its impact on the insurance industry, especially in life business. It has maintained constant interest in the European insurance industry's exposure considered most sensitive to the economic situation and market dynamics, such as government securities, but also the interrelations with banks and investment in innovative products such as liquidity swap and short-term funding instruments.

The aforementioned vulnerabilities formed the basis on which the European insurance stress test was prepared in collaboration with the ESRB, the results of which formed the basis of the analyses that followed during the past year and which are continuing in the first months of the current year.

In the context of the work on Solvency II Pillar 3 reporting, the information that undertakings must send for the financial stability assessments has been further defined and submitted for public consultation.

Further contributions included participation in the cross-sectoral risks report prepared by the Joint Committee with contributions from the three European Authorities (EIOPA/EBA/ESMA) and activities related to collaboration and exchanging information with the other supranational Authorities (ESRB; ESAs, ECB).

ESRB

2014 saw the European Systemic Risk Board (ESRB) take increased interest in the insurance sector, linked not only to its involvement in preparing the European Insurance Stress Test but also in the context of the usual work analysing the financial sector's vulnerabilities and risks overall, with a clear focus on the impacts of scenarios of low interest rates for the sector. Studies have also been done on the regulatory treatment of government securities in the insurance context.

The Insurance Expert Group (IEG), set up in 2013 continued its work in 2014 analysing, at a macro-prudential level, the sources of systemic risk originating in (and affecting) the insurance sector. The group's work is expected to be completed by the end of 2015.

IVASS attends the meetings of the IEG and the ATC (technical assembly) contributing to the latter's insurance-related work; cooperation was also provided through collaboration with the Bank of Italy, the voting member for Italy on the General Board (the decision-making assembly).

JCFC (the Joint Subcommittee on Financial Conglomerates)

In the context of the Joint Committee, the activity of the Joint Subcommittee on Financial Conglomerates (JCFC) is particularly important. This assembly of banking and insurance supervisors deals with the supervision of financial conglomerates, and IVASS holds the vice-chairmanship.

The public list of financial conglomerates updated on 31.12.2013 was approved. The Italian conglomerates are the same six financial conglomerates that were subject to additional supervision last year. The Bank of Italy is the coordinating authority for 4 conglomerates, mainly banking-based (Azimut, Carige, Intesa San Paolo, Mediolanum), while IVASS is the coordinating authority for 2 conglomerates having insurance as main business (Generali and Unipol).

A technical standard is being prepared on supervision of intra-group operations and on concentration of risks in the context of a financial conglomerate.

2.5 - The international accounting standards - the status of the Insurance Contract project

IVASS follows the IASB accounting standards projects, examining the developments and consequent repercussions for the insurance industry.

Among the various accounting projects which involve the leading players concerned with European accounting policy, one of the most important is the Insurance contracts project (IFRS 4) which has the aim of improving and harmonising accounting and the transparency of insurance policies. Following the publication in June 2013 of the revised Exposure Draft (ED) in the Insurance Contracts project and in the light of the observations received during the comment period, the IASB started a process to revise the ED in January 2014.

In July 2014 the IASB published the final version of accounting principle IFRS 9 (Financial Instruments) which will replace, as of the 2018 financial statements, the current IAS 39 on recognition of financial instruments. For the implementation of the principle to become mandatory, it will have to be formally endorsed by the European Commission.

Another important project is the revision of the "Conceptual Framework" for which the IASB published a discussion paper in July 2013 and concerning which analysis of the comments received was completed in 2014. This is a substantial document dealing with various topics, including: definitions, assessment criteria and presentation of accounting items in "Profit or Loss" and OCI.

3. – THE NATIONAL REGULATIONS

3.1 - The new laws

3.1.1 - The activities for transposing the EU directives

In 2014 preparatory work took place to transpose directive 2009/138/EC (Solvency II) into national law through updating the Private Insurance Code. For this activity, of crucial importance for the sector, IVASS made a significant commitment to ensure technical support to the competent legislative bodies.

The Solvency II directive is made up of one part systematising 13 existing directives (Solvency I) and another innovative part introducing the new solvency system. The work carried out mainly concerned the innovative part, through additions and updates to the text of the Insurance Code currently in force, as the Code had systematised the transposition of the existing directives in 2005.

IVASS also continued to provide technical support to the competent bodies for the amendments to the insurance mediation directive (so-called IMD 1.5) introduced by the MiFID II directive and the accounting rules revised by Directive 2013/34/EU (the Accounting Directive) which reorganised, by cancelling them, the provisions previously taken from directives 78/660/EEC and 83/349/EEC on consolidated and annual accounts.

The Equal Opportunities Code was amended to implement in our laws the 2011 Court of Justice ruling, known as *Test Achat* (Case C-236/09) which ruled that "gender" could no longer be considered as a factor when determining premiums and benefits of individual insurance policies taken out after 21 December 2012. It was transposed into Law no. 161/2014 (European law 2013-*bis*).

3.1.2 - Preparatory activities for the changeover to Solvency II

In April 2014 the actions needed to ensure compliance with the EIOPA guidelines for preparing for Solvency II (the so-called interim measures) were adopted concerning pre-application for internal models, governance, forward-looking assessment of risks (FLAOR/ORSA) and transmission of supervision information. This concerned amendments and additions to current ISVAP regulations no. 20/2008 on internal controls and risk management and no. 36/2011 on investments and assets covering technical provision and a letter to the market on some of the topics dealt with in the interim measures.

Examination of the first forward-looking risk assessments, acquired during October 2014, made it possible to examine undertakings' choices and work in progress to prepare for the entry into force of the new system, suggesting to IVASS the timeliness of a new letter to the market, subsequently issued on 24 March 2015. The next forward-looking assessments are due to be sent to IVASS by the end of June 2015.

The undertakings' preparation work was also increased from a quantitative point of view by the European stress test and an exercise to calculate the Solvency II capital requirement for undertakings in the non-life business.

In 2014 EIOPA carried out a stress test for the European insurance sector in collaboration with the national authorities. The test had two modules, the Core Stress Test, for insurance groups, and the Low Yield Scenario, for individual undertakings: for Italy five insurance groups and six individual companies took part (60% of the domestic market). The purpose of the stress test was to bring to light factors regarding the robustness or vulnerability of the insurance sector and not to define the capital adequacy of the individual companies so the results of individual companies or groups were not made public.

The stresses were applied to a basic scenario in which the Solvency II capital requirement was calculated using the standard formula, without taking into consideration the use of internal models or specific parameters (USPs) for the risk assessment although these are specified by Solvency II and ensure that the capital requisite matches the actual risk profile. The calculations are based on data from the end of 2013.

The Core Stress Test is based on three different scenarios. The first two were defined in order to assess, with different calibrations, the impact of price and interest rate changes on the value of balance sheet assets and liabilities. The third scenario, however, concerned the typical risks of the life sector (surrender, longevity and mortality risks) and of the non-life sector (risk related to sums set aside for claims outstanding and catastrophe risks). The risk factors were analysed separately, on the assumption that they are independent of each other.

The Low Yield Scenario, on the other hand, assesses the impact on capital requirements and cash flow of two scenarios concerning the interest rate term structure: in particular, low rates on all terms (Japanese scenario) and an inverted rate curve.

For the Italian system, it emerged that there was adequate capitalisation according to the Solvency II requirements: under stress, it became slightly lower than the European average in the core scenario but was higher in the "Japanese" low-yield scenario.

In the basic scenario, all the Italian entities involved in the exercise met the future capital requirements set by Solvency II, compared to 86% of the entire European sample. In the stricter assumption of financial shocks of the core stress test, half of the Italian entities would continue to meet the Solvency II capital requirements (56% of the entire European sample). In the assumption of the low yield stress test, 83% of national undertakings would continue to meet the capital requirement (76% of the entire European sample), as a result of a better alignment of both the financial duration and yield between balance sheet assets and liabilities.

3.1.3 - The regulations adopted by IVASS

In 2014 three new Regulations were adopted.

Regulation no. 5/2014 implements, as regards the insurance sector, article 7, paragraph 2, of Legislative Decree no. 231 of 21 November 2007 which reorganised all the laws aimed at preventing money-laundering and financing of terrorism, re-designing, among other things, the collaboration relations between the sectoral supervisory authorities and, as a result, the role of IVASS. The rules lay down that IVASS, in agreement with the Bank of Italy and CONSOB, issues provisions for the fulfilment of customer due diligence and recording requirements by insurance undertakings and insurance intermediaries.

Regulation no. 6/2014 laying down provisions on the professional requirements of insurance and reinsurance intermediaries has implemented article 22, paragraph 9 of Decree-Law no. 179/2012, which assigns IVASS the task of defining an appropriate regulation on the "organisational, technological and professional standards governing the professional training and update of intermediaries, with reference to training materials, the requirements of trainers and the functional and technical specifications of e-learning platforms". The regulatory intervention:

- Is intended to encourage the strengthening of the professional requirements of insurance intermediaries;
- Takes into account the increasing insurance relations to be managed electronically;
- Brings together and harmonises the existing rules on this subject.

In line with the above objectives, the regulation introduces a series of innovative measures, brings together and coordinates the provisions in ISVAP Regulations 5/2006 and 34/2010 on training and updates, promotes the harmonisation and rationalisation of the training formalities required for the various parties operating in the insurance mediation, credit and financial markets, by making them similar to the OAM (organisation of agents and intermediaries) and APF (association of financial advisers) rules in certain important aspects (organisational standards required, method for taking courses, requirements for trainers, methods of assessing competence).

Regulation no. 7/2014 determines the terms by which IVASS procedures must be concluded and the organisation units responsible for them, pursuant to articles 2 and 4 of Law no. 241/1990. The regulation applies to the procedures for which IVASS is responsible for adopting the final decision and to the procedural phases carried out by IVASS of procedures for which other civil service bodies are responsible for adopting the decision

During 2014 IVASS also made various amendments to Regulation no. 36/2011 on investments and assets covering technical provisions. The first set of amendments, implemented with Order no. 17/2014, concerned the preparation for Solvency II in the field of investments, in particular with reference to the prudent person principle underlying insurance undertakings' investment activity under the new supervisory system.

A second set of amendments to Regulation 36/2011 was implemented with Order no. 22/2014 and was preceded by two different public consultations, in June and in August 2014: the August consultation was made necessary by the "competitiveness decree-law" which expanded the investment possibilities of insurance undertakings to include direct loans and some special types of securitisation as well as credit funds.

Order no. 22/2014 also includes amendments related to the implementation of Directive 2011/61 on alternative investment funds (so-called AIFM) and the national transposition measures related to these.

Decree-Law no. 91/2014 (so-called competitiveness decree), converted into Law no. 116/2014, expands the types of financial intermediaries who are permitted to provide credit to undertakings.

With reference to the insurance sector, the law permits companies to grant direct loans to undertakings (with the exclusion of micro-undertakings) provided that they are supported by a bank or authorised financial intermediary that selects the borrowers and holds, even temporarily, an interest in the transaction. If companies wish to operate autonomously they are required to obtain a special authorisation issued by IVASS. In both cases, the company must have adequate capitalisation and adequate risk management capacity.

The regulation issued by IVASS requires insurance undertakings to present to the authority in advance a detailed plan of their credit provision activity, in which they describe the organisational structures adopted to select and control funding operations and, if they do not intend to be assisted by a bank, show that they are capable of managing the credit risk in accordance with best banking practices.

The regulation defines the quantitative limits for individual loan types, within the limits established by EU regulations. Finally, the capitalisation of companies pursuing credit activities will be assessed in accordance with the new rules of the insurance sector solvency system (Solvency II).

3.1.4 - Other general measures of IVASS

During 2014 several orders implementing, amending or supplementing the regulations in force were issued.

Order no. 18/2014 implements article 29 of Decree-Law no. 1/2012 on "Urgent provisions on competition, the development of infrastructure and competitiveness", converted into Law no. 27/2012. The law assigns IVASS the task of defining the criterion for calculating cost values and any excesses on the basis of which compensation is determined between companies in the context of the direct compensation system. The provision is aimed at providing incentives for production efficiency and, in particular, cost control and identification of fraud.

Order no. 19/2014 brings in line with inflation the amount of the guarantee fund required by EU regulations on the pursuit of insurance and reinsurance activities, implemented at national level by article 66 *sexies*, paragraph 4, of Legislative Decree no. 209 of 7 September 2005 and article 81 of ISVAP Regulation no. 33/2010.

Order no. 21/2014 amended ISVAP Regulations no. 15/2008 (on insurance groups), no. 18/2008 on supplementary supervision (so-called group margin), no. 7/2007 (on consolidated accounts) and no. 26/2008 (on participations that can be held by insurance companies and holding companies), following the transposition of the financial conglomerates directive (2011/89 - known as FICOD1) through Legislative Decree no. 53/2014 which amended the Private Insurance Code (CAP), the consolidated banking act (TUB) and Legislative Decree no. 142/2005 on financial conglomerates.

Order no. 23/2014 made various amendments and additions of a formal nature to Regulation no. 10/2008 and Regulation no. 33/2010, concerning the procedure for the taking-up of insurance business and the pursuit of reinsurance activity, bringing them in line with other secondary regulations on the requirements for professional qualifications and good repute of corporate members.

III - PRUDENTIAL SUPERVISION

In 2014 as well, supervisory activity significantly involved preparing the methodological and operational framework for implementing the new Solvency II rules. Undertakings will have to adopt a management system based on identifying and measuring the risks associated with their own assets and liabilities. These must be commensurate with the supervisory indicators and requirements so that the supervisors can make more timely and accurate interventions aimed at preserving the undertakings' solvency.

This profound innovation has already required for some years, and will require, to an increasing extent, a supervisory approach aimed at assessing the risks underlying the management of insurance undertakings (risk-based assessment) and forward-looking assessment, which enables correct assessment of the undertaking's capacity to manage its risks appropriately as well as to check compliance with the operating requirements required by law.

Performance of paper-based supervision involves both documentation acquired on a regular basis (in particular half-yearly accounts and reports, quarterly reports on assets covering technical provisions and the use of derivative financial instruments, monitoring investments and premium and surrender trends, reports on the internal assessment of the risk profile) and that acquired as a result of specific requests or significant public information.

Finally, the preparatory activities carried out by undertakings to implement the Solvency II rules is checked through documentary analysis and on-site visits to the insurance undertakings. Particular attention is paid to assessment of undertakings' governance systems, which are assumed to be the key to reaching a correct and careful risk assessment.

1. – ASSETS/LIABILITIES, FINANCIAL AND TECHNICAL CONTROLS OVER INSURANCE UNDERTAKINGS

Solvency margin and assets covering technical provisions

The supervisory activity was aimed at ascertaining the undertakings' and groups' actual and forward-looking capitalisation level, paying particular attention to undertakings with capital situations that are inadequate or insufficient to meet the prudential supervisory requirements (deficiency or unsuitability of items included in the available solvency margin, inadequacy or unsuitability of assets used to cover technical provisions). In these latter cases IVASS intervened and asked for suitable corrective measures to be adopted in order to meet the supervisory requirements and for undertakings to own capital items not strictly limited to the minimum mandatory solvency requirement. Situations with potential negative impacts on undertakings' stability were also monitored and, in these situations, assessments and intervention plans were requested.

In 2014, also as a result of such supervisory interventions, 11 undertakings increased their own financial means by 760 million euro in total.

Nine undertakings had issued subordinated loans. In these cases, IVASS assessed pre-emptively whether the requirements for including the loans in the available solvency margin were met. In general, as at 31 December 2014, the subordinated loans allocated in the statement of liabilities of the Italian companies amounted to 11.5 billion euro in total and were partially included in the individual solvency margin and in the adjusted solvency.

In 2014 supervisory initiatives were carried out on the undertakings of the Carige Group, especially Carige Assicurazioni, which led, among other things, to a request to strengthen the capital, which the company did, continuing the reorganisation that had already started.
During 2014, Banca Carige, the companies' main shareholder, entered into an agreement with companies related to the American private equity fund, Apollo Global Management, for the disposal of participations held in the insurance sector. On 12 May 2015, at the end of the investigation process, IVASS authorised these to acquire control of Carige R.D. Assicurazioni e Riassicurazioni S.p.A. and Carige Vita Nuova S.p.A.

With regard to checks on assets covering technical provisions, in 2014 two undertakings were notified of failing to comply with the regulatory provisions and a supervisory intervention was made related to the unsuitability of the assets intended to cover the technical provisions. The companies adopted adequate corrective measures but one of them continues to be monitored strictly due to a lack of capital interventions.

Ahead of the new European regulations on conglomerates being issued, which lay down additional supervisory measures on the concentration of risks, one financial conglomerate was asked, in agreement with the Bank of Italy and on top of the existing monitoring, to adopt specific measures at the organisational and management level to contain the concentration of risks and ensure systematic control of exposures.

In 2014, the Bank of Italy, in agreement with IVASS, adopted a measure to refuse to let a financial conglomerate hold a substantial participation in a mixed financial holding company (SPFM), with the obligation to dispose of that participation.

Reserving and tariff risk

In the context of assessing reserving risk, checks were made on the adequacy of the technical provisions appropriated in annual financial statements and the calculation of premium rates for life and non-life insurance products was examined. This included examining, among other things, reports and analyses prepared by auditing actuaries and the systematic communications sent by undertakings referring to the technical bases used to determine premiums.

Following its examination of the systematic communications, IVASS intervened with regard to one undertaking as it detected a lack of compliance with the regulations for life products concerning the minimum guaranteed return. The company undertook to amend the contractual conditions. In addition, comments were made about the adequacy of technical provisions of two undertakings operating in the non-life classes. For one of them, the intervention, relating to the general liability class, was made after examining the provisional financial statements; the undertaking added to the reserves before the financial statements were approved. For the other the intervention concerned the failure to include the supplementary provision for natural forces in the reserves to be covered and the company complied with IVASS's instructions.

IVASS's technical activity also continued concerning appeals submitted by 14 undertakings against which sanctioning proceedings were brought during 2011 for violation of the legal obligation to issue policies in the motor liability class. In the light of the highly technical nature of the subject, IVASS acted as expert witness in the context of the automatic technical consultancy requested by the Administrative Judge.

Dividend distribution and remuneration policy

As the economy continues to be weak, in the letter to the market dated 2 December 2014, IVASS called undertakings' attention to the need to maintain adequate capital and prudent risk management and, consequently, to adopt profit distribution policies that guarantee that, at individual and consolidated levels, actual and forward-looking capital adequacy conditions are maintained or met which are consistent with the overall risks assumed, subject to compliance with the mandatory minimum requirement. Comments were made regarding this to one company.

Guaranteed maximum interest rate for life insurance contracts

Monthly monitoring is made in order to determine the guaranteed maximum interest rate for newly issued life insurance contracts and capital redemption operations. This monitoring is conducted on the basis of the performance of 10-year treasury bonds, the benchmark used in the mechanism to calculate the reference index for defining the level of financial guarantee. For contracts for which the undertakings hold generic assets, the maximum rate applicable saw several drops in 2014, in line with the performance of the official rates. In March 2014 the maximum rate applicable fell from 2.75% to 2.25%; subsequently, in July and then in November, the rate fell again to 1.75% and 1.50% respectively. For single-premium contracts for which undertakings have adequate assets, the conditions for reducing the maximum rate applicable occurred for the first time in April and led to the rate falling from 3.25% to 2.50% and subsequently, in September, it fell to 2.00%.

Segregate funds and internal funds

In total IVASS examined 10 merger operations: one concerned both segregate funds and internal funds while seven concerned segregate funds and two, internal funds.

Other interventions

Finally, further interventions were made on policies concerning investments, reinsurance and remuneration, segregate funds, reports on internal funds, anti-money laundering formalities and accounting treatment of the shares in the Bank of Italy's capital after Decree-Law no. 133/2013 came into force.

2. - CONTROLS ON CORPORATE GOVERNANCE

Supervision over the governance structure resulted in comments being addressed to 15 undertakings. These comments mainly dealt with:

- The governance of the internal model in the context of the pre-application activity, particularly with regard to strengthening the role of the parent company, establishing the post of chief risk officer and the independence of the internal model validation unit;
- The fulfilment of the good repute, professional qualifications and independence requirements of members of the corporate bodies;
- Outsourcing essential and non-essential activities and services.

21 communications were examined overall, concerning the outsourcing of the internal audit, risk management and/or compliance functions. In all the cases, no elements were recognised which would prevent outsourcing.

54 communications relating to articles of association amendments were forwarded and examined. In one case IVASS gave notice that it would reject the agreed expansion of the corporate purpose and the introduction in the system of delegated powers of excessive concentration of powers in the Chairman of the Board of Directors. In other cases, undertakings took the opportunity offered by the contact with IVASS to rethink or renounce amendments put forward.

The good repute, professional qualifications and independence requirements for members of the corporate and control bodies were checked and IVASS intervened on several occasions requesting clarifications and further information about these.

The checks on interlocking directorates continued, on the basis of the criteria contained in the joint document published by the Bank of Italy, Consob and IVASS with the collaboration of AGCM.

3. - Preparatory activity for the Solvency II system

During 2014, preparatory activity for the entry into force of the Solvency II system increased, especially the pre-application phase for the future adoption of an internal model and in order to calculate the supervisory capital requirement for undertakings proposing to use an internal model. This activity requires both documentary analysis and on-site visits to the insurance undertakings and, for cross-border groups, collaboration with the Supervisors of the various EU countries. During this transition phase to the new solvency system, these activities are carried out in parallel with checking compliance with the solvency requirements currently in force.

ORSA and FLAOR

Under the Solvency II Directive, as part of its risk-management system, every undertaking shall conduct its own risk and solvency assessment (the so-called ORSA – Own Risk and Solvency Assessment); such assessment shall be taken into account on an ongoing basis in the strategic decisions of the undertaking.

In line with the Solvency II Directive the guidelines also envisage that in 2014 a report on the undertakings' internal assessment of the risk profile (the so-called FLAOR – Forward-Looking Assessment of Own Risks), based on the ORSA principles, be sent to the national Supervisory authority. IVASS was therefore involved, for the first time, in analysing the reports sent by undertakings in accordance with the information contained in the letter to the market dated 15 April 2014, which provided, among other things, information on how to apply the EIOPA Guidelines on forward-looking risk assessment. The evidence produced made it possible to make a forward-looking assessment of undertakings' solvency in the context of the normal supervisory activities.

Pre-application process

Seven pre-application processes, relating to the same number of groups that have disclosed their intention to adopt an internal model for the calculation of the solvency requirement both at group and individual level, were conducted.

46 on-site visits were made to the undertakings concerned, using 39 resources and a total of 828 person days. The checks were aimed at ascertaining that the Solvency II requirements for adopting the internal model are met and concerned: the methods adopted, the underlying mathematical models, the parameters used, the assumptions used, the sensitivity analyses carried out to assess the adequacy of the modelling and, in general, compliance with statistical quality standards, calibration and validation standards as well as the degree of use of the internal model in the management of the undertaking.

Three Italian groups have started the pre-application phase; IVASS acts as group supervisor for them. For the Generali Group IVASS has been coordinating - since 2011 - the collaboration process with the European supervisors that supervise the undertakings included in the scope of application of the partial internal model that the group intends to use to calculate its own capital requirement, both at group and individual level. During the year, the

Reale Group suspended activity relating to the pre-application phase, whereas the Unipol Group started the pre-application phase for its own internal model, the scope of which is restricted to Italian companies.

In relation to the four foreign groups - Allianz, Axa, Uniqa and HDI - that presented a pre-application request, IVASS covered the role of local supervisor. During the year, visits were made to the parent company, coordinated by the group supervisor, regarding aspects of the internal model of group and local importance, and local visits were made to the Italian companies included in the scope of the internal model. IVASS also attended meetings of the steering committees dedicated to the pre-application processes.

In May 2015 the Allianz Group and the Axa Group submitted formal applications. The Uniqa Group decided to postpone its application for the internal model for the entire group to 1 January 2016 whereas the HDI Group presented a request excluding its Italian and Irish subsidiaries and the German undertakings operating in the life classes from the scope of the model. Until they are included in the scope of the model, these undertakings will use the standard formula to calculate the capital requirement at solo level.

Finally, in late 2014 and early 2015 IVASS took part in the joint decision testing exercise on the basis of the Trial Application Package.

Undertaking-Specific Parameters (USP)

For undertakings that do not intend to use their own internal model, the regulations offer the possibility of replacing, in the calculation of certain risk modules and as part of the standard formula, a subset of general parameters with other specific parameters, the so-called USPs – Undertaking-Specific Parameters, subject to the authority's approval.

In this regard, in the letter to the market dated 4 November 2014, IVASS provided information on the minimum requirements that undertakings must be capable of meeting before the approval request date. Twelve undertakings have indicated that they intend to use specific parameters and these were examined by IVASS.

At the moment, no undertaking has submitted a formal request to use USPs.

4. - ACTIVITY IN COORDINATION WITH OTHER NATIONAL AND FOREIGN AUTHORITIES

During 2014, IVASS organised 10 Colleges in its capacity as Lead Supervisor and took part, as member, in the work of 29 Colleges for which the role of co-ordinator was assigned to other supervisory authorities. Within the Colleges, the supervisors exchanged information on the groups' structure, governance, financial and economic situation, solvency, assessment of the main risk areas, stress test results, internal models, and the adequacy and proper allocation of capital within the group.

IVASS also examined the balance sheet-profit and loss account data of financial conglomerates so as to check the observance of the regulatory provisions regarding capital adequacy.

Within the framework of the Financial Conglomerate Colleges of Supervisors, in which the European authorities of the banking and insurance sector involved in supervision over financial conglomerates take part, IVASS organised, in its capacity as co-ordinator, the Fi.Co. College for Generali and Unipol, conglomerates essentially insurance-based, and it took part - as member - in the Fi.Co. College for Intesa Sanpaolo and Mediolanum, organized by the Bank of Italy given that these are banking-led conglomerates.

Collaboration was intensified with the other European authorities involved in the pre-application phase for undertakings intending to use an internal model for the calculation of the solvency capital requirement, in place of the standard formula. In the case of cross-border groups, since the Solvency II directive envisages that the authorities concerned jointly approve the internal model, all the supervisors take part in the joint decision.

IVASS was also involved in work relating to Globally Systemically Important Insurers (G-SIIs) identified by the Financial Stability Board, which include the Generali Group (which involves IVASS directly as the home authority) and the Allianz Group (which involves IVASS indirectly, as the lead authority is BaFin).

It should be recalled that, like systematically important banking entities (SIBs), the aforementioned insurance entities will be subject to enhanced supervision. In particular, in line with the Financial Stability Board's recommendations, a special Crisis Management Group (CMG) was set up for the Generali Group, in which the national supervisors of the main countries in which the group operates take part and also involving, at specific meetings, representatives from the group itself. During these meetings, the adoption by the Generali Group of the Systemic Risk Management Plan (SRMP), the recovery plan and the liquidity risk management plan was shared. These documents, approved by the parent company's board of directors, will be subject to further refinements during 2015. Within the Crisis Management Group work has been started for the drawing up, by the supervisory authority, of resolution plans aimed at ensuring that the crisis situations of systemically important insurers can be solved in observance of the objectives of financial stability and policyholder protection.

Finally, during 2014, IVASS was involved in defining the implementing measures of article 32 of Decree-Law no. 91/2014 - the state guarantee to SACE (the Italian credit export agency) for non-market transactions. IVASS departments worked with the Ministry for the Economy and Finance, making technical suggestions for drafting the implementing measures of the law and, in particular, for defining the mechanisms for operating the guarantee contained in the Agreement entered into between the MEF and SACE. The implementing measure definition phase ended with two decrees being adopted by the President of the Council of Ministers related respectively to the scope of the law and the agreement framework.

5. - Controls on extraordinary operations

The extraordinary operations authorised in 2014 were essentially aimed at rationalizing and simplifying the insurance groups' structure. Such operations relate to mergers, divisions, transfers of the insurance portfolio and acquisitions of holdings in other companies by insurance undertakings. Authorisations were granted for the acquisition of controlling interests in insurance undertakings which involved changes in the undertakings' shareholdings.

Mergers and divisions

There were merger operations, essentially within the groups the companies belong to in order to simplify the structure, involving the incorporation of 4 insurance undertakings operating in life classes and 4 undertakings operating in non-life classes. One division concerned the total spin-off of a company operating in the life classes to other companies belonging to the same group leading to the dissolution of the company spun off; the other concerned a business unit of a services subsidiary.

The merger by incorporation of Unipol Assicurazioni, Milano Assicurazioni and Premafin Finanziaria into Fondiaria-Sai was concluded during the year. The merger, authorised by an IVASS Order dated 25 July 2013, came into statutory effect on 6 January 2014 and into effect for accounting and tax purposes backdated to 1 January 2014.

Portfolio transfers

IVASS authorised three partial portfolio transfers concerning:

- The transfer of a business unit represented by the secondary office of an Italian undertaking established in a member state to a company to be set up under the law of that state;
- The transfer of the retail contract portfolio relating to the accident and sickness classes from an undertaking operating in the life classes to another undertaking operating in the non-life classes, within the same group;
- The cession of a line of business to comply with a measure issued by the Italian competition authority (AGCM).

With the sale to Allianz of the line of business made up of the non-life insurance policies relating to the agencies of the former Milano Assicurazioni, UnipolSai complied with the Italian competition authority's measure aimed at eliminating effects that are harmful to competition. Indeed, with its measure of 19 June 2012 the AGCM gave Unipol Gruppo Finanziario permission to acquire a controlling interest in the Premafin/Fondiaria-Sai Group subject to adopting certain prescriptive measures concerning the effects on competition of the integration plan. These included the sale of certain lines of business in order to reduce market share, on a national and provincial basis, below 30% in terms of premiums issued.

6. - SHAREHOLDINGS AND INTRA-GROUP TRANSACTIONS

Acquisition of holdings

Five authorisations for the acquisition of controlling interests in insurance undertakings were issued (as per article 68 of Legislative Decree no. 209/2005) along with 14 authorisations for the acquisition of controlling interests by insurance undertakings in other companies (article 79 of the same decree).

The acquisition of a controlling interest in Eurovita Assicurazioni S.p.A. by the J.C. Flowers III private equity fund, controlled by James Christopher Flowers, a US citizen, was the first case of the acquisition of an Italian company by a private equity fund. The complexity of the investigation was due to the need to examine in detail technical and legal aspects of the purchaser's intricate chain of holdings, in view of the anti-money laundering laws in force in the countries in which it is present (USA, Cayman Islands and Luxembourg) and with regard to the legal form of the entities that make it up and the related specific regulations and contractual provisions. In particular, it proved very demanding to analyse the fund's governance mechanisms in order to ascertain the ultimate controlling party, the individuals/entities to authorise and the method of financing the transaction and also to analyse its anti-money laundering controls (checking that there was no well-founded suspicion that the acquisition was connected to money-laundering or financing of terrorism transactions) and this involved assessing the Cayman Islands' AML/CFT (anti-money laundering/combating the financing of terrorism) system and the controls activated by the fund.

Intra-group transactions

IVASS made a prior assessment of 29 intra-group transactions. In three cases, the transaction was prohibited because it would have led to increasing the risk profile or had aspects that were not consistent with the undertaking's solvency situation. The main transactions concerned funding transactions, the provision of guarantees, the acquisition of interests, the purchase/sale of properties or securities, and the renegotiation of contractual conditions.

7. - SUPERVISION ON THE TAKING UP OF INSURANCE BUSINESS

Authorisations to pursue business

One authorisation to pursue insurance and reinsurance business in certain non-life classes was issued along with three authorisations to extend activity in one or more non-life classes.

IVASS cancelled the authorisation to pursue insurance business of one company operating in life classes following its total spin-off to other companies belonging to the same group.

Finally, two notifications were checked relating to Italian undertakings' intentions to operate in member states under the right of establishment and eight relating to intentions to operate under the free provision of services. Of the latter, three concerned taking up business in member states and five in third countries.

8. - INSPECTIONS

8.1 - Insurance undertakings

16 inspections were carried out on insurance undertakings during 2014.

All the inspections were carried out using the methodological criteria and reporting system specified in the inspection guidelines, adopted in February 2013.

The inspection activity involved investigations into companies selected on the basis of a scheduling exercise - also introduced by the new guidelines - which responds not only to urgent requests but also to some minimal coverage policies of the system in general and with reference to certain themes (e.g. money-laundering risk for life companies; entering information correctly in the claims database; effectiveness of measures to prevent fraud in motor liability insurance), and requirements related to specific supervisory purposes arising in the first instance from off-site analysis performed by the departments carrying out the paper-based supervisory activity.

As regards, in particular, the purpose of the on-site interventions, five checks were broad-spectrum checks (three on medium-sized undertakings and two on small undertakings); three follow ups were carried out, to assess whether the shortfalls noted during past inspections had been overcome.

The remaining interventions were aimed at analysing individual areas of risk of specific functions of the company and concerned:

- The governance and control systems: via the examination of the governance profiles and the control functions;
- Market risk: with particular reference to the analysis of the investments and the financial operations;
- Reserving risk: by checking the adequacy of the provisions for outstanding claims;
- Operational risk: by checking the effectiveness of the organisational safeguards for the monitoring of the activities outsourced;
- Risk of non-compliance with regulations: focused on compliance with the provisions on segregate assets in life business and claim settlement;
- The underwriting and settlement of insurance coverage combined with loans.

In the first part of the year, the supervisory activity was marked by the need to check the effectiveness of the management and coordination of a leading insurance group in managing risks and financial investments and by the need to assess the adoption of specific capital interventions to restore operating conditions, of individual companies and the Group, of two medium-sized undertakings that had recorded significant extraordinary losses during the previous financial year.

Also in the first half of the year, the inspection activity focused on corporate situations closely linked to consumer protection, intervening with regard to an EU undertaking established in Italy with a significant motor liability insurance portfolio, in order to ensure compliance with Italian provisions for claim settlement procedures, as well as with regard to an Italian undertaking which is one of the leading companies in the medical professional liability insurance market in order to restore correct behaviour in the underwriting and settlement phases and transparency of the contracts offered.

The investigations led, for two-thirds of the companies inspected, to negative assessments, often due to shortcomings in the corporate governance system and weaknesses in risk control, with the resulting need for timely interventions aimed, on the one hand, at strengthening the board of directors' guidance function and greater incisiveness by the control functions and, on the other hand, at making the organisational structure more robust in terms of resources and methodology.

8.2 -Insurance intermediaries

On-site inspections were carried out vis-à-vis 13 entities, all enrolled in one of the sections of the RUI, and more precisely:

Table III. 1	
Type of intermediary	**Number**
Agents (sect.A)	3
Brokers (sect.B)	6
Banks/financial companies (sect. D)	3
Collaborators (sect. E)	1
Total	**13**

Most of the interventions were focused on consumer protection in the two market segments in which the inspections carried out during the second half of 2013 had highlighted the presence of critical profiles, namely:

- Insurance coverage combined with mortgage loans, other loans and funding (PPI - Personal Protection Insurance) where the methods for placing these products, carried out by leading banks and financial companies, have highlighted common practices of failure to acquire the information necessary for the assessment of the suitability of the insurance policies offered to the individual customers. These are multi-warranty insurance packages (so-called bundles), entered into in the form of collective policies with the financial intermediary as the policyholder, made up of:
  - ✓ Temporary coverage for the event of death with decreasing capital, with the same duration as the funding;
  - ✓ Supplementary guarantees: total temporary disability (ITT), permanent disability (IP), serious illness (MG), and loss of employment (PI), having the same or a shorter duration than the funding.

Investigations of the three intermediaries registered in section D were aimed at checking compliance with the duties of correctness, good faith and transparency with regard to policyholders/consumers in the sale of PPI products and, in two cases, they were follow-ups on the adequacy of the organisational measures adopted to eliminate irregularities found during a previous inspection;

- The distribution of insurance products from undertakings with their registered office in East European countries, operating in Italy under the free provision of services, mainly in the sector of suretyship policies, whose key shareholders are Italian entities. Three inspections on this subject were made of brokers, carried out with the help of the Guardia di Finanza (Italian finance police), during which violations of the provisions on insurance mediation were noted as regards:
  - ✓ The total deprivation of authority of the person formally responsible for the mediation activity and the de facto entrusting of insurance management to a party without the legal requirements;
  - ✓ Lack of pre-contractual disclosure with regard to the powers to collect premiums.

The following further anomalies observed and measures adopted are worth mentioning:

- The intermediation of medical professional liability insurance products, sold by an intermediary registered in section A of the RUI, which owns a significant portfolio in the class, using methods that do not comply with the regulations in terms of providing pre-contractual information, gathering information aimed at assessing the adequacy of the products offered and providing, moreover, on its own website, incorrect information on the date of entry into force of the system for mandatory medical professional insurance;
- The use by an intermediary registered in section A of the RUI of a very large network of staff, across several regions, without having prepared adequate measures to control compliance with the rules of correctness and transparency with regard to customers.

In four cases, the most frequent types of violations, other than those already indicated above, regarded:

- ✓ The payment of the premiums into current accounts that were not separate accounts;
- ✓ The non-remittance of the amounts collected as insurance premiums to undertakings.

8.3 - Anti-money laundering

Inspections on compliance with anti-money laundering and counter-terrorism regulations were intensified in 2014 and regarded 7 undertakings, whose premium income accounts for 17% of the insurance market.

In five cases, the investigations also concerned other insurance risks, on the basis of the practice, introduced in 2014, of submitting every life undertaking inspected to anti-money laundering checks. The remaining two investigations originated from reports, received during off-site supervisory activity, related to specific shortcomings of organisational controls at these companies.

The main types of malfunctions/anomalies found relate to:

- The incompleteness, in three cases, of customer profiling, done using special IT applications, as it was done without assessing the customer's behaviour or ascertaining the consistency of the transactions with the financial and capital profile or with age. In one case, the investigation also found failure to comply with the obligations to adequately check transactions and customers prior to Legislative Decree no. 231/2007;
- Inadequate human and/or technical resources of the special function dedicated, at the two companies, to controlling the money-laundering risk;
- Failure to enter the person ordering the bank transfer and the "transaction date" in the AUI (single IT archive) of two companies;
- The inadequacy of the internal control system which, in three cases, was not capable of assessing the completeness/effectiveness of company procedures and/or of identifying problems with risk management;
- Delays in assessing and, consequently, in reporting suspicious transactions at a company. Shortcomings were also found in procedures aimed at identifying positions characterised by anomalous transactions, as some anomaly indicators referred to in the Bank of Italy's measure were not taken into consideration;
- For three companies, inadequate training of the distribution network.

With regard to the malfunctions and anomalies found, at the same time as it delivered the inspection findings IVASS undertook in one case to carry out a supervisory intervention to ask for timely actions to be adopted, aimed at making the undertaking's operations conform. Two letters of formal notice were sent for violations subject to administrative fines, relating to the formalities for registration in the AUI and the organisation of the internal control system.

Finally, on-site checks were also made at one company by the Bank of Italy's Financial Information Unit (UIF), in accordance with the collaboration agreement between the bank and IVASS, regarding the obligation to report suspicious transactions. The inspections also revealed anomalies in relation to which the UIF started administrative disciplinary proceedings.

9. – Compulsory winding up

At the end of 2014, the administrative compulsory winding up procedures for undertakings with head offices in Italy still under way numbered 58 (47 insurance undertakings or undertakings belonging to an insurance group and 11 companies from the Previdenza group).

The winding up procedures of Previdenza e Sicurtà s.p.a. and of Aprilia Cinque s.r.l. of the Previdenza group were closed during the year.

The statements of liabilities relating to the winding up proceedings of Novit, Faro, Progress e Arfin, Arfin Solution, Apta Immobiliare and Rhône Mediterranée were deposited with the court registrar offices of the courts responsible for the area.

In relation to the undertakings placed under administrative compulsory winding up which pursued motor liability insurance business, based on the data provided by Consap - Fondo di Garanzia per le Vittime della Strada (the national guarantee fund), during the year 2014 the latter paid damages amounting to 50.9 million euro, subdivided as follows:

- 48.3 million euro for claims settled by appointed undertakings;
- 1.1 million euro for claims settled by liquidators;
- 1.5 million euro for claims settled by accepting undertakings.

IVASS also authorised the disbursement of sums to creditors of the undertakings wound up by way of an advance (La Peninsulare, Sile and Sanremo), as well as the deposit of a partial allocation plan (Firs s.p.a.) and two final allocation plans (Aprilia Cinque s.r.l. and SIA-Suditalia s.p.a.) with the court registrar offices of the courts responsible for the area.

The distribution of assets to creditors, authorized in total during the year, amounted to 17.2 million euro, 15 million of which in favour of insured and injured parties and those who, having compensated the damage, have taken over the rights for the former (Consap and appointed undertakings).

The deposit of the final winding up balance-sheet of Andromeda Immobiliare s.r.l. and Aprilia Cinque s.r.l. of the Previdenza group, as well as of SIA-Suditalia s.p.a., was authorised.

The cession of the line of business of a wound up undertaking (Novit) was authorized pursuant to Article 257 (2) of the Insurance Code.

The Division arranged the appointment of 12 new liquidators and 37 members of supervisory committees along with the renewal of the other bodies which administer winding-up proceedings who fell from office in 2014.

IV – CONSUMER PROTECTION

1. - CONSUMER PROTECTION SUPERVISORY ACTION

1.1 - Consumer complaints

Reports from citizens lead to most of the supervisory actions carried out to protect consumers. In 2014 IVASS received a total of 25,636 complaints against undertakings, a decrease (-3.7%) compared to 2013, although the fall is smaller than that recorded in 2013 (-14.8%). The decrease was attributable to the non-life business, and in particular to the motor liability insurance class, partly due to the drop in the number of claims for this class, which traditionally sees the greatest number of complaints overall (due to delays and inefficiencies in the payment of the compensation to the injured party).

Table IV.1 – Complaints: distribution by sector

Year	Non-life	Life	Total
2014	23,015	2,621	25,636
Variation 2014/2013	-4.2%	+0.9%	-3.7%

Source: IVASS

Complaints in the non-life classes

Of the 23,000 complaints relating to non-life classes examined, 16,464 concerned motor liability insurance, accounting for 64% of the total, revealing a decrease with respect to 2013 (-5.7%). The majority of the complaints continue to concern delays and inefficiencies in the claims area (76.7%), with a higher incidence compared to last year (72.8%). In cases of ascertained violation of the time-limits for making an offer envisaged by the Insurance Code, the undertakings were served the related formal notices for the purpose of applying the pecuniary administrative sanctions (1,200 in 2014; 1,500 in 2013).

Complaints relating to claims handled by the designated undertakings and compensated by the national guarantee fund for road-accident victims rose by +28% to 508, from the 396 received in 2013.

During 2014, initiatives and interventions continued with regard to undertakings concerning very serious motor liability claims, with fatal outcomes or serious bodily injuries, regarding which the investigation highlighted shortcomings or inconsistencies in the settlement process used by the undertakings. Thanks to IVASS's targeted interventions, the undertakings agreed to reconsider the aforementioned claims and to supplement compensation to the injured parties or other eligible parties. There were also many reports from consumers about no or late delivery of certificates of claims experience, or the delivery of wrong certificates, for which the corresponding supervisory initiatives were activated.

Table IV.2 - Motor liability insurance complaints: distribution by area/type		
Type	Number	% Composition
Complaints about claims	**12,621**	**76.7**
Direct compensation	4,724	
Ordinary compensation	3,493	
Request for access to the undertaking's documents	1,213	
Other	3,191	
Complaints about the contract	**3,787**	**23.0**
Assignment of class (Bonus/Malus)	1,059	
Failure to issue certificates of claims experience	952	
Termination of insurance policy	156	
Repudiation of policy	982	
Other	638	
Commercial Area	**56**	**0.3**
Total	**16,464**	**100.0**

Source: IVASS

With regard to the other non-life insurance classes, 6,551 complaints were received (a substantially stable number compared to the previous year), mostly for general liability, accidents, other damage to property and car theft, followed by sickness insurance. There was an increase in complaints regarding general liability, accident, sickness, as well as in the complaints relating to policies linked to the loss of employment, sold in combination with mortgages and loans, in particular as regards the reimbursement of the premium in case of early extinction of the mortgage or loan. There were also many complaints in 2014 about the failure to accept early termination of multi-year policies in non-life classes, concentrated in particular on certain undertakings vis-à-vis which interventions were made requiring corrective actions (see below in paragraph 1.3.1).

Table IV.3 - Other non-life insurance complaints: distribution by area/type		
Type	Number	% Composition
Complaints about claims	**4,624**	**70.6**
Delay in definition of the damage	2,975	
Disputes on "an" and "quantum"	1,441	
Other	208	
Complaints about the contract	**1,884**	**28.8**
Termination of insurance policy	834	
Repudiation of policy	622	
Failure to refund premiums	131	
Other	297	
Commercial Area	**43**	**0.6**
Total	**6. 551**	**100.0**

Source: IVASS

Complaints in the life assurance classes

2,621 life assurance complaints were examined. As regards the settlement phase, the main reason for complaints by life assurance consumers (35%) is, as in previous years, the delay in the payment of the amounts due to the beneficiary, both at contract maturity or death and in case of surrender. In particular, the number of reports of delays in payments of amounts due in the case of surrenders increased. In all the cases reported, interventions were made to request payment of the amounts owed and of interest on arrears. With regard to this issue, as there were recurring complaints against two insurance undertakings, "root and branch" interventions were made to discern the reasons for the management failures and to ask the board of directors to adopt adequate corrective measures (see below in paragraph 1.3).

The number of complaints about alleged errors in calculating the surrender value, considered excessively low by customers, also increased. In most of the cases examined, however, the calculation proved to be correct.

As to the complaints about the contract, the most frequent reports concerned the failure to reimburse premiums relating to policies ancillary to mortgages and loans. Also with regard to this issue, in many cases remarks were made to undertakings for failure to recognise the functional link between policies and underlying loans, leading to requests to reimburse the premium.

Table IV.4 - Life complaints: distribution by area/type

Type	Number	% Composition
Complaints about claims settlement	**1,391**	**53.1**
Delays in the payment of the surrender value	577	
Delays in capital payment	330	
Calculation of surrender value	241	
Calculation of capital at maturity	110	
Other	133	
Complaints about the contract	**1,152**	**43.9**
Doubts on the regularity of the contract	220	
Failure to reply to policyholder's requests	127	
Transfer of the policy	111	
Refund of premiums/mortgages and loans	337	
Others	357	
Commercial Area	**78**	**3.0**
Total	**2,621**	**100.0**

Source: IVASS

Handling of complaints by insurance undertakings

The quarterly reporting of undertakings to IVASS on the complaints managed revealed the overall trend of complaints.

In 2014, undertakings received approximately 94,000 complaints (-12.2% compared to 2013), of which 78% relating to non-life insurance and 22% to life assurance. Complaints relating to life insurance accounted for a greater percentage of total claims than in 2013 when they accounted for 20%.

Table IV.5 - Complaints made to undertakings: distribution by sector

Year	Non-life	Life	Total
2014	72,658	21,040	93,698
Variation 2014/2013	-14.2%	-4.6%	-12.2%

Source: IVASS based on data sent by undertakings

Motor liability insurance continues to generate the highest number of complaints (48.6%), although there was a 20.5% decrease compared to 2013 (it was 16% in 2012) and its incidence over total distribution shows a noticeable decrease as well (53.7% in 2013). In the life sector, complaints were concentrated within the settlement stage, in particular as regards mixed policies.

Of the complaints received:

- 28% were accepted;
- 59% were rejected;
- 7% reached a transaction with the customer;
- 6% were still under examination at the end of 2014.

The average response time to complainants was 23 days (the same as in 2013).

1.2 - The Consumer Contact Centre

In 2014 the Contact Centre, the telephone support and advice service for consumers, received 43,550 calls (49,296 in 2014) and answered 96.63% of them. Around 168 phone calls were managed on average each day.

The Contact Centre proved to be an important tool so as to perceive "in real time" what happens on the insurance market, the main reasons for customer dissatisfaction, specific phenomena of interest for supervisory reasons and possible warnings about unauthorised intermediaries. As a result of reports to the Contact Centre, supervisory actions were quickly activated.

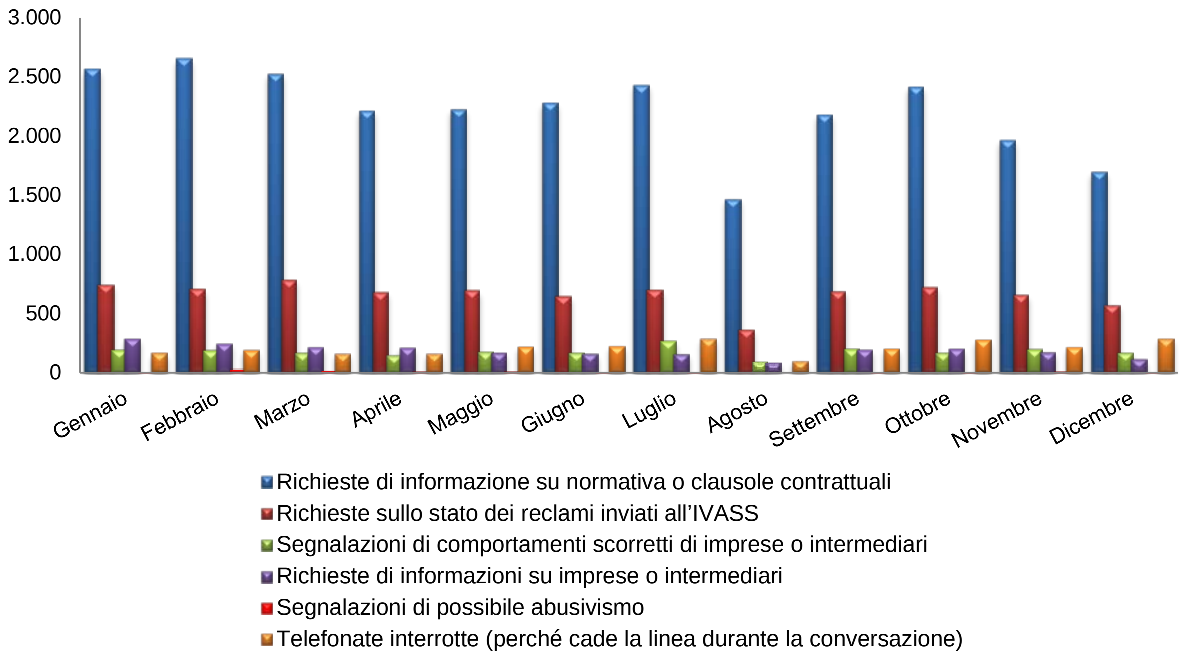
The following table shows the main summary figures for 2014.

Total chiamate pervenute	Totale chiamate conversate	Percentuale conversate/pervenute	Chiamate conversate in media al mese	Chiamate conversate in media al giorno	Tempo medio di attesa (in secondi)	Durata media di conversazione a telefonata (in minuti)
43.550	**42.083**	**96,63%**	**3.629**	**168**	**21**	**3,33**

Source: IVASS

As in previous years, most of the calls were requests for information. Indeed, in around 64% of cases, consumers contacted the Contact Centre for clarifications on the rights and obligations laid out under primary and secondary laws, on the contract conditions underwritten, and information on the due authorisation of insurance undertakings. 19% of the calls concerned requests on the progress of the complaints presented to IVASS and 5% reported possible violations of the law or possible incorrect behaviour of an undertaking or insurance intermediary and resulted in subsequent supervisory measures. In particular, calls were received concerning: delays in the payment of surrender values for life assurance policies; delays in/failure to issue certificates of claims experience or the issue of wrong certificates; failure to enter certificates of claims experience or insurance stickers in the ANIA database, leading to problems for policyholders when taking out a new policy or during roadside vehicle checks; increases in motor vehicle liability premium rates; non-acceptance, by the undertaking, of the termination of multi-annual policies.

The graph below shows the type of consumer requests received monthly.



Source: IVASS

In 2014, there were once again numerous calls from the traffic police, the municipal police or carabinieri to seek information on the regularity of motor liability policies subject to verification during roadside checks. This resulted in timely information on the issue of insurance covers by not licensed subjects and on cases of counterfeiting of policies and the necessary measures to protect the policyholders were activated.

1.3 - Supervision of the correctness and transparency of the conduct of the undertakings

Written complaints and telephone reports from citizens to the Contact Centre, together with information taken from the quarterly reports on complaints received by undertakings, continue to be an essential tool for IVASS to analyse the causes behind consumer dissatisfaction and to intervene, in the presence of recurring or particularly serious problems, with targeted supervisory actions with regard to insurance undertakings.

Interventions were divided into three levels, depending on the critical factors involved:

- "Root and branch" measures on the individual undertakings, to require the adoption of corrective measures by the administrative bodies;
- Activation of inspections;
- System interventions, in the event of widespread problems throughout the market.

1.3.1 - Interventions with regard to individual undertakings

1. A problem subject to recurrent complaints is that of the delays in the payment of benefits relating to life assurance policies (see par. 1.1). With regard to two undertakings in particular, consumers complained of long delays (of months even) compared to the period of 30 days laid down in the contractual conditions for the payment of insurance benefits, combined with shortcomings in the assistance provided by the sales network with regard to the documentation to present to obtain payment. The two undertakings' boards of directors were asked to review company processes and to adopt initiatives to make their networks more aware and ensure compliance with the contractual terms. In the case of proven delays, penalties were applied for non-compliance with the principle of correctness in the execution of contracts laid down in article 183 of the Insurance Code.
2. Still with reference to life business, many consumers contacted IVASS highlighting widespread problems with the conduct of the sales force of an Italian undertaking that does not provide correct information on the features of the policies offered or, more generally, adequate customer support in the pre- and post-contractual phases. In some cases the reports suggested civil and criminal offences, connected to the failure to record premiums and to entering into contracts not expressly requested by customers or with features that do not meet their needs. IVASS intervened by asking the board of directors to take the necessary corrective measures, to strengthen control of the distribution network and to identify more effective organisational solutions to ensure compliance with the rules of correctness and transparency to protect consumers. In the cases of unlawful appropriation of premiums, the board was also asked to guarantee full implementation of article 118 of the Insurance Code and to hold harmless consumers who had paid the premium to the intermediary in good faith. The related realignment plan is in progress.

3. A large number of complaints regarded the failure to accept the early termination of multi-year policies in non-life insurance, concluded after the entry into force of Law no. 99/2009. From consumers' reports, it emerged that, in some cases, the process for selling these policies was not in line with the principles of correctness and transparency referred to in article 183 of the Insurance Code, as policyholders were not clearly informed of the discount applied because of the multi-year duration and the fact that, as a result of this discount, they had lost the right to early termination in the first five years. Following the interventions made by IVASS, the undertakings not only brought the contractual documentation for the new policies into line but also modified their approach to customers, agreeing to terminations of old policies when problems with the selling process were proven.
4. Consumers' complaints continued in 2014, although at a reduced level compared to the previous year, concerning cover combined with motor liability policies (accidents to the driver; fire and theft of the vehicle; etc.) further to the elimination of the tacit renewal in the motor liability insurance policies[29]. In particular, complaints were about the refusal by some undertakings to consider that cover combined with a motor liability policy was terminated unless it was formally cancelled, even though the motor liability policy had ceased to be effective due to natural expiry. IVASS intervened with regard to the undertakings concerned, finding that this concerned policies which, although separate, were taken out by policyholders on the basis of a single consideration of their interests. The undertakings were therefore asked to consider the associated policy terminated and asked to adopt a policy which, beyond the formal aspect, takes due account of the legitimate feelings of policyholders who considered, in good faith, that they did not have to cancel the associated policy separately. As a result of IVASS's intervention the undertakings concerned adopted a pro-consumer attitude, responding positively to policyholders' requests.
5. In the context of motor liability insurance, following many reports from consumers, received both in writing and by phone, IVASS intervened with regard to an insurance company that was distributing online policies because of various problems encountered in the underwriting procedure, in particular, delays in issuing policies and the insurance documents for driving, due to the fact that the checks on the accuracy of the information supplied by the customer were made late, after the premium had been paid, thus delaying issue of the cover. Following IVASS's intervention the company implemented a series of corrective measures speeding up the underwriting checks and carrying them out earlier, before the premium is paid.
6. Again in regard to motor liability, during 2014 the trend of a reduction in consumer complaints about so-called "phantom claims" (fraudulent motor insurance claims, claims for events that never happened or were denied by consumers) recorded in 2013 was confirmed. In the cases reported by consumers, IVASS intervened with regard to the undertakings concerned asking them, in the relevant cases, to remove the contractual penalty (*malus*) applied improperly and to reimburse the extra premium paid by the consumer.

[29] Article 22.1, "Sviluppo bis" decree-law.

7. Some consumers contacted IVASS to report problems that they had encountered in receiving their certificate of claims experience from an insurance undertaking in good time and thus to report the ensuing problems of not being able to take out motor liability policies with other undertakings. Following IVASS's intervention the undertaking took the required corrective measures.
8. Also with reference to motor liability insurance, IVASS intervened with regard to a foreign undertaking where problems had occurred in handling claims, in entering insurance stickers and certificates of claims experience in the ANIA database and in anti-fraud activity, all of which required corrective measures to be taken. Following IVASS's intervention, the undertaking adopted a realignment plan.
9. In the context of suretyship policies: following some complaints and requests for information, which were also received by public administrations, regarding suretyship policies issued by two foreign undertakings, IVASS intervened with regard to these, involving the home supervisory authority of the parent company as well, asking for corrective measures to be taken on the procedures for distributing and underwriting policies and to clarify externally the role of the parties entrusted with placing the products in Italy. Following the instructions given by IVASS and the home authority, the undertakings modified the procedures for underwriting policies and adopted initiatives to make it easier to identify externally the parties with the power to underwrite the policies, in order to avoid confusion among the public and in the commissioning bodies that are the beneficiaries of the suretyship policies.
10. In relation to unit-linked life policies issued by two foreign undertakings that no longer place new products in Italy but which still have a significant portfolio of Italian policies, various reports were received from consumers concerning problems relating to the underwriting phase - lack of checks on whether the product (with high financial content) matches the customer's risk profile - and to a lack of information to policyholders during the contract (failure to send annual statements and communications in the event of financial losses). Following IVASS's intervention, the undertakings reviewed their processes and adopted initiatives to protect consumers, including paying sums to compensate for harm incurred.
11. With reference to policies associated with loans (so-called PPI, Payment Protection Insurance), the examination of the complaints made against a foreign undertaking highlighted anomalies in the structure of the products, the underwriting of insurance contracts, the payment of benefits, and the arrangements for the refund of premiums not enjoyed by clients in case of early repayment of the underlying loans. The undertaking took measures to protect its customers in line with IVASS's requests.

1.3.2 - Inspections

In the case of serious and recurring problems in handling complaints, on-site inspections were proposed, at the premises of the undertakings or intermediaries concerned, to check the correctness and transparency of the sales methods and the execution of the insurance policies. In particular, in 2014 inspections were carried out with regard to policies associated with mortgages and loans concerning the methods for selling and managing these products used by insurance undertakings and the distributor banks/financial institutions. A follow-up inspection was carried out to check that one undertaking had actually implemented the corrective measures requested by IVASS to overcome problems in handling and settling motor liability claims found when dealing with complaints and confirmed by a previous inspection. Inspections were carried out of some intermediaries operating on behalf of a foreign undertaking working in the suretyship sector regarding which many problems had been encountered. The outcomes of the inspections were also sent to the home supervisory authority, which temporarily suspended the undertaking's activity.

During the second half of 2014 inspections were planned and then carried out in early 2015 with regard to two undertakings because of recurring problems encountered when examining complaints about their claim settlement policies in the motor liability class and in the associated non-life classes, which led to the assumption that they were adopting techniques for delaying payments.

In addition, following inspections, significant problems were found in one undertaking's offer of medical professional liability products and their settlement policy, with systematic refusals to pay benefits. IVASS stopped the marketing of one product, in compliance with article 184 (2) of the Code of Private Insurance.

1.3.3 - Interventions on the entire market

Again on the basis of the reports, both written and through the telephone, made by consumers the following letters were sent out to the market.

Motor liability risk premiums. Elimination of the "nationality of birth" premium factor

Following a number of reports and checks on websites that provide quotations for motor liability insurance, it was found that certain companies use the "nationality of birth" of the insured as a criterion for determining the premium, applying - all other factors being equal - a tariff uplift to persons born in certain European and non-European countries. This underwriting policy is highly discriminatory and contrary to the General Recommendation dated 31 January 2012 adopted by UNAR (National Office against Racial Discrimination attached to the Presidency of the Council of Ministers) on the differentiation by nationality of the tariffs for motor liability cover.

In a letter to the market dated 26 November 2014, IVASS therefore wrote to the companies operating in the motor liability class, requiring them to avoid discriminatory behaviour when setting their motor liability tariffs and to eliminate the premium criterion based on the nationality of birth of the insured.

On-line motor liability insurance quotations and offer of ancillary cover - ban on the use of opt-out mechanisms

IVASS has also taken systemic action, together with the Antitrust Authority, against the forced on-line sale of ancillary cover via the use of opt-out mechanisms that require consumers to "un-click" unwanted offers. In particular, following a number of reports and checks on the websites of certain insurance companies, it was found that some these, especially those operating via the Internet, linked their on-line quotations for compulsory motor liability insurance with ancillary cover, such as fire and theft, driver injury, roadside assistance and legal protection, via an automatic pre-selection mechanism.

IVASS acted by sending a letter to all companies operating in the motor liability insurance class, requiring them to avoid the forced association of ancillary cover related to motor liability insurance and consequent use of opt-out mechanisms, since this is contrary to the principles of transparency and fairness.

At the same time, the Antitrust Authority started proceedings against two insurance companies for possible unfair commercial practices, as defined in the Consumer Code, requesting the adoption of a quotations system in which the consumer must explicitly express a desire to purchase ancillary cover (opt-in) by clicking on the related boxes.

1.4 - Supervision of products and selling practices

Survey: "You are insured and perhaps you have not realised it"

Further to the survey started in 2013 into the insurance products offered together with products and services of another kind, such as the supply of energy and gas, airline tickets, fast moving consumer products, household appliance, a final report was published on IVASS' website in July 2014.

The survey, called "You are insured and perhaps you have not realised it", has shed light on a very widespread phenomenon which concerns more than 15 million policyholders and 1,600 types of "packages" offered to customers under commercial agreements between insurance companies and various economic operators, and has revealed some critical situations relating to a lack of awareness about the insurance coverage so that the policyholder can activate it in case of a claim, the arrangements for entering into and terminating the contract and to the unclear indication of costs.

The principally affected areas are banking, sporting and travel services and public utilities (supply of water, energy and gas); the products examined are in general collective policies offered to a large and heterogeneous group of users, with the only common point that they are all using the same principal good/service.

The results of the survey were also sent to the Antitrust Authority, the Electricity, Gas and Water Supply Authority (AEEGS), the Authority for the protection of personal data and the Bank of Italy, regarding the matters of concern to them, so that they could consider the need to take joint action for the protection of consumers.

In order to strengthen coordination among the Authorities, for the greater and more effective protection of consumers, two protocols of understanding have been signed between IVASS and the Antitrust Authority (the second supplemented the protocol signed in 2013) and between IVASS and AEEGS[30].

With regard to the public utilities sector, following signature of the above protocols and the joint analyses carried out by IVASS, the Antitrust Authority and AEEGS, the three Authorities sent joint letters to the public utility providers and their insurance partners in March 2015, requesting further data and information about the nature and characteristics of the insurance policies linked to the provision of water, gas and electricity supply services. The information received is currently being analysed.

Investigation into comparison websites

The investigation of websites that compare motor liability insurance tariffs was completed in 2014 and the related report was published on IVASS' website. The investigation, which concerned 6 comparison websites, has brought to light critical situations for consumers linked to the existence of conflicts of interests in the operation of the websites, to the methods for drawing up ranking lists and to transparency and fairness of advertising. The main critical situations found have shown:

- websites compare only (or mainly) the products of the few companies they have entered into agreements with, and from which they receive commissions in respect of each contract concluded through their channel;
- the number of companies advertised for comparison is generally higher than that of the companies actually compared;
- the comparison is based solely on price, and does not take account of the characteristics of the products, such as for example maximum amounts covered, deductibles, recourse and exclusions; this involves the risk that customers are not offered a suitable product in relation to their insurance needs, and that non-homogeneous products are compared;
- the forced combination of ancillary cover, even when not requested by the consumer, and that to remove such cover consumers must use the un-tick mechanism (*opt out*);
- websites make an extensive use of advertising messages formulated in such a way as to convince consumers that they can achieve considerable savings ("up to 500 €") and buy the "best product" or contact the "best company". They do not however provide details about the criteria for assessing products and companies or about the bases for calculating the promised saving.

To remove these critical situations IVASS required the individual insurance intermediaries that manage such websites to take a number of corrective measures by 31 January 2015, such as:

[30] The protocol with AEEGS was signed in February 2015.

- to show in the home page the list of insurance companies with which there are partnership agreements for purposes of comparison, and to clearly indicate that the comparison service is subject to remuneration by those companies;
- to indicate in the comparison output, for each policy, the commissions paid by the company in the event of conclusion of the contract;
- to clearly indicate the market share compared;
- to guarantee that the number of companies advertised for comparison corresponds to those actually compared. In case of non-quotation of one or more companies, an explanation must be given and the missing quotations must be provided to the consumer at a later stage;
- to adopt such a process of identification of the customer's insurance needs, and of quotation, as to display a ranking containing only products that meet the needs expressed by the customer;
- not to base comparison only on price but also on the policy's key features, presenting them according to a standard which facilitates comparison among the various offers;
- to avoid forced combinations of ancillary and motor vehicle liability cover and opt-out mechanisms to be used by the consumer;
- to revise the advertising messages in line with the existing legislation on misleading advertising.

IVASS has also published "5 recommendations for consumers" on its website, containing suggestions for citizens about the principal aspects to be considered when weighing the usefulness of the comparison results.

Verification of the transparency of PPI (Payment Protection Insurance) products and their methods of placement

As part of checking the transparency of policies, information dossiers were examined for 44 products linked to mortgages or loans, sold by 42 companies representing respectively 57% and 81% of the market.

The analysis identified multiple issues regarding the design of the policies, which were written in a way that often made them unsuitable for the policyholders and contained exclusions, restrictions and shortcomings that significantly reduced the extent of the cover.

These issues came on top of those already identified, based on complaints and reports from the consumer associations, about the way these products are sold, which often conflicts with the rules governing fairness and transparency. IVASS worked with the companies concerned on the individual cases reported and carried out inspections at a number of insurance companies and bank branches, which confirmed the issues identified and resulted in the adoption of corrective measures and sanctions.

In addition, IVASS and the Bank of Italy carried out a joint investigation of the various issues affecting the sector, in the areas of both production and distribution. The possible lines of action to be adopted by the supervisory authorities were discussed at a meeting held on 5

June 2015 with the representatives of consumers, insurance companies and intermediaries, banks and financial institutions.

1.5 - Supervision of foreign undertakings operating in Italy

As usual, insurance undertakings with head office in another EU member state and licensed to operate in Italy have been supervised in close coordination with the Authorities in their home countries that are responsible for monitoring their solvency. The exchange of information and level of collaboration have intensified, both in relation to the entry of new operators into the Italian market and with regard to certain market conduct matters that emerged when dealing with complaints.

In this context, bilateral meetings and conference calls were held with foreign Authorities and IVASS also took part in 3 Supervisory Colleges on cross-border groups present in Italy with branches of major importance.

This work was carried out to ensure the transparency and fair conduct of foreign undertakings in relation to their Italian policyholders and claimants, both when processing new requests for authorisation and on an ongoing basis while operating in Italy.

As envisaged in the General Protocol relating to the Collaboration of the Insurance Supervisory Authorities of the Member States of the European Union, where undertakings operate in "sensitive" classes of particular social importance, such as motor liability cover, suretyship and medical professional liability, their Home Supervisors were asked for additional information about their shareholder base and the reputation of their shareholders and managers, as well as their activities in Italy. The purpose of this was to identify possible issues in advance, not least with reference to undertakings with "foreign clothes" that are actually controlled by Italians, although formally established abroad.

In recent years, this approach has resulted in the prohibition to commence new business in Italy being imposed on three Romanian undertakings operating under the freedom to provide services in the suretyship class (City Insurance S.A., Onyx Asigurari and Forte Asigurari e Reasigurari). In 2014, in order to comply with a ruling from the Council of State, IVASS adopted a measure in relation to City Insurance S.A. that confirmed the ban already imposed in 2012 and merely clarified the reasons underlying the decision taken.

On 10 December 2014, the Lazio Regional Administrative Court (TAR) rejected the appeals presented by the three Romanian undertakings against the above bans.

During 2014, IVASS worked with the Romanian Supervisory Authority (ASF) in relation to another Romanian undertaking active in Italy, Lig Insurance S.A. In particular, following this coordinated supervisory activity, on 10 February 2015 ASF temporarily prohibited that company from carrying out insurance activities, in view of the significant issues identified.

In addition, following numerous complaints and the results of inspections carried out by IVASS, serious organisational and internal control weaknesses were identified at the Italian branch of a European undertaking, together with repeated violations of the regulations governing motor liability insurance. After adoption of the Action Plan presented by the parent company, the developments were monitored and the problems identified were found to have been resolved.

The processing of complaints has resulted in the adoption of various measures to address their "root causes", as described in section 1.3.1, with a view to tackling and resolving once and for all the most serious and recurring problems. Other cases have involved meetings with the representatives of the undertakings concerned to request the adoption of suitable corrective action, again with the involvement of the foreign Supervisory Authorities.

With regard to the entry into Italy of new EU operators, 73 new authorisations have been issued under the freedom to provide services, some relating to branches in other member states via which the undertaking intends to operate in Italy under the freedom provide services; a total of 27 requests for extensions were agreed.

In addition, 5 new branches were authorised (while 9 ceased activities).

Lastly, foreign Supervisory Authorities notified 22 extraordinary operations (mainly relating to transfers of insurance portfolios between foreign undertakings authorised to operate in Italy under the right of establishment or under the freedom to provide services), in relation to which the relevant opinion was issued and the related information was published in IVASS' monthly bulletin.

1.6 - Supervision of unauthorised intermediaries

2014 also featured many cases of unauthorised pursuit of insurance business in the motor liability sector, certainly attributable in part to the continuing economic crisis, which aids the offer of low cost policies which sometimes turn out to be false.

13 notices to the public were made (published on IVASS' website and divulged in the press) to report cases of policy counterfeiting, implemented by using invented corporate names or names very similar to foreign undertakings duly authorised to operate in motor liability insurance or in other classes (e.g. Interamerican Assicurazioni, La Nationale).

These cases were discovered thanks to the reports made by citizens and in direct link with the Law Enforcement Agencies which, following road blocks, contact the IVASS Contact Centre to obtain confirmation of any doubts regarding the regular nature of the insurance documentation shown.

In order to provide citizens and the Law Enforcement Agencies with a rapid consultation instrument on cases of counterfeiting, the home page of IVASS' website contains a black list that is continuously updated, showing the cases reported and the undertakings involved.

During 2014, the IVASS Contact Centre also received various reports about unauthorised insurance mediation activities, mainly in the motor liability class, and about the non remittance of insurance premiums by duly registered brokers.

1.7 - Supervision of insurance intermediaries

Consumer protection activities also include the supervision of insurance intermediaries by IVASS.

The goal of supervision is to check the compliance of market conduct with the provisions in force, with a view to ensuring observance of the obligations to keep separate accounts and of the rules on disclosure, fairness and transparency in relations with customers. It also includes the fight against unauthorised insurance business and fraud which, since they are offences, must be reported to the legal authorities.

Again with regard to consumer protection, IVASS also actively provides guidance to operators about good practices, both with action in individual cases and via institutional contacts with the trade associations, as well as by the issue of regulations and meetings with the market.

The supervisory action mainly involves the processing of reports received by IVASS from insurance companies, intermediaries, consumers, CONSAP - Guarantee fund for insurance brokers, the Police and other Public Authorities.

In 2014 IVASS received a total of 770 reports (820 in 2013).

Of these, 76 (9.8% of the total) concerned the lawful revocation of agency mandates communicated to IVASS by their principals (insurance companies). This represented a noticeable decrease (- 26%) compared with the 103 cases reported in 2013.

The following table analyses on a comparative basis the reports received by type of intermediary involved:

Intermediary	Complaints received 2014	%	Complaints received 2013	%
Agents (sect.A)	263	34.2	286	35.0
Brokers (sect.B)	125	16.2	147	18.0
Canvassers (sect. C)	1	0.1	--	--
Banks/other (sect.D)	11	1.4	17	2.0
Collaborators (sect. E)	300	39.0	287	35.0
Unauthorised/unregistered	50	6.5	62	7.5
Other operators	20	2.6	21	2.5
TOTAL	**770**	**100.0**	**820**	**100.0**

Source: IVASS

Overall, the percentages for each category of intermediary reported have changed little, except for a slight increase in the collaborators registered in section E.

In terms of the sanctions imposed as a result of the supervisory work performed, comprising off-site supervision and on-site inspections, a total of 347 notices of fines were sent to intermediaries during 2014.

Main types of violation

Analysis of the principal types of notified irregularities identifies the clear prevalence of violation of the rules of conduct, often accompanied by violation of the rules on keeping separate accounts: together, the two types represent more than 70% of the notifications made. Violations of the pre-contractual information requirements and the IVASS notification requirements were less frequent.

The main types of violation reported concerned:

- obligations to keep separate accounts;
- omissions or delays in the registration of contracts in the accounts, although the relevant premiums had been collected;
- the illegal carrying on of insurance mediation, also through websites;
- the marketing of counterfeited policies, which are therefore invalid;
- the irregular underwriting of motor liability insurance contracts;
- violation of the pre-contractual information requirements, including the assessment of adequacy;
- the failure to keep insurance documentation;
- violation of the duties of notification to IVASS;
- inexact or incomplete publicity/information on websites and elsewhere about the activities of the intermediary and the products offered;
- the improper use of insurance idiomatic phrases which are not compliant with the nature of the business pursued.

1.7.1 - Main phenomena observed and measures adopted

Violation of the obligations to keep separate accounts and the rules of conduct

Not only recurring, these phenomena also relate to all types of intermediary. This is taken into consideration when identifying the supervisory action that is most suitable in each case.

In particular, the paper-based checks carried out by IVASS are supported by the direct involvement of the principals concerned, as requested in the case of agency relationships. The activation of the companies, including their internal audit functions if the violations are particularly serious, is consistent with their obligation to supervise the distribution networks used by them. There are two benefits: for IVASS, this means that improper conduct is investigated, while for the principal, this represents a control over the underwriting cycle.

Following the verification work and if necessary, the pecuniary and/or disciplinary sanctions envisaged by the Insurance Code are applied.

Supervisory activities have tackled a matter of particular interest, regarding the possible offset by intermediary of agency commission and other receivables against premiums collected on behalf of the insurance company and paid into a separate account. While it is possible to pay premiums into a separate account, net of commission if allowed by the insurance company, IVASS confirms once again that amounts due to the intermediary by the company cannot be offset against the premiums paid into a separate account, especially if they are already net of the related commissions.

This orientation is founded on the EU principle of the separation of assets, designed to protect both the policyholder and the insurance company.

Again with regard to violations of the obligations to keep separate accounts and provide pre-contractual information, a case involving a large broker was particularly significant. This operator was the subject of numerous complaints, including those made by CONSAP - Guarantee fund for insurance brokers, regarding requests for compensation presented by insurance companies and intermediaries. The verification work, carried out on a timely basis via inspections, identified a serious financial crisis deriving from direct and massive use by the broker of the premiums collected. This was followed up by administrative pecuniary penalties, as well as by disciplinary action that resulted in the individuals responsible being struck off. The insurance portfolio of long-term policies managed by this broker was transferred to another broker. IVASS has taken consumer protection action in order to ensure compliance with the provisions of art. 118 of the CAP, which release the policyholder from all responsibility if premiums are paid in good faith to intermediaries holding a collection mandate for the policies arranged.

Marketing of policies linked to the services provided by public utilities

Among the newer distribution schemes, the sale of policies linked to the supply of utilities merits some attention. These contracts are usually sold under an agreement between the intermediary and the utility provider, whereby the former makes use of the latter's distribution channels, including "door-to-door" salesmen, so that policies for the provision of assistance are offered at the time of signing utility supply contracts. The utility supply companies and their sales networks are usually exonerated from the registration requirement, meeting the requirements envisaged by the CAP for ancillary activities.

The objective of the supervisory action taken was to remind insurance intermediaries of the need to strengthen their checks on the distribution channels of the utility provider, for which they are directly responsible, and to introduce effective systems for the monitoring of salesmen. This will provide greater protection for policyholders, in terms of their knowledge of the product purchased and the effectiveness of the cover obtained, in order to prevent mis-selling.

Sale of counterfeited policies, on-line and otherwise.

As already observed in previous years, sales have continued of policies, primarily temporary motor liability insurance policies, apparently issued by undertakings with head office in the EU, which are non-existent or not licensed to operate in Italy (at least in that class).

The policies are sold, partly through “phantom” websites, by unauthorised Italian market participants using generic or non-existent names, or by foreign market participants that are found to be unauthorised in their home country too.

Such cases have been reported to the judicial authority or, in the event of on-line sales, to the Postal and Telecommunications Police. In the event of involvement of a foreign party, the cases were reported to the competent Supervisory Authority.

In order to strengthen the protection of Italian consumers, IVASS has taken steps in these cases to issue press releases which include the name of the unauthorised market participant and a number of warnings useful for the user.

In order to facilitate public access to important information, the press releases published by IVASS can be found on the institutional website under the headings “list of notices about unauthorised undertakings”; “list of notices about cases of counterfeiting”; “websites not compliant with the rules on insurance mediation”.

Irregular pursuit of business by EU undertakings/intermediaries not licensed in Italy

This phenomenon regards the mediation of policies on behalf of insurance companies with head offices in other EU States by foreign entities which are licensed to pursue insurance business in their home country, but are not authorised to carry out mediation business in Italy since not registered on the List attached to the Register.

Often, the insurance company on behalf of which the intermediary acts, despite being duly authorised in the country of origin, also lacks the licence to operate in Italy.

In these cases, after the necessary checks, steps were taken to request the intervention of the respective Supervisory Authorities, vis-à-vis both the undertaking and the intermediary.

Information contained on the websites of intermediaries registered or of market participants not registered in the RUI, which offer insurance products

The cases observed regard both incomplete/inaccurate information provided on the websites of intermediaries duly registered in the Register and the proposal or marketing to the general public of insurance products via websites by parties that are not registered. In the first case, IVASS adopted measures requiring the intermediary to supplement/adjust the information present on the website in compliance with current laws and regulatory provisions (clear indication of the business pursued, details of registration in the Register, indication of the competent supervisory body, etc.).

In cases of offer via the Internet of insurance products by parties not registered in the RUI, the market participant was enjoined to suspend business activities or take down the websites, and the case was reported to the judicial authority when the Internet marketing of insurance products by the unauthorised market participant was ascertained.

Supervision of Italian intermediaries operating on behalf of EU undertakings

Supervision has continued of Italian intermediaries (mainly brokers) that distribute insurance products on behalf of EU companies, operating in Italy under the freedom to provide services. This work includes exchanging information with the Supervisory Authorities in their countries of origin and, where necessary, with the tax police.

Collaboration with the Authorities of other member States

Collaboration with the Authorities of other member states has remained intense, particularly with regard to the exchange of information about intermediaries registered in the RUI that have notified their intention to take top management positions in insurance/financial companies registered in the member states concerned.

1.7.2 - Queries and requests for opinions

Numerous queries and requests for opinions (93 in total) continue to arrive from operators. Answers have been provided on matters including:

- safeguards with regard to conflicts of interest as per Article 48 of ISVAP Regulation no. 5/2006 - possibility for a broker and an agent to carry out their respective activities in the same commercial premises;
- possibility of entrusting a broker with claims handling activities;
- proper compliance with the obligations to prepare, deliver and keep contractual and pre-contractual documentation;
- separation of accounts, separate bank current accounts, possibility of opening a separate current account in the name of a collaborator, and the characteristics of the bank guarantee;
- issuance in the name of the broker of non-transferable cheques for the payment of premiums;
- provision of support in the purchase of policies on behalf of on-line insurance companies;
- life policies used to guarantee loans repaid by pledging one-fifth of salary;
- distance sales via a website administered by a collaborator;
- risk management and insurance mediation;
- collaboration between same-level intermediaries pursuant to Article 22 (10) of Decree Law no. 179/2012, converted into Law no. 221/2012;
- cases of incompatibility with insurance mediation activities;
- training and professional updating requirements, equivalence of distance learning courses with classroom courses;
- applicability of the multi-agency rules to intermediaries registered in section E of the RUI;
- use of agencies by undertakings pursuing business under the freedom to provide services.

Many of the queries were not particularly new/important, relating in fact to matters covered directly by current regulations or for which IVASS has already established interpretations. A number of particular interest are presented below:

Agency operations of undertakings active under the freedom to provide services

The query related to the possibility for undertakings operating in Italy under the freedom to provide services to make use of the collaboration of intermediaries, especially agents registered in section A of the RUI.

This issue was initially addressed in the framework of the provisions laid down by national law - Article 24 (4) of Legislative Decree no. 209/2005 - under which “As regards the pursuit of business under the freedom to provide services in the territory of the Italian Republic, the undertaking may not use branches, agencies or any other permanent presence in the Italian territory, even if that presence consists merely of an office managed by the undertaking's own staff or by a person who is independent but has permanent authority to act for the undertaking".

However , in the light of European Commission Interpretative Communication 2000/C 43/03 regarding the freedom to provide services and the general good in the insurance sector, on the basis of an interpretation that is not restrictive and is consistent with EU orientations intended to guarantee the full freedom of movement of insurance companies, while excluding the permanent presence in Italy of branches, offices or any other structure, it is clarified that an undertaking operating under the freedom to provide services may give briefs to intermediaries registered in section A of the RUI, without this resulting in an obligation to open a permanent establishment, if the following conditions are met:

- the brief is not permanent;
- the intermediary is not subject to the control of the undertaking;
- the intermediary does not have the power to commit the insurance undertaking.

Nature of risk management and insurance mediation activities

Some queries related to the nature of risk management activities and their inclusion as part of insurance mediation.

The assessment is based on the provisions of Article 106 of Legislative Decree no. 209/2005, according to which: "Insurance and reinsurance mediation consists in introducing or proposing insurance and reinsurance products or in providing assistance and advice for this purpose and, if the mediation brief so provides, in the conclusion of contracts or in assisting in the administration or performance of such contracts, in particular in the event of a claim".

In general, risk management activity basically consists in the identification of risks, assessment of the adequacy and effectiveness of the control and containment measures in place, and the definition of an insurance plan to minimise the related costs.

In this sense, the risk management service consists in the provision of specific advice about the management of risks that, while being a segment of insurance mediation, only falls within the definition of art. 106 of the CAP if such advice is provided, for consideration, for the purpose of presenting or proposing insurance contracts and putting the customer in contact with the insurance company.

2. - MEETINGS WITH CONSUMER ASSOCIATIONS

During 2014, periodic meetings continued with the Consumer Associations so as to gain contributions and cues for supervisory and regulatory measures on insurance questions of interest for consumers.

Four meetings were held during the year:

- the meeting held on 15 January covered topics relating to the customer support provided by sales networks during the placement of insurance products and throughout the contract period, as well as the "technical" support provided by them for the direct settlement of motor liability claims;
- the meeting held on 5 May, attended by the Bank of Italy for the first time, tackled issues of importance to the insurance and banking sectors including, in particular, policies linked to mortgages and loans. The supervisory action taken to date was reviewed and the need for further steps, to safeguard the users of insurance and banking services, was examined. Transparency and fairness were also discussed with reference to IVASS' investigation of comparative websites;
- the meeting held on 9 July continued the examination of issues relating to products linked to mortgages and loans; this debate also involved ABI, ASSOFIN and ANIA, which are key sector associations. The measures to simplify procedures and bureaucratic requirements, adopted subsequently by IVASS Regulation no. 8/2015, were also described;
- the meeting held on 17 October involved a discussion, with the Consumer Associations and ANIA, of possible reasons for the limited recourse made to joint mediation for the out-of-court resolution of motor liability insurance disputes. IVASS identified possible actions, which were well received, to increase consumer awareness of this out-of-court dispute settlement mechanism and to facilitate access to the procedure. The Consumer Associations also provided positive feedback about the results of the IVASS survey "You are insured and perhaps you have not realised it" of insurance policies sold together with non-insurance products and services.

The meetings continued in January and March 2015; discussions during the meeting held in January 2015 returned to the topic of joint mediation and the progress made by initiatives to promote its use, as well as to the corrective measures imposed on operators by IVASS following the "You are insured and perhaps you have not realised it" and comparative website investigations.

The meeting held in March 2015 addressed the investigation carried out by IVASS, following reports from the Consumer Associations, into the free motor liability policies offered on the purchase of a new motor vehicle, considering the damaging consequences for policyholders deriving from the loss of their Bonus-Malus class and the benefits of the Bersani Law. In this regard, possible solutions were suggested for citizens who accepted the offer, in order to protect the continuity of their insurance history and retain the Bonus-Malus class attained prior to accepting the offer. Discussions also covered trends in the methods used for the distance selling of insurance products, involving application of the latest technologies, as well as possible initiatives for the development of long-term care insurance, which may represent a response to the social problem of dependent people.

3. - INSURANCE EDUCATION

To implement the Insurance education project for 2014 steps were taken to update and enrich the content of IVASS' Portal (which can be accessed at *www.educazioneassicurativa.it* or via a link on the homepage of the institutional website).

Two new practical guides have been published on "Policies linked to mortgages and loans" and "General liability insurance", which add to the four already published[31].

On-line questionnaires have also been introduced, enabling users to express their satisfaction with the Portal as a whole and with each practical guide, as well as self-assessment tests that help users to check their understanding of the information contained in the Guides. In the case of incorrect answers, the application provides guidance for finding the paragraphs that contain the correct response.

While offering users a way to check their learning, this function also allows IVASS to identify any topics that need clarification or treatment in greater depth, as well as to plan future training projects.

As part of the "Trial economic and financial training project for schools", launched by the Bank of Italy in agreement with the Ministry of Education, to which IVASS has taken part since 2013, the English version of the Educational pamphlet on motor liability, intended for second level high school students, has been made available, together with its German version, for the minority language communities of Trento and Bolzano.

[31] "1.Motor liability insurance", "2.Life assurance", "3. Health insurance ", "4.How to file a complaint".

V - SANCTIONS

1. – Administrative pecuniary sanctions

1.1 - Injunctions issued and comparison with 2013

Table V.1

(amounts in euro)

	2014			2013			increase/decrease 2014/2013			
	No.	% of total	Amount	No.	% of total	Amount	No.	%	Amount	%
Injunctions	2,792	86.9	23,085,566	3,184	91.1	25,547,289	-392	-12.3	-2,461,723	-9.6
dismissals	419	13.1	-----	312	8.9	-----	107	34.3	-----	-----
Total injunctions	**3,211**	**100.0**	**23,085,566**	**3,496**	**100.0**	**25,547,289**	**-285**	**-8.2**	**-2,461,723**	**-9.6**

Source: IVASS

The above table shows a reduction in the amount of the sanctions imposed, a slight decrease in the number of injunction orders and an increase in dismissals.

Injunctions in 2014 - by persons subject to injunctions

Table V.2

(amounts in euro)

	companies	intermediaries	others	total
Number of injunctions	2,457	330	5	**2,792**
%	88.0	11.8	0.2	**100.0**
Amount of injunctions	19,016,733	4,043,833	25,000	**23,085,566**
%	82.4	17.5	0.1	**100.0**

Source: IVASS

Specifically, sanctions were imposed on 81 companies and 307 intermediaries.

Appeals against injunctions and comparison

Table V.3

2014			2013		
Injunctions issued	Appeal to TAR/ Extraordinary appeal to the Head of State		Injunctions issued	Appeal to TAR/ Extraordinary appeal to the Head of State	
	No.	% of total injunctions issued		No.	% of total injunctions issued
2,792	27	1	3,184	169*	5.3*

* The data, different to that presented last year, takes account of the additional appeals received following preparation of the 2013 Report

Source: IVASS

There has been a significant percentage decrease in appeals compared with 2013. Of these, 48.1% were presented by one company that has appealed against 13 injunctions regarding the settlement of motor liability claims.

1.2 - Types of violation

Violation of motor liability provisions

Table V.4

(amounts in euro)

	2014			2013			increase/decrease 2014/2013			
	No.	% of market total	Amount	% of market total	No.	Amount	No.	%	Amount	%
Injunctions	2,345	84.0	16,470,517	71.3	2,784	18,383,919	-439	-15.8	-1,913,402	-10.4
Market total	2,792	100.0	23,085,566	100.0	3,184	25,547,289				

Source: IVASS

There was a significant decrease in injunctions issued for motor liability violations, a particularly large portion of which were due to violations regarding claims settlement, as shown in table V.5.

Violation of the rules on claims settlement times

In 2014, injunctions concerning the settlement of motor liability claims were issued to 47 companies. Although down slightly compared with the prior year, these still represent a large percentage of both the total number of injunctions issued (75% in 2013 and 61.3% in 2014) and the amount of the sanctions levied by IVASS (83.6% in 2013 and 70.6% in 2014).

Table V.5

(amounts in euro)

	2014									
	No.	% of total motor liability	% of market total	Amount	% of total motor liability	% of market total	of which direct compensation			
							No.	% of total claims settlement	Amount	% of total claims settlement
Injunctions	1,438	61.3	51.5	11,636,002	70.6	50.4	485	33.7	2,602,514	22.4

Source: IVASS

Table V.6

	2013					
	No.	Amount	of which direct compensation			
			No.	% of total claims settlement	Amount	% of total claims settlement
Injunctions	2,088	15,379,836	827	39.6	4,293,602	27.9

Source: IVASS

Other violations of motor liability provisions

Table V.7

(amounts in euro)

2014								2013	
Certificates of claims experience		Data Bank		Other motor liability violations		total		total	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
498	1,799,750	182	2,052,015	227	982,750	**907**	**4,834,515**	**696**	**3,004,083**

Source: IVASS

Following the entry into force of Order no. 15/2014, containing additions to Regulation no. 31/2009, sanctions have been levied in relation to the claims data bank.

Violation of other provisions

Table V.8										
										(amounts in euro)
	2014			2013			increase/decrease 2014/2013			
	No.	% of market total	Amount	% of market total	No.	Amount	No.	%	Amount	%
Injunctions	447	16.0	6,615,049	28.7	400	7,163,370	47	11.8	-548,321	-7.6
Market total	2,792	100.0	23,085,566	100.0	3,184	25,547,289				

Source: IVASS

Injunctions issued for violations other than those relating to motor liability regard violations of the duties of notification to IVASS for supervisory purposes, violations of provisions concerning the management of the undertaking and violations of provisions on relations with users and violations concerning mediation activities.

Violation of the duties of notification to IVASS for supervisory purposes

The above infringements regarded violations of the obligation to send IVASS information about the management of the undertaking, outward reinsurance and participations held by insurance undertakings, documents regarding the corporate bodies, budgetary documents, inquiries by IVASS regarding complaints etc. Again with regard to 2013, there was a significant decrease in the number of proceedings for failure to observe the deadline of 30 days envisaged for responses to IVASS in relation to requests relating to the complaints forwarded by the parties concerned, as per ISVAP Regulation no. 24/2008 (in 2014, 4 for 197,893 euro and in 2013, 65 for 819,185 euro).

Table V.9						
						(amounts in euro)
			2014			2013
	No.	% of total other violations	Amount	% of total other violations	No.	Amount
Injunctions	38	8.5	389,560	5.9	78	966,185
Total other motor liability violations	447	100.0	6,615,049	100.0	400	7,163,370

Source: IVASS

Violation of laws and regulations as well as of IVASS' measures on the management of undertakings

The violations in question regarded non-compliance with the provisions about the management of the undertaking, the keeping of insurance books and records and the transparency of life and non-life insurance services.

Table V.10

(amounts in euro)

	2014				2013	
	No.	% of total other violations	Amount	% of total other violations	No.	Amount
Injunctions	40	8.9	1,781,366	26.9	24	1,416,667
Total other motor liability violations	447	100.0	6,615,049	100.0	400	7,163,370

Source: IVASS

Violation of laws and regulations on relations with users.

The irregularities concern the handling of complaints by undertakings as per ISVAP Regulation no. 24/2008 (failure to respond to the complainant within 45 days of receiving the complaint) as well as the information obligations pursuant to ISVAP Regulation no. 35/2010 (failure to respond to the person concerned within 20 days in relation to inquiries about a life/non-life insurance product).

A total of 39 injunctions were issued (8.7% of the total for other violations) for a total of 400,290 euro (6% of the total for other violations). The details are shown in the following table.

Table V.11

(amounts in euro)

	2014							
	ISVAP Regulation n. 24/2008				ISVAP Regulation n. 35/2010			
	No.	% of total other violations	Amount	% of total other violations	No.	% of total other violations	Amount	% of total other violations
Injunctions	29	6.5	280,790	4.3	10	2.3	119,500	1.8
Total other motor liability violations	447	100.0	6,615,049	100.0	447	100.0	6,615,049	100.0

Source: IVASS

66 injunctions were issued for a total of 424,185 euro for violations of ISVAP Regulation no. 24/2008 and 22 injunctions were issued for a total of 276,667 euro for violations of ISVAP Regulation no. 35/2010.

Violation of regulations on insurance mediation (agents, brokers and collaborators)

Table V.12

(amounts in euro)

	2014			2013			increase/decrease 2014/2013			
	No.	**% of total other violations**	**Amount**	**% of total other motor liability violations**	**No.**	**Amount**	**No.**	**%**	**Amount**	**%**
Injunctions	330	73.8	4,043,833	61.1	210	4,079,666	120	57.1	-35,833	-0.9
Total other motor liability violations	447	100.0	6,615,049	100.0	400	7,163,370				

Source: IVASS

Also in 2014 there was an increase in the number of injunctions issued against intermediaries.

1.3 - Sanctions paid

The amounts of the sanctions paid in 2014 refer to the injunctions issued by IVASS in the previous three-year period. In some cases, they are payments of surcharges due to payments made after the 30 day time-limit, or payments pertaining to injunctions for which the monthly instalments were allowed, since the conditions envisaged by Article 26 of Law no. 689/1981 were satisfied.

Amount paid in 2014 and comparison with 2013

Table V.13

(amounts in euro)

	2014	2013	increase/decrease 2014/2013	
Total amount paid	20,231,839	22,770,132	-2,538,293	-11.1

Source: IVASS

Sanctions paid in 2014 by year in which the injunctions were issued

Table V.14

(amounts in euro)

	2014	2013	2012	total
Amount paid	18,210,333	1,744,924	276,582	**20,231,839**

Source: IVASS

Amount paid in 2014 by recipient of the sanctions

Table V.15

(amounts in euro)

2014				
CONSAP - F.G.V.S. (Violation of motor liability legislation)		**NATIONAL REVENUE (Other violations)**		**Total**
Amount paid	% of total	Amount paid	% of total	
17,193,748	85	3,038,091	15.0	**20,231,839**

Source: IVASS

2. - Disciplinary sanctions

2.1 - Preliminary investigation of disciplinary proceedings and activities of the Guarantee Committee

The Guarantee Committee on disciplinary proceedings, made up of two sections, evaluates the results of the preliminary investigations, examines the defences of the parties concerned, arranges for their hearing and proposes to the competent bodies of IVASS, either the adoption of a disciplinary penalty or termination of the procedure. In 2014, the Guarantee Committee held a total of 63 meetings.

Order no. 25/2014 appointed the first section of the Guarantee Committee on disciplinary proceedings with effect from January 2015, following the definitive expiry of the mandate (no longer renewable) previously granted to the outgoing members of that section.

In order to appoint the new first section, IVASS adopted a selection procedure that took account of qualitative criteria covering the relevance of the work performed, availability and the independence of the candidates; in particular, the two insurance experts were selected from a group of six candidates identified in agreement with the most representative associations of intermediaries, which were contacted formally as required by the CAP.

A total of 371 possible disciplinary infringements were examined in 2014.

Following an assessment of the specific circumstances, 225 disciplinary proceedings were commenced.

Acting on resolutions of the two sections of the Guarantee Committee, 345 disciplinary measures were adopted (representing a marked increase - about 16% - compared with 2013, when 298 were adopted).

The related results are shown in the following table:

Table V.16

RESULT	Section A:	Section B	Section E	Total	% in 2014	% in 2013
Reprimand	15	5	20	40	11.6	30.6
Censure	54	17	75	146	42.3	22.1
Striking off	42	17	54	113	32.7	31.2
Dismissal	21	5	20	46	13.3	16.1
Total	**132**	**44**	**169**	**345**	**100**	**100**

Source: IVASS

Considering the average duration of disciplinary proceedings, which must always be completed within 365 days of their start, the above 345 measures naturally related to proceedings that commenced in 2013 or earlier.

While the percentage of striking-offs and dismissals was essentially stable, there was a sharp fall in reprimands and a marked rise in censures compared to 2013. In general, 75% of the disciplinary measures adopted in 2014 were striking-offs and censures, compared with about 53% in 2013.

2.2 - Types of violation that incurred sanctions

The cases of striking off - which represented more than 30% of the measures adopted, in line with the percentage reported in 2013 - mainly concerned, as in previous years:

- non-remittance of the amounts collected as premiums to undertakings or relevant intermediaries;
- violation of the obligation to keep separate accounts deriving from the failure to establish a separate current account or its incorrect management;
- falsification of contractual documentation;
- forging of the signatures of policyholders;
- communication to policyholders of untrue circumstances, or the issue of false attestations at the time of the contractual offer.

Cases of censure represented the most frequent disciplinary measure adopted during the year (more than 42% of measures). They principally related to:

- violation of the disclosure, diligence, fairness and fit and proper requirements applying in relations with policyholders;
- acceptance of cash in violation of the legislation on permitted means of payment;
- violation of the provisions on the adequacy of contractual proposals and pre-contractual information.

In some cases, consistent with the established approach adopted by the Guarantee Committee and in application of art. 62, para. 3 of ISVAP Regulation no. 5/2006, the immediately less severe sanction was imposed, having regard for the subjective and objective circumstances identified e.g. the modest scale, in terms of number or amount, of the violations identified or "corrective" behaviour by the intermediary, designed to remedy the irregularities found.

Some disciplinary measures were adopted against intermediaries no longer registered in the Single Register of Intermediaries when the violation was reported to IVASS, because they had been removed upon request or as a result of a previous disciplinary sanction imposing the striking-off; despite this, the measures were adopted given the established approach of recognising that the irregularities were committed while the parties were still registered.

VI - LEGAL ADVICE

1. - LEGAL ADVICE

The activity of legal advice covered the release of 229 opinions to provide legal support to the bodies of IVASS in the exercise of the relevant activities or to ensure the consistency of choices made with the discipline of the field.

Some detailed information is provided in the tables below about the advisory activity.

Table VI.1 - Breakdown of advisory papers by applicant	
Opinions issued to bodies within IVASS	197
Opinions issued outside - Public entities	17
Opinions issued outside - Private individuals (32)	15
Total	**229**

Source: IVASS

Table VI.2 - Subject matters of internal advisory papers		
Supervision over undertakings	54	27.40%
Supervision over intermediaries	29	14.70%
Consumer protection	20	10.10%
Criminal law	11	5.60%
Internal administration	41	20.80%
Sanctions	21	10.70%
Access	9	4.60%
Winding-up	6	3.00%
Other matters	6	3.00%
Total	**197**	**100.00%**

Source: IVASS

[32] The ISVAP administrative instruction no. 63 dated 27 July 1998 - now replaced by administrative instruction no. 9 dated 14 February 2014 - despite deeming the opinions issued to sector participants, market bodies, firms of professions, trade associations or users in general to be useful, limited the service - excluding generic, abstract or entirely hypothetical cases at the root - to cases where the queries presented general significance. In the event of request made by firms of professionals, the forwarding to both the applicant and the party concerned was laid down.

2. - LITIGATION

As already mentioned in the previous Reports, in 2014 in accordance with the provisions of the Articles of Association, the Legal Advice Division continued to look after the representation and legal defence of IVASS via legal advisors registered in the special list of civil servant lawyers kept by the Bar association of Rome; the legal representation of IVASS by the State Legal Advisory Office has therefore remained limited(33) to litigation, until settled, for which said Office made its statement of appearance before the entry into force of the Articles of Association of IVASS(34).

During 2014, the Legal Advice Division dealt with 116 new cases of litigation (191 in 2013), including in the figure the extraordinary appeals to the Head of State (35) and disputes at appeal level, both passive, where IVASS is called before the court in relation to a previous favourable sentence, and active, where subject to resolution of the Joint Directorate - the need or appropriateness of challenging an unfavourable sentence has been ascertained.

The table below contains certain analytical information relating to the breakdown by subject matter of the litigation defined in 2014.

Table VI.3 - Breakdown of the litigation by subject matter	
Supervisory measures	10
Administrative pecuniary sanctions	54
Disciplinary sanctions (36)	26
Access to documents	1
Personnel	2
Other	23
Total	**116**
of which with precautionary request	40

Source: IVASS

[33] Without prejudice to cases of specific assignment as a result of the resolution of the Board as per Article 13.2 of the Articles of Association.

[34] Previously, Presidential Decree no. 612 dated 17 September 1983 authorised the State Legal Advisory Office to represent and defend ISVAP in the legal proceedings as plaintiff and defendant before the judicial authorities, arbitration boards, administrative and special authorities.
The direct defence via its legal advisors, however, even if partial, was already present in the regulatory system of the Institute as from 12 January 2006, date the Insurance Code came into force, whose Articles 326.7 and 331.6 laid down that the legal advisors of the Institute should take steps to provide defence without the representation of the fiscal Office in relation to appeals against injunctions relating to pecuniary administrative sanctions vis-à-vis undertakings and intermediaries and with regard to measures applying disciplinary sanctions vis-à-vis intermediaries and loss adjusters.

[35] See Legislative Decree no. 1199/71 and amendments introduced by Article 69 of Law no. 69 dated 18 June 2009. The appeal is decided by means of Presidential Decree, on the basis of the opinion of the Council of State which contains the legal-motivational support. Said appeals are seen to - in the cases where the need or appropriateness of resorting to the TAR (regional administrative court) has not emerged - by means of a direct report to the Administrative Co-ordination Department of the Presidency of the Council of Ministers, containing the counterclaims of IVASS regarding the appeal proposed, in view of the forwarding to the Council of State for the afore-mentioned opinion.

[36] Of the 26 appeals against disciplinary penalties, 24 regarded the maximum penalty of striking off.

The table below classifies the administrative pecuniary sanctions challenged by recipient.

Table VI.4 - Administrative pecuniary sanctions by recipient	
Sanctions imposed on companies	45
Sanctions imposed on intermediaries	8
Other sanctions	1
Total	**54**

Source: IVASS

The following table highlights the increase in the number of appeals and the trend in outcomes.

Table VI.5 - Number of appeals and outcomes

Year	Appeals made	Appeals still pending	Positive outcome on merits	Other positive methods of settlement[37]	Partly positive outcome[38]	Adverse outcome
2006	35	0	15	16	2	2
2007	30	2	7	12	1	8
2008	69	10	25	22	-	12[39]
2009	55	16	22	3	6	8
2010	52	17	16	2	2	15[40]
2011	54	40	10	4	-	-
2012	78	55	9	7	1	6
2013	191	164	12	14	-	1
2014	112	91	10	12	1[41]	1
2015[42]	28	25	3		-	
Total	**704**	**420**	**129**	**92**	**13**	**53**

[37] This number includes judgements in favour of IVASS following appeals that **perished** i.e. were dismissed by the President of the TAR following inactivity by the appellant for either two or five years, depending on the circumstances; appeals **not receivable** since notified or filed late; appeals ***waived*** or ***not filed*** following notification and rulings that declared the ***matter no longer disputed***.

[38] Appeals against IVASS that were ***partly accepted***, although the outcome was positive in substance, since the TAR, ruling on the merits, only reduced the sanction (see current art. 134, para. 1, letter *c)* administrative procedures code), while confirming the improper conduct of the company or intermediary and the sanction.

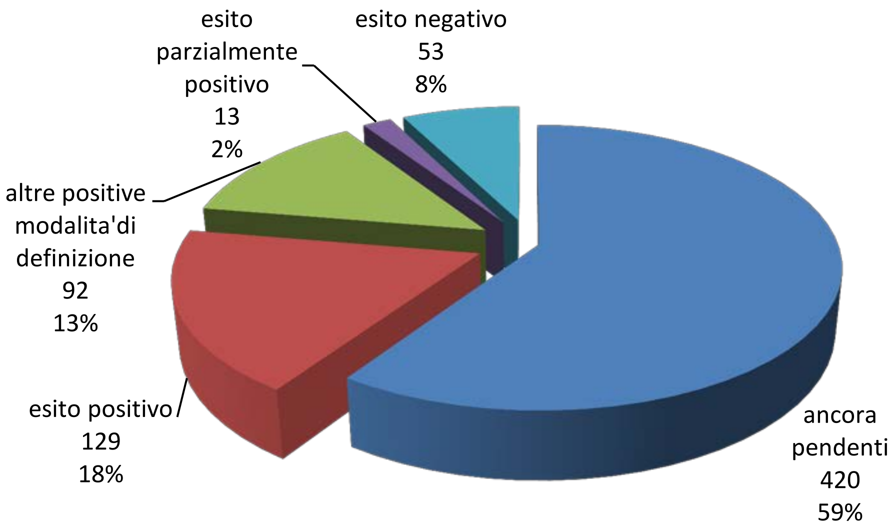
[39] This number includes 8 Lazio TAR decisions founded on reasoning about formal matters (inertia of action of the ministerial Authority) regarding pecuniary sanctions for circumvention of the legal obligation to write motor insurance policies. ISVAP took action in 2004, under the regulations applicable at the time, proposing the sanctions to be levied, while the Ministry of Productive Activities waited until 2008, following conclusion of the dispute before the European Court of Justice regarding the legitimacy of the Italian legislation on the obligation to contract; the Ministry did however levy the sanctions prior to the time-expiry deadline of five years.

[40] This number includes 8 consecutive Council of State decisions on ISVAP challenges made against the unfavourable rulings on the appeals mentioned in the previous note. These decisions confirm that, up to the time of ISVAP's proposal of sanctions, the procedure had followed properly the instructions then applicable.

[41] Appeal against a protective injunction in favour of IVASS that was accepted by the Council of State solely in order to obtain a timely TAR ruling on the merits of the case.

[42] Last updated on 16 April 2015

The following graph shows the total number of appeals pending and the outcomes of those settled.



Some of the administrative judgements issued in 2014 have indicated significant lines of case-law in the subject matters regarding IVASS' institutional activity; the review is limited to a number of final rulings, while future changes in orientation cannot be excluded completely in a system where legal precedent is not binding.

Companies with "foreign clothes"

The end of 2014 saw the rejection of one of the three appeals against the ban on new business imposed by IVASS - as the Supervisory Authority of the host state pursuant to art. 193, para. 4, of the Private Insurance Code - on EU undertakings operating in Italy under the freedom to provide services, following serious cases of regulatory arbitrage, irregularities, and organisational and operational issues identified in relation to the undertakings concerned.

The Lazio TAR ruling - not challenged and therefore final - clarified, with regard to the nature of the ban, that it was a preventive measure, not involving penalties or protective action and adopted in view of the urgent need to safeguard the interests of the Italian policyholders, whose effectiveness was subject to continuation of the conditions underlying its adoption. With regard to exercise of the power to take urgent action, the ruling clarified that the measure adopted by the host state, as an exception to the principle of the home country control, must be accompanied by reasons that cover the facts justifying the need for urgency and explains why the measure adopted was chosen.

"Alternative" sanctions as per art. 327 CAP

At the end of 2014, the Lazio TAR also ruled on the applicability by IVASS of art. 327 of the CAP when levying sanctions. This article envisages - in the case of repeated violations of the same rule due to a specific organisational dysfunction at the company - inclusion in the notification of charges of a deadline by which the company can take the action needed to eliminate the dysfunction, with the application at the end of a single administrative pecuniary sanction, in place of sanctions for each violation, to be set in the range between € 50,000.00 and € 500,000.00.

This ruling - not challenged - reveals the following principles:

- in order to apply the special circumstances envisaged in art. 327 of the CAP, it is necessary to establish - in addition to repeated violations of the same provision of the Code attributable to several actions or omissions - the fundamental requirement that the repetitions were "*due to a specific organisational dysfunction at the company or intermediary*", thus necessarily requiring a causal relationship between the repeated violations and a clearly identified organisational dysfunction at the company or intermediary;
- the first paragraph of art. 327 does not clarify the notion of "*organisational dysfunction at the company*": the concept may therefore include not only dysfunctions of one of the factors of production organised by the company (e.g. problems with the network hardware or the software used, or employee errors deriving from insufficient professional training), but also dysfunctions consisting in the non-timely alignment of the company's information systems with new regulations; <u>the existence of multiple violations of the same rule, attributable to the same organisational dysfunction</u>, may be determined directly by the supervising authority, but <u>may also emerge from a specific request by the supervised operators</u>; this determination is not prevented by the fact that IVASS has already issued individual notifications about each of the many violations of the same rule, nor by the fact that the company has already responded, case by case, to these individual notifications.

Accumulation of sanctions

When deciding a case about the accumulation of sanctions for multiple violations, the Council of State queried the constitutional legitimacy of art. 8, para. 2, of Law no. 689/1981, referenced by art. 326 of the CAP (procedure for the application of administrative pecuniary sanctions), given the unreasonable disparity of treatment of the part that limits the applicability of "legal accumulation" solely to pensions and compulsory social security.

By Decision no. 36 dated 12 March 2015, the Constitutional Court considered the question to be inadmissible for two separate reasons: ***a)*** the judge that raised the question of constitutionality did not clarify the exact terms of the disputed administrative irregularities; ***b)*** the same judge did not consider the particular and more favourable treatment of sanctions envisaged by art. 327 of the CAP (so-called "serial irregularities"), which introduces a special legal accumulation regime in relation to insurance sanctions.

VII - THE ORGANISATION

1. – ORGANISATIONAL CHANGE AND OPTIMISATION

1.1 - Work on the organisational structure

Continuing the rationalisation process that started with the establishment of IVASS, further work was carried out on the Organisation Regulations during 2014 with a view to their simplification, as well on the organisational structure in order to increase the effectiveness and functional specialisation of the various operating units.

In particular:

- the Organisation Regulations were subjected to comprehensive review and supplemented by a detailed organisation chart, resulting in a single, more streamlined text;
- the position of Deputy Secretary-General was created;
- two new working Sectors were established: the Anti-money laundering Sector within the Inspection Directorate and the Document processing and registration Sector within the Organisation Division of the Resource Management Directorate; this reflects both specific functional needs and external regulatory requirements;
- the organisational allocation of two working Sectors (the Tender and Contract Sector and the Remuneration and social security Sector) was changed within the Resource Management Directorate.

1.2 - Dematerialisation and rationalisation of work processes

A project was started for the introduction of an electronic document management system, consistent with current regulatory requirements and, in particular, with those governing the use of electronic registration numbers and those of the Electronic Administration Code (CAD).

The new system was adopted from 26 March 2015.

This innovation has had a positive impact on the organisation of work, in terms of: the rationalisation of internal processes for the production, management and storage of documents; the reduction of costs associated with the management of correspondence and paper-based files; improved circulation of information within the organisation.

When fully established, having regard for the evolutionary maintenance that will be carried out on the application, relations with the parties supervised should also benefit from the increased use of certified e-mails and electronic signatures, in place of the traditional and more expensive methods of transmitting hard-copy documentation.

1.3 - Strategic planning process

Strategic planning for the three-year period 2015-2017 commenced in December 2014. The key operational guidelines establish:

- the Institutional mission;
- the priority objectives and therefore the optimal allocation of the available resources;
- the action plans necessary in order to implement the strategic objectives.

In January 2015, the Joint Directorate adopted the recommendations of IVASS' Board and defined the Institutional mission and the strategic objectives, assigning direct responsibility for implementing the Plan to the Secretary General.

Institutional mission:

IVASS intends to carry out fully and effectively the tasks assigned to it by law. These are summarised as the general protection of policyholders and cover four areas:

- consumer protection;
- regulation;
- micro-prudential supervision;
- macro-prudential supervision.

For this purpose, IVASS intends to be a modern, competent and professional institution, with an efficient organisation and a good reputation.

Strategic Objectives 2015-17:

IVASS establishes the following strategic objectives for the three-year period 2015-2017:

1. improvement of the relations between companies/intermediaries and customers, both with regard to the adequacy, simplicity and clarity of the contracts offered and in terms of the timely and fair provision of services;
2. implementation of the new European Solvency II regime, establishing a robust and transparent national framework of regulations;
3. establishment of a risk-based system of micro-prudential supervision, for the timely identification and management of vulnerabilities and the efficient allocation of resources;
4. development of a macro-prudential control system that ensures the systemic stability of the insurance sector;
5. advancement of the digitalisation process, in close cooperation with the Bank of Italy's IT Department, in order to rationalise working procedures even further.

In collaboration with the Directorate/Office Leaders, the Secretary General has broken the strategic objectives down into sub-objectives and the related action plans.

At the same time, the appraisal system adopted for the executives of IVASS was redesigned in order to establish a direct link between the Strategic Plan and the way management performance is evaluated.

1.4 - Cost containment policies

Activities continued in 2014 to identity further scope for intervention aimed at containing operating costs while maintaining the quality level of the services provided, in accordance with the provisions establishing IVASS that were included in the spending review legislation.

In terms of committed expenditures, the 2014 accounts closed with spending in line with the prior year (-0.07%). This achievement, despite the increase in institutional tasks, was made possible by the cost-containment policies adopted in 2013.

In detail, the lines of action took on the form of:

- detailed analysis of the most significant expenditure items and/or those that could most readily be reduced, adopting a policy of contract renewal on a "decreasing cost" basis;
- the containment/elimination of low priority expenditures;
- the search for further and increased synergies with the Bank of Italy.

Key action during 2014 included:

- savings on contract renewals (about 273 thousand euro);
- reduction of 15% in property rental costs (saving of 248 thousand euro in 2014 and 480 thousand euro per annum from 2015);
- implementation of a travel policy and use of a business travel operator (saving of 275 thousand euro).

1.5 - Three-year anti-corruption plan and Transparency programme

Consistent with the regulatory guidelines, IVASS has continued work designed to identify ways to tackle corruption, activating a series of preventive measures and encouraging an environmental and cultural context that impedes corrupt practices.

In this regard, measures have also been adopted to take transparency as a reference value and to guarantee effective communications with stakeholders, partly by the creation of a special section on the institutional website.

In 2014 the following actions were implemented:

- appointment of a manager responsible for transparency and prevention of corruption;
- establishment of an internal task force for the preparation of an Anti-corruption Plan and a Transparency Programme;
- approval of an internal regulation establishing publicity and transparency obligations for the organisation of IVASS and its activities;
- activation of a "Transparent administration" section on the website, where all the information

envisaged in the above regulation is published;
- approval in June 2014 and publication on the website of the Three-year plan for the prevention of corruption and the related Transparency and Integrity Programme;
- activation in December of an extended training programme delivered on a distance learning basis, which has already involved about 30% of all personnel.

2. - Staff

2.1 – Number of Staff

Employment by IVASS fell further during 2014: at 31 December 2014, permanent staff amounted in total to 347, with a decrease of 4 during the year.

6 resources employed under fixed-term contracts continued to provide their services, as per Article 21 of Law no. 576/82, while the employment relationships with 3 executives ceased.

Overall there were 7 leavers and no new recruits.

Career	Permanent staff	Fixed term	Total
Executive staff	21	3	24
Managerial staff	245	2	247
Operative staff	81	1	82
Total	**347**	**6**	**353**

Source: IVASS

IVASS also availed itself, on a par with the previous year, with 15 temporary workers.

As part of the growing collaboration with the Bank of Italy, IVASS has continued to benefit from the secondment of resources from the Bank; during 2014, 11 persons were seconded to IVASS: 5 executive staff; 5 management staff; 1 operative staff.

In collaboration with leading universities in Rome, 7 work experience and orientation positions were created for the first time during 2014; these internships, with a duration of 6 months, facilitate contacts with the universities and offer on-the-job learning opportunities to new graduates.

IVASS has continued to promote the internal mobility that has been a core value since inception, in the certainty that this process benefits organisational development and enhances the professional skills of the individuals concerned.

At an executive level, two Office Leaders and six Deputy Office Leaders were selected.

In January, following a vacancy procedure, 12 officials were selected from among the management staff and given temporary responsibility for the vacant division head roles, while 2 officials were appointed to lead the newly-created sectors (Anti-money laundering and Document processing and registration).

Considering the need for personnel expressed by various departments, especially the Prudential Supervision Directorate, a number of management and operative career staff were transferred from other offices during the year.

2.2 - Training

IVASS considers the professional development of personnel to be of paramount importance, especially at this time of organisational and institutional change. Accordingly, despite rigorous budgetary control, the funds allocated to the training of employees have been confirmed.

During the year, 253 employees, accounting for more than 72% of all personnel, were involved in training initiatives.
Training covered 92% of the executive staff, 81% of the managerial staff and 39% of the operative staff.
Overall, around 11,200 hours of training were provided (equal to around 4 days per head).

With regard to content, priority was given to technical-specialist training which addressed the topics of derivative financial instruments, calibration of risks and the software used by undertakings for the validation of the technical provisions consistent with Solvency II.

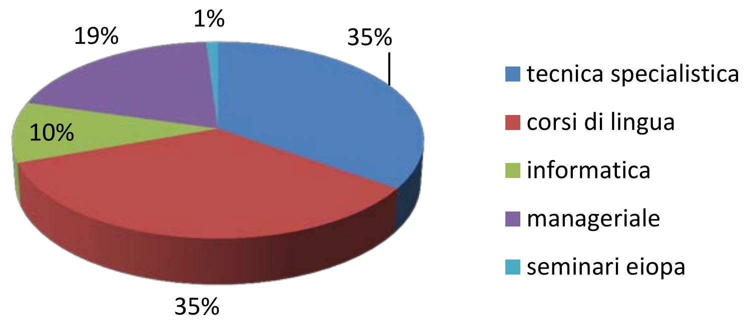
These courses were delivered by accredited international consultancy firms, specialised in the above topics, or by university lecturers. They were held in-house in order to contain costs and in view of their special nature, being tailored to meet the specific training needs of the offices concerned.

Following completion of the three-year language training programme that began in the second half of 2011, work has begun on the design of language training initiatives that will address more specific needs.

Management development activities during 2014 included team building activities and the enhancement of organisational and managerial skills.

In the IT field, a long-term training plan launched during the year will, in time, improve the basic skills of the majority of employees.

Graph VII.1 - Distribution of training activities



2.3 - Organisational and operational requirements concerning health and safety in the workplace

Pursuant to Legislative Decree no. 81/2008 and subsequent amendments and additions, as well as the State-Regions Agreement on health and safety in the workplace, a total of 2,124 hours of training were delivered to all employees. The personnel responsible for first aid, fire prevention and use of the defibrillator participated in the related training and update courses totalling 535 hours.

3. - IT SYSTEMS

The modernisation of IVASS' technological infrastructure continued during 2014, together with improvements in the management of existing systems. The principal projects planned in the previous year were also implemented.

In September, an agreement was also signed governing how IVASS will use the technological infrastructure and ICT services of the Bank of Italy.

This represented the formal start of the process of technological integration, with both Institutions working on aspects of the infrastructure that, over the medium term, will enhance the technology available to IVASS following considerable investment and the implementation of a broad development plan.

This integration process involves two phases:

1. integration - essentially in terms of the infrastructure used - the IT services provided by IVASS. This process was completed during the first quarter of 2015; there was no

disruption to IVASS' routine activities; the security rules and standards of conduct already implemented by the Bank of Italy were adopted.

2. supply of new IT services, to be achieved both via the adoption - following appropriate changes - of applications already running at the Bank of Italy, and via the design and development of new applications.

Work on the integration of infrastructure commenced during 2014 and the necessary interconnections were established, with the acquisition of two separate fibre links between Via del Quirinale and the Bank of Italy's data centre, in order to guarantee continuity.
In this regard, the principal activities commenced during the year included:

- acquisition and development of the network infrastructure required for integration with the Bank;
- alignment of workstations with the configuration of software products used by the Bank;
- introduction of electronic signature infrastructure;
- migration of the Active Directory and e-mail to the Microsoft Exchange platform;
- transfer of IVASS' servers to the Bank's data centre.

The provision of new IT services included:

- start in May 2014 of the CAD document management project that went live on 26 March 2015;
- start in July 2014 of the project to use the Bank's *Infostat* platform for the collection of reports from companies, as required by the Solvency II Directive, for subsequent transmission to EIOPA; data collection activities went live on 13 May 2015;
- design and implementation of a system for the collection and use of data needed for supervisory purposes, using Business Intelligence systems.

4. – INTERNAL AUDIT

The activities potentially subject to audit were identified and the 2014 audit plan was then determined, in accordance with the audit manual and policy document, using criteria and principles based on the assessment of risk.

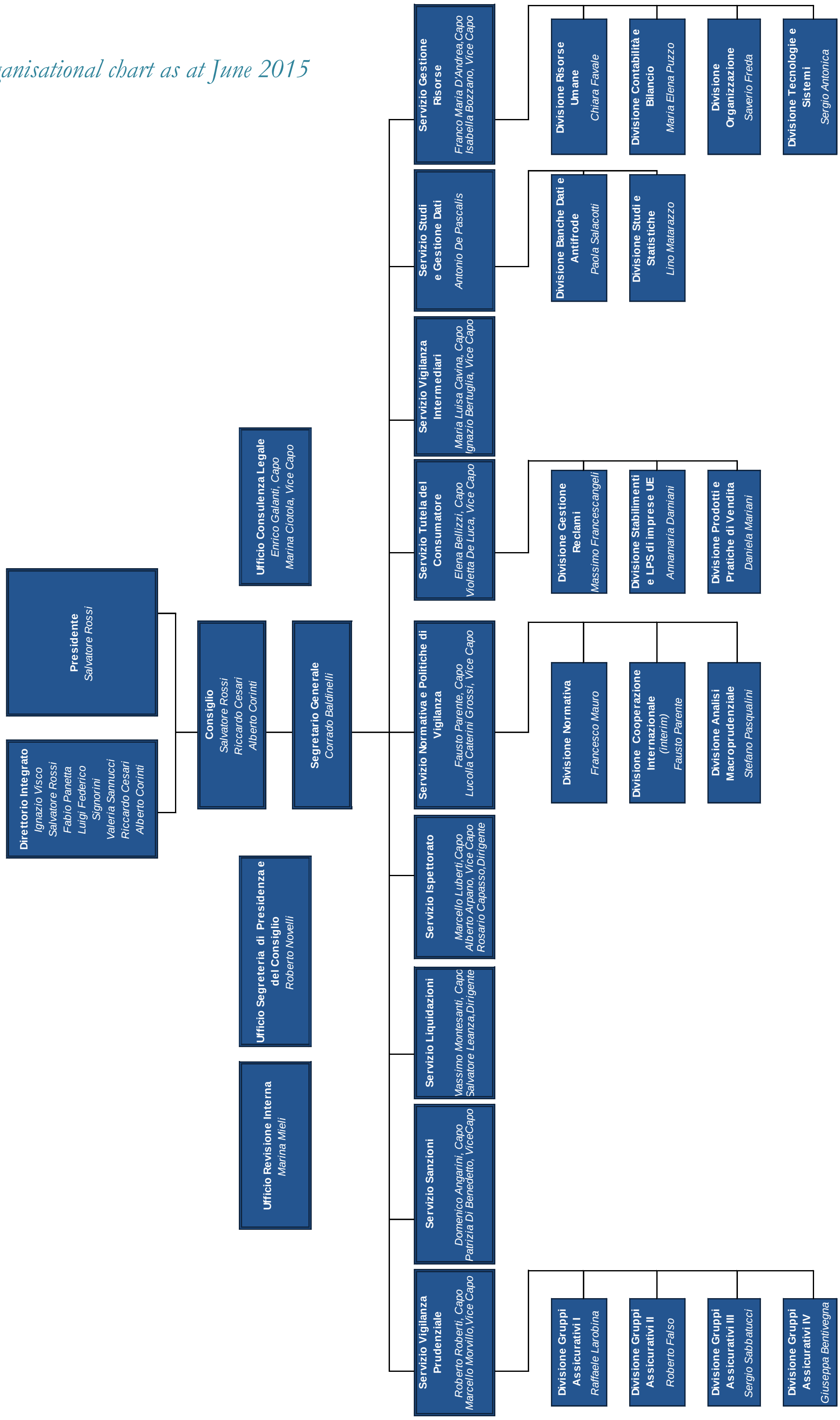
The assessment of inherent and residual risk in each audit area was made following a self-assessment prepared by the managers of the various organisational units concerned. For this purpose, the above managers developed a list, covering the processes managed by each, that identified the five processes considered most at risk. For each, the level of inherent and residual risk was estimated based on the experience and awareness accumulated in the management of the department.

The planning model was developed with reference to the above elements, taking account of the instructions given by top management and any additional information available. The 2014 audit plan was devised as a consequence.

Consistent with the methodology adopted, the audits essentially focused on assessing the adequacy of internal controls and the functioning of the organisational structure as a whole. The audit work in each area addressed the effectiveness and efficiency of operations, the reliability of the information system, the ability to manage risks and regulatory compliance.

Field work during 2014 included 3 audits of a general nature and 1 focused on processes; the process work also included, for the first time, follow-ups of the results of the audit work carried out in 2013.

Organisational chart as at June 2015



APPENDIX

STATISTICAL TABLES[43]

[43] The Tables marked with the letter A are referred to in the body of the Report.

WARNING

The tables do not include, in principle, the information on the Italian branches of undertakings with head office in a EU or EEA member State, or for which stability is supervised by their respective Home supervisors.

Tab. A1

Bonds and units of UCITS representing item C life technical provisions - Italian direct insurance portfolio

(million euro)

Categories of assets	2010					2011					2012				
	Issued by Italian issuers expressed in euro	Issued by foreign issuers expressed in euro	Issued by Italian issuers not expressed in euro	Issued by foreign issuers not expressed in euro	Total	Issued by Italian issuers expressed in euro	Issued by foreign issuers expressed in euro	Issued by Italian issuers not expressed in euro	Issued by foreign issuers not expressed in euro	Total	Issued by Italian issuers expressed in euro	Issued by foreign issuers expressed in euro	Issued by Italian issuers not expressed in euro	Issued by foreign issuers not expressed in euro	Total
Government bonds	**156.899**	**17.268**	**313**	**633**	**175.113**	**182.316**	**12.207**	**392**	**481**	**195.396**	**201.255**	**9.643**	**493**	**680**	**212.071**
of which: Italian Government bonds	**156.899**	**0**	**313**	**0**	**157.212**	**182.316**	**0**	**392**	**0**	**182.708**	**201.255**	**0**	**493**	**0**	**201.748**
of which: BOTs	*1.954*	*0*	*0*	*0*	*1.954*	*2.294*	*0*	*0*	*0*	*2.294*	*5.354*	*0*	*0*	*0*	*5.354*
of which: CTZs	*3.741*	*0*	*0*	*0*	*3.741*	*3.641*	*0*	*0*	*0*	*3.641*	*1.810*	*0*	*0*	*0*	*1.810*
of which: Stripping operations	*1.736*	*0*	*0*	*0*	*1.736*	*2.269*	*0*	*0*	*0*	*2.269*	*4.010*	*0*	*0*	*0*	*4.010*
of which: BTPs	*126.997*	*0*	*0*	*0*	*126.997*	*151.540*	*0*	*0*	*0*	*151.540*	*167.827*	*0*	*0*	*0*	*167.827*
[illegible] rate	*0*	*0*	*0*	*0*	*0*	*2.441*	*0*	*0*	*0*	*2.441*	*4.114*	*0*	*0*	*0*	*4.114*
of which: BTPs Italy	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*1.478*	*0*	*0*	*0*	*1.478*
of which: CCTs	*18.006*	*0*	*0*	*0*	*18.006*	*15.231*	*0*	*0*	*0*	*15.231*	*11.543*	*0*	*0*	*0*	*11.543*
of which: Issuances on international markets	*3.370*	*0*	*313*	*0*	*3.683*	*3.808*	*0*	*392*	*0*	*4.200*	*3.957*	*0*	*493*	*0*	*4.450*
of which: Other Government bonds	*1.095*	*0*	*0*	*0*	*1.095*	*1.092*	*0*	*0*	*0*	*1.092*	*1.161*	*0*	*0*	*0*	*1.161*
of which: Foreign Government bonds	**0**	**17.268**	**0**	**633**	**17.901**	**0**	**12.207**	**0**	**481**	**12.688**	**0**	**9.643**	**0**	**680**	**10.323**
of which: Foreign Government bonds	*0*	*17.250*	*0*	*629*	*17.879*	*0*	*12.179*	*0*	*477*	*12.656*	*0*	*9.608*	*0*	*677*	*10.285*
of which: Stripping operations	*0*	*18*	*0*	*4*	*22*	*0*	*28*	*0*	*3*	*32*	*0*	*35*	*0*	*3*	*39*
Debt securities	**25.000**	**66.778**	**154**	**2.449**	**94.381**	**26.246**	**54.564**	**111**	**2.283**	**83.203**	**29.756**	**52.031**	**156**	**2.154**	**84.097**
Non-subordinated bonds	17.083	51.022	62	1.924	70.091	*19.558*	*40.660*	*36*	*1.826*	*62.079*	23.189	39.258	51	1.761	*64.258*
Issuances of international bodies	0	2.627	0	187	2.813	*0*	*1.524*	*0*	*133*	*1.657*	0	1.509	0	117	*1.626*
Subordinated bonds	5.122	8.317	87	284	13.811	*4.138*	*7.475*	*68*	*283*	*11.964*	3.778	6.507	78	242	*10.605*
Securitisations	1.359	1.702	5	47	3.113	*1.253*	*2.453*	*4*	*41*	*3.752*	1.280	2.663	5	33	*3.981*
Structured bonds and unsecured securities	1.435	3.111	0	7	4.553	*1.296*	*2.435*	*0*	*0*	*3.731*	1.509	2.065	0	0	*3.574*
Deposit certificates	0	0	0	0	0	*0*	*0*	*0*	*0*	*0*	0	0	0	2	*2*
Other debt securities	0	0	0	0	0	*0*	*17*	*3*	*0*	*20*	0	28	22	0	*51*
Equity	**6.024**	**3.208**	**0**	**486**	**9.718**	**5.371**	**3.009**	**0**	**635**	**9.015**	**4.488**	**2.244**	**0**	**365**	**7.098**
Shares	6.024	2.978	0	486	9.487	5.371	2.844	0	634	8.849	4.488	2.143	0	365	*6.996*
Preference shares	0	230	0	0	231	0	166	0	0	166	-	102	-	0	*102*
Units of UCITS	**8.739**	**7.203**	**0**	**233**	**16.176**	**9.591**	**8.038**	**0**	**219**	**17.849**	**14.033**	**8.028**	**0**	**273**	**22.334**
Units of Italian open harmonised and not harmonised UCITS	4.418	0	0	0	4.418	*4.753*	*0*	*0*	*0*	*4.753*	*4.691*	*0*	*0*	*0*	*4.691*
Units of EU harmonised UCITS	0	7.141	0	202	7.343	*0*	*7.974*	*0*	*197*	*8.171*	*0*	*8.008*	*0*	*252*	*8.260*
Units of Italian reserved and hedge fund UCITS	941	0	0	0	941	*981*	*0*	*0*	*0*	*981*	*4.691*	*0*	*0*	*0*	*4.691*
Units of Italian closed-end securities and real estate UCITS	3.380	0	0	0	3.380	*3.858*	*0*	*0*	*0*	*3.858*	*4.652*	*0*	*0*	*0*	*4.652*
Not harmonised EU funds	0	0	0	0	0	*0*	*0*	*0*	*0*	*0*	*0*	*17*	*0*	*0*	*17*
Units of non-EU UCITS	0	62	0	32	93	*0*	*65*	*0*	*22*	*87*	0	3	0	21	*24*
Other bonds and units of classified UCITS	**2**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Altri titoli e quote di OICVM non classificati					**68**					**2**					**54**
TOTAL BONDS AND UNITS OF UCITS	**196.664**	**94.457**	**467**	**3.801**	**295.457**	**223.524**	**77.818**	**503**	**3.617**	**305.464**	**249.533**	**71.946**	**648**	**3.472**	**325.653**

Source: IVASS

Continued: Tab. A1

Bonds and units of UCITS representing item C life technical provisions - Italian direct insurance portfolio

(million euro)

Categories of assets	2013 Issued by Italian issuers expressed in euro	2013 Issued by foreign issuers expressed in euro	2013 Issued by Italian issuers not expressed in euro	2013 Issued by foreign issuers not expressed in euro	2013 Total	2014 Issued by Italian issuers expressed in euro	2014 Issued by foreign issuers expressed in euro	2014 Issued by Italian issuers not expressed in euro	2014 Issued by foreign issuers not expressed in euro	2014 Total
Government bonds	**220.164**	**12.758**	**400**	**882**	**234.204**	**242.585**	**17.494**	**358**	**1.035**	**261.473**
of which: Italian Government bonds	**220.164**	**0**	**400**	**0**	**220.564**	**242.585**	**0**	**358**	**0**	**242.944**
of which: BOTs	*2.483*	*0*	*0*	*0*	*2.483*	*5.238*	*0*	*0*	*0*	*5.238*
of which: CTZs	*3.080*	*0*	*0*	*0*	*3.080*	*3.086*	*0*	*0*	*0*	*3.086*
of which: Stripping operations	*7.808*	*0*	*0*	*0*	*7.808*	*10.406*	*0*	*0*	*0*	*10.406*
of which: BTPs	*181.479*	*0*	*0*	*0*	*181.479*	*194.952*	*0*	*0*	*0*	*194.952*
rate	*6.314*	*0*	*0*	*0*	*6.314*	*5.830*	*0*	*0*	*0*	*5.830*
of which: BTPs Italy	*3.943*	*0*	*0*	*0*	*3.943*	*7.008*	*0*	*0*	*0*	*7.008*
of which: CCTs	*9.101*	*0*	*0*	*0*	*9.101*	*10.191*	*0*	*0*	*0*	*10.191*
of which: Issuances on international markets	*4.783*	*0*	*400*	*0*	*5.183*	*4.799*	*0*	*358*	*0*	*5.158*
of which: Other Government bonds	*1.173*	*0*	*0*	*0*	*1.173*	*1.076*	*0*	*0*	*0*	*1.076*
of which: Foreign Government bonds	**0**	**12.758**	**0**	**882**	**13.640**	**0**	**17.494**	**0**	**1.035**	**18.529**
of which: Foreign Government bonds	*0*	*12.662*	*0*	*878*	*13.540*	*0*	*16.990*	*0*	*1.035*	*18.025*
of which: Stripping operations	*0*	*97*	*0*	*3*	*100*	*0*	*504*	*0*	*0*	*504*
Debt securities	**33.662**	**52.850**	**260**	**1.865**	**88.637**	**36.621**	**59.644**	**212**	**2.072**	**98.548**
Non-subordinated bonds	27.098	40.170	129	1.458	68.855	29.705	46.266	129	1.669	77.768
Issuances of international bodies	0	1.944	0	118	2.062	0	1.652	0	176	1.829
Subordinated bonds	3.597	6.436	14	259	10.307	3.880	8.504	47	206	12.638
Securitisations	956	2.724	9	29	3.718	1.027	2.124	9	20	3.180
Structured bonds and unsecured securities	2.003	1.575	0	0	3.578	1.959	1.088	0	0	3.047
Deposit certificates	0	0	0	1	1	0	0	0	0	0
Other debt securities	7	0	108	0	115	50	10	27	0	86
Equity	**3.800**	**2.553**	**0**	**435**	**6.788**	**2.772**	**3.561**	**0**	**814**	**7.146**
Shares	3.800	2.457	0	434	6.691	2.772	2.934	0	790	6.495
Preference shares	0	96	0	0	96	0	627	0	24	651
Units of UCITS	**11.603**	**9.494**	**0**	**963**	**22.060**	**5.372**	**15.692**	**0**	**687**	**21.750**
Units of Italian open harmonised and not harmonised UCITS	*5.261*	*0*	*0*	*0*	*5.261*	5.305	0	0	0	5.305
Units of EU harmonised UCITS	*0*	*9.492*	*0*	*943*	*10.435*	0	15.684	0	687	16.371
Units of Italian reserved and hedge fund UCITS	*1.419*	*0*	*0*	*0*	*1.419*	12	0	0	0	12
Units of Italian closed-end securities and real estate UCITS	*4.923*	*0*	*0*	*0*	*4.923*	55	0	0	0	55
Units of non-EU UCITS	*0*	*3*	*0*	*20*	*22*	0	7	0	0	7
TOTAL BONDS AND UNITS OF UCITS	**7**	**0**	**108**	**0**	**115**	**0**	**0**	**0**	**0**	**0**
Altri titoli e quote di OICVM non classificatI					**3**					**0**
TOTAL BONDS AND UNITS OF UCITS	**269.237**	**77.655**	**768**	**4.144**	**351.807**	**287.350**	**96.391**	**570**	**4.608**	**388.918**

Source: IVASS - Assets representing item C technical provisions. From 2010 to 2013 balance-sheet data; for 2014: data from supervisory reports as at the IV[th] quarter 2014

Tab. A2

Bonds and units of UCITS representing item C non-life technical provisions - Italian direct insurance portfolio

(million euro)

Categories of assets	2010 Issued by Italian issuers expressed in euro	2010 Issued by foreign issuers expressed in euro	2010 Issued by Italian issuers not expressed in euro	2010 Issued by foreign issuers not expressed in euro	2010 Total	2011 Issued by Italian issuers expressed in euro	2011 Issued by foreign issuers expressed in euro	2011 Issued by Italian issuers not expressed in euro	2011 Issued by foreign issuers not expressed in euro	2011 Total	2012 Issued by Italian issuers expressed in euro	2012 Issued by foreign issuers expressed in euro	2012 Issued by Italian issuers not expressed in euro	2012 Issued by foreign issuers not expressed in euro	2012 Total
Government bonds	**17.271**	**4.106**	**26**	**110**	**21.514**	**18.274**	**4.179**	**21**	**92**	**21.568**	**20.065**	**3.750**	**0**	**111**	**23.926**
of which: Italian Government bonds	**17.271**	**0**	**26**	**0**	**17.298**	**18.274**	**0**	**21**	**0**	**17.298**	**20.065**	**617**	**0**	**6**	**20.687**
of which: BOTs	*454*	*0*	*0*	*0*	*454*	*576*	*0*	*0*	*0*	*576*	*1.192*	*0*	*0*	*0*	*1.192*
of which: CTZs	*889*	*0*	*0*	*0*	*889*	*712*	*0*	*0*	*0*	*712*	*362*	*0*	*0*	*0*	*362*
of which: Stripping operations	*4*	*0*	*0*	*0*	*4*	*4*	*0*	*0*	*0*	*4*	*13*	*0*	*0*	*0*	*13*
of which: BTPs	*10.609*	*0*	*0*	*0*	*10.609*	*10.811*	*0*	*0*	*0*	*10.811*	*13.740*	*0*	*0*	*0*	*13.740*
rate	*0*	*0*	*0*	*0*	*0*	*719*	*0*	*0*	*0*	*719*	*1.202*	*0*	*0*	*0*	*1.202*
of which: BTPs Italy	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*218*	*0*	*0*	*0*	*218*
of which: CCTs	*4.850*	*0*	*0*	*0*	*4.850*	*4.843*	*0*	*0*	*0*	*4.843*	*3.244*	*0*	*0*	*0*	*3.244*
of which: Issuances on international markets	*370*	*0*	*26*	*0*	*396*	*515*	*0*	*21*	*0*	*535*	*0*	*617*	*0*	*6*	*623*
of which: Other Government bonds	*95*	*0*	*0*	*0*	*95*	*94*	*0*	*0*	*0*	*94*	*92*	*0*	*0*	*0*	*92*
of which: Foreign Government bonds	**0**	**4.106**	**0**	**110**	**4.216**	**0**	**4.179**	**0**	**92**	**4.271**	**0**	**3.134**	**0**	**105**	**3.239**
of which: Foreign Government bonds	*0*	*4.084*	*0*	*107*	*4.191*	*0*	*4.170*	*0*	*92*	*4.262*	*0*	*3.121*	*0*	*105*	*3.226*
of which: Stripping operations	*0*	*22*	*0*	*3*	*25*	*0*	*9*	*0*	*0*	*9*	*0*	*13*	*0*	*0*	*13*
Debt securities	**3.475**	**11.736**	**67**	**290**	**15.568**	**3.569**	**10.742**	**62**	**321**	**14.694**	**3.750**	**11.203**	**18**	**513**	**15.484**
Non-subordinated bonds	*2.112*	*8.376*	*47*	*135*	*10.670*	2.503	7.560	47	129	*10.238*	*2.756*	*8.197*	*0*	*457*	*11.410*
Issuances of international bodies	*0*	*355*	*0*	*10*	*365*	0	288	0	6	*295*	*0*	*617*	*0*	*6*	*623*
Subordinated bonds	*777*	*1.607*	*20*	*137*	*2.541*	533	1.415	15	185	*2.149*	*476*	*923*	*16*	*49*	*1.465*
Securitisations	*325*	*407*	*0*	*2*	*734*	274	897	0	1	*1.172*	*245*	*957*	*0*	*1*	*1.202*
Structured bonds and unsecured securities	*261*	*992*	*0*	*6*	*1.259*	259	526	0	0	*785*	273	484	0	0	*756*
Deposit certificates	0	0	0	0	*0*	0	55	0	0	*55*	0	0	0	0	*0*
Other debt securities	0	0	0	0	*0*	0	0	0	0	*0*	0	26	1	0	*27*
Equity	**3.333**	**1.068**	**0**	**127**	**4.528**	**2.686**	**960**	**0**	**110**	**3.756**	**2.061**	**522**	**0**	**66**	**2.649**
Shares	*3.333*	*971*	*0*	*127*	*4.432*	2.686	927	0	110	3.723	2.061	512	0	66	*2.640*
Preference shares	*0*	*96*	*0*	*0*	*96*	0	33	0	0	33	0	9	0	0	9
Units of UCITS	**1.911**	**989**	**3**	**42**	**2.945**	**1.868**	**1.343**	**5**	**75**	**3.291**	**1.940**	**1.090**	**6**	**96**	**3.095**
Units of Italian open harmonised and not harmonised UCITS	*327*	*0*	*0*	*0*	*327*	94	0	0	0	94	50	0	0	0	50
Units of EU harmonised UCITS	*0*	*958*	*0*	*31*	*989*	0	1.312	0	71	1.382	0	1.056	0	92	1.149
Units of Italian reserved and hedge fund UCITS	*312*	*0*	*0*	*0*	*312*	383	0	0	0	383	472	0	0	0	472
Units of Italian closed-end securities and real estate UCITS	*1.272*	*0*	*3*	*0*	*1.275*	1.392	0	5	0	1.397	1.418	0	6	0	1.425
Not harmonised EU funds	*0*	*0*	*0*	*0*	*0*	0	0	0	0	0	0	0	0	0	0
Units of non-EU UCITS	*0*	*31*	*0*	*11*	*42*	0	31	0	4	35	0	34	0	4	0
TOTAL BONDS AND UNITS OF UCITS	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Altri titoli e quote di OICVM non classificatI					**127**	0	0	0	0	**133**	0	0	0	0	**38**
TOTAL BONDS AND UNITS OF UCITS	**25.992**	**17.899**	**96**	**569**	**44.683**	**26.397**	**17.223**	**88**	**599**	**43.441**	**27.815**	**16.566**	**24**	**787**	**45.192**

Source: IVASS

Continued: Tab. A2

Bonds and units of UCITS representing item C non-life technical provisions - Italian direct insurance portfolio

(million euro)

Categories of assets	2013 Issued by Italian issuers expressed in euro	2013 Issued by foreign issuers expressed in euro	2013 Issued by Italian issuers not expressed in euro	2013 Issued by foreign issuers not expressed in euro	2013 Total	2014 Issued by Italian issuers expressed in euro	2014 Issued by foreign issuers expressed in euro	2014 Issued by Italian issuers not expressed in euro	2014 Issued by foreign issuers not expressed in euro	2014 Total
Government bonds	**22.257**	**3.207**	**35**	**85**	**25.583**	**17.621**	**7.256**	**35**	**119**	**25.032**
of which: Italian Government bonds	**22.257**	**0**	**35**	**0**	**22.292**	**17.621**	**0**	**35**	**0**	**17.656**
of which: BOTs	*380*	*0*	*0*	*0*	*380*	*501*	*0*	*0*	*0*	*501*
of which: CTZs	*352*	*0*	*0*	*0*	*352*	*158*	*0*	*0*	*0*	*158*
of which: Stripping operations	*33*	*0*	*0*	*0*	*33*	*22*	*0*	*0*	*0*	*22*
of which: BTPs	*15.059*	*0*	*0*	*0*	*15.059*	*10.897*	*0*	*0*	*0*	*10.897*
rate	*1.726*	*0*	*0*	*0*	*1.726*	*1.562*	*0*	*0*	*0*	*1.562*
of which: BTPs Italy	*500*	*0*	*0*	*0*	*500*	*543*	*0*	*0*	*0*	*543*
of which: CCTs	*3.477*	*0*	*0*	*0*	*3.477*	*3.123*	*0*	*0*	*0*	*3.123*
of which: Issuances on international markets	*555*	*0*	*35*	*0*	*590*	*665*	*0*	*35*	*0*	*701*
of which: Other Government bonds	*176*	*0*	*0*	*0*	*176*	*150*	*0*	*0*	*0*	*150*
of which: Foreign Government bonds	**0**	**3.207**	**0**	**85**	**3.291**	**0**	**7.256**	**0**	**119**	**7.375**
of which: Foreign Government bonds	0	3.203	0	85	*3.288*	0	3.443	0	119	3.562
of which: Stripping operations	0	4	0	0	*4*	0	3.813	0	0	3.813
Debt securities	**4.533**	**10.457**	**92**	**176**	**15.259**	**4.934**	**11.252**	**184**	**642**	**17.012**
Non-subordinated bonds	3.457	7.507	72	61	11.097	3.862	7.375	35	144	11.416
Issuances of international bodies	0	638	0	6	644	0	568	0	31	600
Subordinated bonds	525	1.060	19	108	1.713	601	2.129	147	453	3.330
Securitisations	316	921	0	1	1.238	250	932	0	14	1.196
Structured bonds and unsecured securities	235	303	0	0	538	221	248	0	0	469
Deposit certificates	0	0	0	0	0	0	0	0	0	0
Other debt securities	0	28	1	0	29	0	0	2	0	2
Equity	**1.392**	**777**	**0**	**99**	**2.268**	**2.359**	**1.086**	**0**	**249**	**3.693**
Shares	1.392	766	0	99	2.257	2.359	1.010	0	241	3.610
Preference shares	0	11	0	0	*11*	0	75	0	7	83
Units of UCITS	**1.837**	**1.663**	**6**	**234**	**3.741**	**178**	**2.388**	**0**	**59**	**2.625**
Units of Italian open harmonised and not harmonised UCITS	*99*	*0*	*0*	*0*	99	*88*	*0*	*0*	*0*	88
Units of EU harmonised UCITS	*0*	*1.627*	*0*	*231*	1.858	*0*	*2.313*	*0*	*59*	*2.372*
Units of Italian reserved and hedge fund UCITS	401	0	6	0	407	17	0	0	0	17
Units of Italian closed-end securities and real estate UCITS	1.337	0	0	0	1.337	73	0	0	0	73
Units of non-EU UCITS	0	36	0	4	40	0	74	0	0	74
TOTAL BONDS AND UNITS OF UCITS	**1**	**0**	**6**	**0**	7	**0**	**0**	**0**	**0**	**0**
Altri titoli e quote di OICVM non classificatI					**48**					**311**
TOTAL BONDS AND UNITS OF UCITS	**30.020**	**16.103**	**140**	**594**	**46.857**	**25.092**	**21.981**	**220**	**1.068**	**48.361**

Source: IVASS - Assets representing item C technical provisions. From 2010 to 2013 balance-sheet data; for 2014: data from supervisory reports as at the IV[th] quarter 2014

Tab. A3

Bonds and units of UCITS representing item C non-life and life technical provisions - Italian direct insurance portfolio

(million euro)

Categories of assets	2010 Issued by Italian issuers expressed in euro	2010 Issued by foreign issuers expressed in euro	2010 Issued by Italian issuers not expressed in euro	2010 Issued by foreign issuers not expressed in euro	2010 Total	2011 Issued by Italian issuers expressed in euro	2011 Issued by foreign issuers expressed in euro	2011 Issued by Italian issuers not expressed in euro	2011 Issued by foreign issuers not expressed in euro	2011 Total	2012 Issued by Italian issuers expressed in euro	2012 Issued by foreign issuers expressed in euro	2012 Issued by Italian issuers not expressed in euro	2012 Issued by foreign issuers not expressed in euro	2012 Total
Government bonds	**174.170**	**21.375**	**339**	**742**	**196.626**	**200.590**	**16.386**	**413**	**572**	**216.964**	**221.319**	**13.394**	**493**	**791**	**235.997**
of which: Italian Government bonds	**174.170**	**0**	**339**	**0**	**174.509**	**200.590**	**0**	**413**	**0**	**200.005**	**221.319**	**617**	**493**	**6**	**222.435**
of which: BOTs	*2.408*	*0*	*0*	*0*	*2.408*	*2.870*	*0*	*0*	*0*	*2.870*	*6.547*	*0*	*0*	*0*	*6.547*
of which: CTZs	*4.631*	*0*	*0*	*0*	*4.631*	*4.353*	*0*	*0*	*0*	*4.353*	*2.172*	*0*	*0*	*0*	*2.172*
of which: Stripping operations	*1.741*	*0*	*0*	*0*	*1.741*	*2.274*	*0*	*0*	*0*	*2.274*	*4.022*	*0*	*0*	*0*	*4.022*
of which: BTPs	*137.606*	*0*	*0*	*0*	*137.606*	*162.352*	*0*	*0*	*0*	*162.352*	*181.568*	*0*	*0*	*0*	*181.568*
rate	*0*	*0*	*0*	*0*	*0*	*3.159*	*0*	*0*	*0*	*3.159*	*5.317*	*0*	*0*	*0*	*5.317*
of which: BTPs Italy	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*1.696*	*0*	*0*	*0*	*1.696*
of which: CCTs	*22.855*	*0*	*0*	*0*	*22.855*	*20.073*	*0*	*0*	*0*	*20.073*	*14.788*	*0*	*0*	*0*	*14.788*
of which: Issuances on international markets	*3.740*	*0*	*339*	*0*	*4.079*	*4.322*	*0*	*413*	*0*	*4.735*	*3.957*	*617*	*493*	*6*	*5.072*
of which: Other Government bonds	*1.190*	*0*	*0*	*0*	*1.190*	*1.186*	*0*	*0*	*0*	*1.186*	*1.252*	*0*	*0*	*0*	*1.252*
of which: Foreign Government bonds	**0**	**21.375**	**0**	**742**	**22.117**	**0**	**16.386**	**0**	**572**	**16.958**	**0**	**12.777**	**0**	**785**	**13.562**
of which: Foreign Government bonds	*0*	*21.334*	*0*	*736*	*22.070*	*0*	*16.348*	*0*	*569*	*16.918*	*0*	*12.729*	*0*	*782*	*13.511*
of which: Stripping operations	*0*	*40*	*0*	*7*	*47*	*0*	*37*	*0*	*3*	*41*	*0*	*48*	*0*	*3*	*51*
Debt securities	**28.475**	**78.514**	**222**	**2.739**	**109.949**	**29.814**	**65.305**	**173**	**2.604**	**97.897**	**33.506**	**63.234**	**173**	**2.667**	**99.581**
Non-subordinated bonds	*19.195*	*59.398*	*110*	*2.058*	*80.761*	*22.061*	*48.220*	*83*	*1.954*	*72.318*	*25.945*	*47.456*	*51*	*2.218*	*75.669*
Issuances of international bodies	*0*	*2.981*	*0*	*197*	*3.178*	*0*	*1.813*	*0*	*139*	*1.952*	*0*	*2.125*	*0*	*123*	*2.249*
Subordinated bonds	*5.899*	*9.924*	*107*	*421*	*16.351*	*4.671*	*8.890*	*83*	*468*	*14.113*	*4.254*	*7.430*	*94*	*291*	*12.069*
Securitisations	*1.684*	*2.108*	*5*	*49*	*3.847*	*1.527*	*3.350*	*4*	*42*	*4.924*	*1.525*	*3.620*	*5*	*34*	*5.183*
Structured bonds and unsecured securities	1.696	4.103	0	14	*5.812*	1.555	2.961	0	0	*4.516*	1.782	2.549	0	0	*4.331*
Deposit certificates	0	0	0	0	*0*	0	55	0	0	*55*	0	0	0	2	*2*
Other debt securities	0	0	0	0	*0*	0	17	3	0	*20*	0	55	23	0	*78*
Equity	**9.357**	**4.276**	**0**	**613**	**14.246**	**8.057**	**3.969**	**0**	**745**	**12.771**	**6.549**	**2.766**	**0**	**431**	**9.747**
Shares	9.357	3.949	0	613	13.919	8.057	3.771	0	745	*12.572*	6.549	2.655	0	431	*9.636*
Preference shares	0	327	0	0	327	0	198	0	0	*199*	0	111	0	0	*111*
Units of UCITS	**10.651**	**8.192**	**3**	**275**	**19.121**	**11.459**	**9.381**	**5**	**294**	**21.140**	**15.973**	**9.118**	**6**	**369**	**25.429**
Units of Italian open harmonised and not harmonised UCITS	4.517	0	0	0	4.517	4.846	0	0	0	4.846	4.741	0	0	0	4.741
Units of EU harmonised UCITS	0	8.768	0	433	9.201	0	9.285	0	268	9.553	0	9.064	0	344	9.408
Units of Italian reserved and hedge fund UCITS	1.342	0	6	0	1.348	1.363	0	0	0	1.363	5.162	0	0	0	5.162
Units of Italian closed-end securities and real estate UCITS	4.717	0	0	0	4.717	5.250	0	5	0	5.255	6.070	0	6	0	6.076
Not harmonised EU funds	*0*	*36*	*0*	*4*	*40*	*0*	*0*	*0*	*0*	*0*	*0*	*17*	*0*	*0*	*17*
Units of non-EU UCITS	1	62	6	32	100	0	96	0	26	122	0	36	0	25	24
Altri titoli e quote di OICVM classificatI	**3**	**0**	**6**	**0**	**9**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Altri titoli e quote di OICVM non classificatI					**116**					**134**					**92**
TOTAL BONDS AND UNITS OF UCITS	**226.684**	**110.561**	**607**	**4.394**	**342.314**	**249.920**	**95.041**	**591**	**4.216**	**348.905**	**277.348**	**88.512**	**672**	**4.259**	**370.846**

Source: IVASS

Continued: Tab. A3

Bonds and units of UCITS representing item C non-life and life technical provisions - Italian direct insurance portfolio

(million euro)

Categories of assets	2013 Issued by Italian issuers expressed in euro	2013 Issued by foreign issuers expressed in euro	2013 Issued by Italian issuers not expressed in euro	2013 Issued by foreign issuers not expressed in euro	2013 Total	2014 Issued by Italian issuers expressed in euro	2014 Issued by foreign issuers expressed in euro	2014 Issued by Italian issuers not expressed in euro	2014 Issued by foreign issuers not expressed in euro	2014 Total
Government bonds	**242.421**	**15.965**	**435**	**966**	**259.787**	**260.206**	**24.751**	**394**	**1.154**	**286.505**
of which: Italian Government bonds	**242.421**	**0**	**435**	**0**	**242.856**	**260.206**	**0**	**394**	**0**	**260.600**
of which: BOTs	*2.864*	*0*	*0*	*0*	*2.864*	*5.738*	*0*	*0*	*0*	*5.738*
of which: CTZs	*3.432*	*0*	*0*	*0*	*3.432*	*3.244*	*0*	*0*	*0*	*3.244*
of which: Stripping operations	*7.842*	*0*	*0*	*0*	*7.842*	*10.428*	*0*	*0*	*0*	*10.428*
of which: BTPs	*196.538*	*0*	*0*	*0*	*196.538*	*205.849*	*0*	*0*	*0*	*205.849*
rate	*8.040*	*0*	*0*	*0*	*8.040*	*7.392*	*0*	*0*	*0*	*7.392*
of which: BTPs Italy	*4.443*	*0*	*0*	*0*	*4.443*	*7.550*	*0*	*0*	*0*	*7.550*
of which: CCTs	*12.578*	*0*	*0*	*0*	*12.578*	*13.314*	*0*	*0*	*0*	*13.314*
of which: Issuances on international markets	*5.338*	*0*	*435*	*0*	*5.773*	*5.465*	*0*	*394*	*0*	*5.858*
of which: Other Government bonds	*1.348*	*0*	*0*	*0*	*1.348*	*1.226*	*0*	*0*	*0*	*1.226*
of which: Foreign Government bonds	**0**	**15.965**	**0**	**966**	**16.931**	**0**	**24.751**	**0**	**1.154**	**25.905**
of which: Foreign Government bonds	0	15.865	0	963	16.828	0	20.434	0	1.154	21.588
of which: Stripping operations	0	100	0	3	104	0	4.317	0	0	4.317
Debt securities	**38.195**	**63.307**	**353**	**2.040**	**103.896**	**41.555**	**70.896**	**396**	**2.713**	**115.560**
Non-subordinated bonds	30.556	47.677	201	1.518	79.952	33.567	53.641	164	1.812	89.184
Issuances of international bodies	0	2.583	0	124	2.706	0	2.220	0	208	2.428
Subordinated bonds	4.122	7.497	34	367	12.020	4.481	10.633	194	659	15.967
Securitisations	1.272	3.645	9	30	4.956	1.277	3.057	9	34	4.376
Structured bonds and unsecured securities	2.238	1.878	0	0	4.116	2.180	1.336	0	0	3.516
Deposit certificates	0	0	0	1	1	0	0	0	0	0
Other debt securities	7	28	109	0	144	50	10	29	0	88
Equity	**5.192**	**3.330**	**0**	**533**	**9.055**	**5.130**	**4.646**	**0**	**1.063**	**10.839**
Shares	5.192	3.223	0	533	8.948	5.130	3.944	0	1.032	10.106
Preference shares	0	107	0	0	107	0	702	0	31	734
Units of UCITS	**13.441**	**11.157**	**6**	**1.197**	**25.801**	**5.550**	**18.079**	**0**	**746**	**24.375**
Units of Italian open harmonised and not harmonised UCITS	*5.360*	*0*	*0*	*0*	5.360	*5.394*	*0*	*0*	*0*	5.394
Units of EU harmonised UCITS	*0*	*11.119*	*0*	*1.174*	*12.292*	*0*	*17.998*	*0*	*746*	*18.743*
Units of Italian reserved and hedge fund UCITS	1.820	0	6	0	1.826	29	0	0	0	29
Units of Italian closed-end securities and real estate UCITS	6.260	0	0	0	6.260	128	0	0	0	128
Units of non-EU UCITS	0	38	0	23	62	0	81	0	0	81
Altri titoli e quote di OICVM classificatl	**8**	**0**	**114**	**0**	**122**	**0**	**0**	**0**	**0**	**0**
Altri titoli e quote di OICVM non classificatl					51					311
TOTAL BONDS AND UNITS OF UCITS	**299.257**	**93.759**	**908**	**4.737**	**398.664**	**312.442**	**118.372**	**790**	**5.676**	**437.279**

Source: IVASS - Assets representing item C technical provisions. From 2010 to 2013 balance-sheet data; for 2014: data from supervisory reports as at the IV[th] quarter 2014

Tab. A4

Cover for item D.I. life technical provisions - (contracts under art. 41, para. 1 and 2, of leg. decree n. 209/2005)
Contracts linked to the value of units in UCITS or other reference values, unit-linked contracts, index-linked contracts

(million euro)

Categories of assets	2010		2011		2012		2013		2014	
	Amounts	Composit.	Amounts	Composit.	Amounts	Composit.	Amounts	Composit.	Amounts	Composit.
Government bonds	10.547	10,0%	11.178	12,2%	13.189	14,8%	13.173	15,4%	13.182	13,7%
Bonds or other securities equivalent to bonds	15.206	14,4%	14.145	15,5%	8.869	10,0%	4.261	5,0%	1.969	2,0%
Shares	1.212	1,1%	997	1,1%	1.090	1,2%	1.146	1,3%	1.145	1,2%
Derivative financial instruments	532	0,5%	229	0,2%	197	0,2%	190	0,2%	120	0,1%
Structured securities and other hybrids	25.502	24,1%	15.079	16,5%	10.232	11,5%	5.691	6,7%	2.934	3,1%
Accrued income and liabilities	140	0,1%	114	0,1%	87	0,1%	75	0,1%	65	0,1%
Other monetary liabilities	-289	-0,3%	-200	-0,2%	-372	-0,4%	-207	-0,2%	-573	-0,6%
Management commissions	-100	-0,1%	-90	-0,1%	-111	-0,1%	-111	-0,1%	-119	-0,1%
Sundry liabilities and other expenditure	-8	0,0%	-7	0,0%	-8	0,0%	-9	0,0%	-11	0,0%
Other	75	0,1%	106	0,1%	95	0,1%	401	0,5%	131	0,1%
Harmonised UCITS, as per directive 85/611/EEC	51.274	48,5%	48.367	52,8%	54.370	61,0%	59.411	69,5%	75.287	78,3%
National non-harmonised UCITS	8	0,0%	1	0,0%	1	0,0%	3	0,0%	2	0,0%
Foreign non-harmonised UCITS	9	0,0%	34	0,0%	9	0,0%	1	0,0%	9	0,0%
Closed-end securities funds	2	0,0%	0	0,0%		0,0%				
Cash at bank	1.227	1,2%	1.314	1,4%	1.213	1,4%	1.267	1,5%	1.812	1,9%
Deposit certificates and other money market instruments	0	0,0%	1	0,0%	0	0,0%	0	0,0%	1	0,0%
Repurchase operations	123	0,1%	99	0,1%		0,0%				
Tax recoveries	30	0,0%	29	0,0%	80	0,1%	88	0,1%	92	0,1%
Other assets authorised by IVASS	2	0,0%	2	0,0%	1	0,0%	1	0,0%	1	0,0%
Closed-end real estate funds	1	0,0%	1	0,0%	1	0,0%	1	0,0%	0	0,0%
Cash to be used for transactions to be settled	172	0,2%	142	0,2%	127	0,1%	127	0,1%	130	0,1%
Total coverage	**105.665**	**100,0%**	**91.541**	**100,0%**	**89.070**	**100,0%**	**85.509**	**100,0%**	**96.177**	**100,0%**

IVASS source: Assets representing item D.I. technical provisions; data from supervisory reports as at the IVth quarter of each year

Tab. A5

Cover for item D.I. life technical provisions - (contracts under art. 41, para. 1 and 2, of leg. decree n. 209/2005)
Composition by type of securities and units of UCITS

(million euro)

Categories of assets	2010 Issued by Italian issuers expressed in euro	2010 Issued by foreign issuers expressed in euro	2010 Issued by Italian issuers not expressed in euro	2010 Issued by foreign issuers not expressed in euro	2010 Total classified	2011 Issued by Italian issuers expressed in euro	2011 Issued by foreign issuers expressed in euro	2011 Issued by Italian issuers not expressed in euro	2011 Issued by foreign issuers not expressed in euro	2011 Total classified	2012 Issued by Italian issuers expressed in euro	2012 Issued by foreign issuers expressed in euro	2012 Issued by Italian issuers not expressed in euro	2012 Issued by foreign issuers not expressed in euro	2012 Total classified
Government bonds	**7.845**	**1.883**	**7**	**107**	**9.842**	**8.712**	**1.983**	**3**	**125**	**10.823**	**11.468**	**1.255**	**6**	**83**	**12.812**
of which: Italian Government bonds	**7.845**	**0**	**7**	**0**	**7.852**	**8.712**	**0**	**3**	**0**	**8.715**	**11.468**	**0**	**6**	**0**	**11.474**
of which: BOTs	*310*	*0*	*0*	*0*	*310*	*441*	*0*	*0*	*0*	*441*	*617*	*0*	*0*	*0*	*617*
of which: CTZs	*524*	*0*	*0*	*0*	*524*	*244*	*0*	*0*	*0*	*244*	*121*	*0*	*0*	*0*	*121*
of which: Stripping operations	*3.877*	*0*	*0*	*0*	*3.877*	*5.040*	*0*	*0*	*0*	*5.040*	*7.454*	*0*	*0*	*0*	*7.454*
of which: BTPs	*2.457*	*0*	*0*	*0*	*2.457*	*1.961*	*0*	*0*	*0*	*1.961*	*2.271*	*0*	*0*	*0*	*2.271*
hich: BTPs linked to the European inflation rate	*0*	*0*	*0*	*0*	*0*	*268*	*0*	*0*	*0*	*268*	*242*	*0*	*0*	*0*	*242*
of which: BTPs Italy	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*66*	*0*	*0*	*0*	*66*
of which: CCTs	*641*	*0*	*0*	*0*	*641*	*714*	*0*	*0*	*0*	*714*	*638*	*0*	*0*	*0*	*638*
of which: Issuances on international markets	*13*	*0*	*7*	*0*	*20*	*25*	*0*	*3*	*0*	*28*	*35*	*0*	*6*	*0*	*41*
of which: Other Government bonds	*23*	*0*	*0*	*0*	*23*	*20*	*0*	*0*	*0*	*20*	*24*	*0*	*0*	*0*	*24*
of which: Foreign Government bonds	**0**	**1.883**	**0**	**107**	**1.990**	**0**	**1.983**	**0**	**125**	**2.107**	**0**	**1.255**	**0**	**83**	**1.338**
of which: Foreign Government bonds	*0*	*1.762*	*0*	*107*	*1.870*	*0*	*1.884*	*0*	*125*	*2.009*	*0*	*1.194*	*0*	*83*	*1.277*
of which: Stripping operations	*0*	*120*	*0*	*0*	*120*	*0*	*99*	*0*	*0*	*99*	*0*	*61*	*0*	*0*	*61*
Debt securities	**17.895**	**23.681**	**81**	**167**	**41.825**	**13.017**	**17.397**	**29**	**153**	**30.596**	**8.211**	**11.454**	**223**	**123**	**20.012**
Non-subordinated bonds	*9.146*	*16.042*	*81*	*111*	*25.379*	6.976	11.036	28	96	*18.135*	4.026	6.597	222	42	*10.888*
Issuances of international bodies	*0*	*344*	*0*	*53*	*397*	0	258	0	54	*312*	0	193	0	80	*273*
Subordinated bonds	*106*	*152*	*0*	*0*	*259*	73	122	1	2	*198*	66	100	1	0	*168*
Securitisations	*413*	*243*	*0*	*0*	*656*	286	227	0	0	*514*	44	213	0	0	*257*
Structured bonds and unsecured securities	8.230	6.901	0	3	*15.134*	5.682	5.752	0	1	*11.435*	4.076	4.350	0	0	*8.426*
Other debt securities	0	0	0	0	*0*	0	2	0	0	*2*	0	1	0	0	*1*
Equity	**285**	**445**	**0**	**482**	**1.212**	**189**	**365**	**0**	**443**	**998**	**182**	**448**	**0**	**468**	**1.099**
Shares	*285*	*440*	*0*	*482*	*1.207*	189	362	0	443	*994*	182	445	0	468	1.095
Preference shares	0	5	0	0	*5*	0	4	0	0	*4*	0	4	0	0	*4*
Units of UCITS	**1.738**	**47.220**	**13**	**2.672**	**51.643**	**1.195**	**44.980**	**4**	**2.343**	**48.522**	**1.703**	**49.740**	**23**	**3.178**	**54.644**
Units of Italian open harmonised UCITS	1.720	0	13	0	*1.732*	1.184	0	4	0	*1.188*	1.696	0	23	0	1.719
Units of EU open harmonised UCITS	*0*	*47.107*	*0*	*2.672*	*49.779*	0	44.902	0	2.343	*47.245*	0	49.681	0	3.178	52.859
Units of Italian closed-end real estate UCITS	*1*	*0*	*0*	*0*	*1*	1	0	0	0	*1*	1	0	0	0	1
Units of EU not harmonised UCITS	*0*	*114*	*0*	*0*	*114*	0	78	0	0	*78*	0	59	0	0	59
Units of Italian open not harmonised UCITS	*17*	*0*	*0*	*0*	*17*	10	0	0	0	*10*	5,44	0	0	0	5
Covered warrants, warrants and rights	**0**	**141**	**0**	**1**	**141**	**0**	**64**	**0**	**0**	**64**	**0**	**117**	**0**	**0**	**117**
Other classified assets	**381**	**0**	**213**	**0**	**594**	**251**	**59**	**51**	**41**	**402**	**276**	**0**	**71**	**0**	**347**
Total classified assets (A)	**28.145**	**73.370**	**313**	**3.430**	**105.257**	**23.364**	**64.847**	**88**	**3.105**	**91.404**	**21.840**	**63.014**	**323**	**3.853**	**89.029**
Total unclassified assets (A)	**0**	**0**	**0**	**0**	**124**	**0**	**0**	**0**	**0**	**176**	**0**	**0**	**0**	**0**	**27**
TOTAL ASSETS (A) + (B)	**28.145**	**73.370**	**313**	**3.430**	**105.381**	**23.364**	**64.847**	**88**	**3.105**	**91.580**	**21.840**	**63.014**	**323**	**3.853**	**89.056**

IVASS source: Assets representing item D.I. technical provisions. From 2010 to 2013 balance-sheet data; for 2014: data from supervisory reports as at the IVth quarter 2014

Continued: Tab. A5

Cover for item D.I. life technical provisions - (contracts under art. 41, para. 1 and 2, of leg. decree n. 209/2005)
Composition by type of securities and units of UCITS

(million euro)

	2013					2014				
Categories of assets	Issued by Italian issuers expressed in euro	Issued by foreign issuers expressed in euro	Issued by Italian issuers not expressed in euro	Issued by foreign issuers not expressed in euro	Total classified	Issued by Italian issuers expressed in euro	Issued by foreign issuers expressed in euro	Issued by Italian issuers not expressed in euro	Issued by foreign issuers not expressed in euro	Total classified
Government bonds	**11.494**	**1.347**	**8**	**22**	**12.871**	**11.736**	**1.226**	**9**	**76**	**13.047**
of which: Italian Government bonds	**11.494**	**0**	**8**	**0**	**11.502**	**11.736**	**0**	**9**	**0**	**11.745**
of which: BOTs	469	0	0	0	469	535	0	0	0	535
of which: CTZs	131	0	0	0	131	162	0	0	0	162
of which: Stripping operations	7.738	0	0	0	7.738	7.878	0	0	0	7.878
of which: BTPs	2.095	0	0	0	2.095	2.186	0	0	0	2.186
ich: BTPs linked to the European inflation rate	257	0	0	0	257	259	0	0	0	259
of which: BTPs Italy	89	0	0	0	89	96	0	0	0	96
of which: CCTs	661	0	0	0	661	564	0	0	0	564
of which: Issuances on international markets	30	0	8	0	37	29	0	9	0	38
of which: Other Government bonds	24	0	0	0	24	26	0	0	0	26
of which: Foreign Government bonds	**0**	**1.347**	**0**	**22**	**1.369**	**0**	**1.226**	**0**	**76**	**1.303**
of which: Foreign Government bonds	0	1.282	0	22	1.303	0	1.164	0	76	1.241
of which: Stripping operations	0	65	0	1	65	0	62	0	0	62
Debt securities	**4.516**	**5.670**	**25**	**100**	**10.312**	**2.037**	**2.776**	**11**	**68**	**4.892**
Non-subordinated bonds	2.126	3.118	22	29	5.294	1.110	1.183	7	45	2.345
Issuances of international bodies	0	176	0	71	247	0	107	0	23	130
Subordinated bonds	63	91	3	0	157	74	75	4	0	152
Securitisations	37	226	0	0	263	37	176	0	0	212
Structured bonds and unsecured securities	2.291	2.059	0	0	4.350	815	1.236	0	0	2.052
Other debt securities	0	0	1	0	1	0	0	1	0	1
Equity	**164**	**508**	**0**	**491**	**1.163**	**140**	**533**	**0**	**498**	**1.171**
Shares	164	507	0	491	1.162	140	533	0	498	1.171
Preference shares	0	1	0	0	1	0	0	0	0	0
Units of UCITS	**1.384**	**56.296**	**0**	**3.740**	**61.420**	**2.329**	**67.363**	**0**	**5.523**	**75.215**
Units of Italian open harmonised UCITS	1.379	0	0	0	1.379	2.326	0	0	0	2.326
Units of EU open harmonised UCITS	0	56.253	0	3.740	59.993	0	67.334	0	5.523	72.857
Units of Italian closed-end real estate UCITS	1	0	0	0	1	0	0	0	0	0
Units of EU not harmonised UCITS	0	43	0	0	43	0	28	0	0	28
Units of Italian open not harmonised UCITS	4	0	0	0	4	3	0	0	0	3
Covered warrants, warrants and rights	**0**	**197**	**0**	**0**	**197**	**0**	**194**	**0**	**0**	**194**
Other classified assets	**1.223**	**0**	**139**	**0**	**1.362**					
Total classified assets (A)	**18.782**	**64.017**	**172**	**4.354**	**87.324**	**16.241**	**71.897**	**20**	**6.166**	**94.519**
Total unclassified assets (A)					**109**					**1.658**
TOTAL ASSETS (A) + (B)	**20.004**	**64.017**	**312**	**4.354**	**87.434**	**0**	**0**	**0**	**0**	**96.177**

IVASS source: Assets representing item D.I. technical provisions. From 2010 to 2013 balance-sheet data; for 2014: data from supervisory reports as at the IV[th] quarter 2014

Tab. A6

Life technical account - Class I (domestic undertakings and branches of non-EU undertakings) (Italian portfolio – insurance and reinsurance business)

(million euro)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Premiums written	direct insurance	33,871	32,746	27,166	31,430	64,741	67,844	56,698	51,191	64,959	82,578
of which outward premiums		*1,558*	*1,608*	*1,578*	*1,418*	*1,324*	*1,256*	*1,149*	*988*	*837*	*804*
Claims incurred		-18,253	-23,064	-28,995	-29,745	-28,974	-35,683	-44,008	-45,285	-41,900	-42,374
(of which surrenders):		*-8,784*	*-12,153*	*-16,098*	*-17,051*	*-15,443*	*-21,007*	*-29,900*	*-31,769*	*-26,692*	*-25,028*
(of which accrued capital and annuities):		*-8,146*	*9,512*	*-11,146*	*-10,745*	*-11,272*	*-11,755*	*-10,660*	*-9,475*	*-10,756*	*-12,495*
Change in mathematical reserves and other technical provisions		-18,610	-12,796	-4,922	-4,713	-40,477	-36,522	-17,739	-11,880	-29,512	-47,549
Balance on other technical items		-42	-112	-192	-357	-337	-566	-605	-711	-782	-867
Operating expenses		-2,365	-2,634	-2,822	-2,845	-3,284	-3,316	-3,105	-2,738	-2,962	-3,107
Investment return net of the return transferred to the non-technical account		6,458	6,610	7,025	3,433	9,518	7,106	5,401	14,777	12,354	12,853
Profit or loss of direct business gross of reinsurance cessions (A)		1,060	749	-2,761	-2,797	1,187	-1,137	-3,359	5,354	2,157	1,534
Profit or loss outward reinsurance (B)	direct insurance and reinsurance	205	162	178	212	197	194	161	190	177	150
Net profit or loss reinsurance (C)		166	297	157	120	223	204	124	208	194	236
Balance on the technical account (A) + (B) + (C)		1,431	1,208	-2,426	-2,465	1,606	-739	-3,074	5,752	2,528	1,920

* specialist reinsurers excluded

Source: IVASS

Tab. A7

Life technical account - Class III (domestic undertakings and branches of non-EU undertakings) (Italian portfolio – insurance and reinsurance business)

(million euro)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Premiums written	direct insurance	26,389	27,385	29,053	18,558	9,732	15,409	12,496	13,800	15,514	21,837
of which outward premiums	direct insurance	*61*	*58*	*49*	*38*	*25*	*18*	*16*	*12*	*10*	*9*
Claims incurred	direct insurance	-20,797	-25,192	-28,821	-23,156	-22,580	-24,694	-23,482	-23,004	-20,656	-17,992
(of which surrenders):	direct insurance	*-13,494*	*-15,570*	*-18,507*	*-14,371*	*-12,978*	*-12,739*	*-12,371*	*-11,714*	*-10,796*	*-10,047*
(of which accrued capital and annuities):	direct insurance	*-6,181*	*-8,391*	*-8,973*	*-7,527*	*-8,323*	*-10,642*	*-10,052*	*-10,113*	*-8,936*	*-6,611*
Change in mathematical reserves and other technical provisions	direct insurance	-12,634	-4,220	1,862	20,215	1,351	5,712	14,096	1,278	1,197	-9,063
Balance on other technical items	direct insurance	755.87	758.94	671.33	467.24	370.69	444.98	441.13	487.69	468.53	460
Operating expenses	direct insurance	-1,706	-1,747	-1,661	-1,072	-632	-837	-584	-498	-446	-537
Investment return net of the return transferred to the non-technical account	direct insurance	8,781	3,723	-418	-14,603	12,714	4,543	-2,684	8,621	4,413	6,019
Profit or loss of direct business gross of reinsurance cessions (A)	direct insurance	790	708	686	409	955	578	282	684	491	725
Profit or loss outward reinsurance (B)	direct insurance and reinsurance	12	16	-11	-7	14	-36	-30	-19	-2	-4
Net profit or loss reinsurance (C)	direct insurance and reinsurance	-57	1	-23	-2	4	3	8	1	0	0
Balance on the technical account (A) + (B) + (C)	direct insurance and reinsurance	745	724	-558	400	973	545	260	666	489	721

* specialist reinsurers excluded

Source: IVASS

Tab. A8

Life technical account - Class IV (domestic undertakings and branches of non-EU undertakings) (Italian portfolio – insurance and reinsurance business)

(million euro)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Premiums written	direct insurance	24	23	30	25	26	27	32	44	52	67
of which outward premiums		*20*	*19*	*23*	*15*	*1*	*1*	*0*	*1*	*0*	*2*
Claims incurred		-12	-7	-7	-8	-9	-9	-8	-12	-13	-16
(of which surrenders):		*0*	*0*	*0*	*0*	*0*	*0*	*-1*	*-1*	*-1*	*0*
(of which accrued capital and annuities):		*0*	*0*	*-1*	*-1*	*-1*	*-1*	*-1*	*-1*	*0*	*1*
Change in mathematical reserves and other technical provisions		-2	-3	-6	-3	-4	-6	-6	-12	-10	-17
Balance on other technical items		-1	-1	-1	-1	-1	-2	-2	-1	-5	-2
Operating expenses		-3	-3	-3	-3	-5	-4	-8	-10	-14	-15
Investment return net of the return transferred to the non-technical account		1	0	0	0	2	2	2	3	6	4
Profit or loss of direct business gross of reinsurance cessions (A)		6	10	15	10	9	8	11	11	16	21
Profit or loss outward reinsurance (B)	direct insurance and reinsurance	-4	-9	-12	6	0	0	0	7	0	1
Net profit or loss reinsurance (C)		0	0	0	0	0	0	0	0	0	0
Balance on the technical account (A) + (B) + (C)		1	1	3	4	9	8	10	18	16	21

* specialist reinsurers excluded

Source: IVASS

Tab. A9

Life technical account - Class V (domestic undertakings and branches of non-EU undertakings) (Italian portfolio – insurance and reinsurance business)

(million euro)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Premiums written	direct insurance	12,692	8,938	4,469	3,196	5,078	5,154	3,131	2,815	3,282	4,622
of which outward premiums		*6*	*14*	*15*	*15*	*17*	*16*	*13*	*0*	*0*	*0*
Claims incurred		-4,615	-9,478	-16,381	-12,494	-5,461	-5,809	-6,060	-5,375	-3,317	-3,477
(of which surrenders):		*-2,714*	*-7,629*	*-14,054*	*-10,202*	*-3,465*	*-2,420*	*-3,832*	*-3,260*	*-2,472*	*-2,085*
(of which accrued capital and annuities):		*-1,860*	*-1,761*	*-2,322*	*-2,273*	*-1,963*	*-3,390*	*-2,219*	*-2,089*	*-834*	*-1,368*
Change in mathematical reserves and other technical provisions		-9,418	-1,017	10,381	8,077	-492	-182	2,094	1,778	-688	-1,946
Balance on other technical items		-21	-19	-20	-23	-30	-29	-42	-33	-51	-23
Operating expenses		-223	-188	-177	-101	-136	-110	-90	-79	-81	-111
Investment return net of the return transferred to the non-technical account		1,751	1,747	1,542	413	1,371	839	409	1,297	1,104	1,010
Profit or loss of direct business gross of reinsurance cessions (A)		166	-17	-184	-932	329	-137	-557	404	249	75
Profit or loss outward reinsurance (B)	direct insurance and reinsurance	4	5	3	5	5	2	5	0	0	0
Net profit or loss reinsurance (C)		0	0	0	-1	0	0	0	0	0	0
Balance on the technical account (A) + (B) + (C)		171	-12	-181	-928	334	-135	-552	405	249	75

* specialist reinsurers excluded

Source: IVASS

Tab. A10

Life technical account - Class VI (domestic undertakings and branches of non-EU undertakings) (Italian portfolio – insurance and reinsurance business)

(million euro)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Premiums written	direct insurance	495	285	720	1,356	1,539	1,679	1,512	1,866	1,292	1,413
of which outward premiums		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Claims incurred		-33	-64	-113	-146	-173	-606	-413	-1,346	-902	-718
(of which surrenders):		*-26*	*-60*	*-106*	*-139*	*-167*	*-328*	*-395*	*-455*	*-392*	*-469*
(of which accrued capital and annuities):		*-5*	*-5*	*-6*	*-4*	*-4*	*-275*	*-14*	*-888*	*-505*	*-265*
Change in mathematical reserves and other technical provisions		-532	-267	-643	-939	-1,492	-1,185	-991	-1,178	-916	-1,391
Balance on other technical items		4	7	9	17	18	26	31	36	44	50
Operating expenses		-11	-17	-29	-35	-33	-34	-45	-42	-36	-41
Investment return net of the return transferred to the non-technical account		71	46	26	-273	392	127	-109	684	532	704
Profit or loss of direct business gross of reinsurance cessions (A)		-6	-10	-30	-19	250	8	-15	20	15	17
Profit or loss outward reinsurance (B)	direct insurance and reinsurance	0	0	0	0	0	0	0	0	0	0
Net profit or loss reinsurance (C)		0	0	0	0	0	-1	0	0	0	0
Balance on the technical account (A) + (B) + (C)		-6	-10	-30	-19	250	7	-15	20	15	17

* specialist reinsurers excluded

Source: IVASS

Tab. A11

LIFE INDICATORS - (domestic undertakings and branches of non-EU undertakings) (Italian portfolio – insurance and reinsurance business)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net income from investments net of the return transferred to the technical account/Premiums for the financial year	13.6%	14.7%	16.3%	8.7%	15.4%	10.2%	8.6%	25.9%	17.9%	15.1%
Unrealised gains on investments (net of charges and of unrealised losses)/Premiums for the financial year	12.0%	5.4%	-0.6%	-27.3%	16.0%	5.0%	-3.8%	13.1%	5.7%	5.7%
Claims charges / Gross premiums written	58.1%	80.9%	117.3%	116.4%	69.1%	72.8%	97.9%	105.1%	77.1%	57.7%
Claims charges / Premiums for the financial year	59.6%	83.2%	120.8%	119.8%	70.4%	74.0%	99.7%	107.0%	78.1%	58.3%
EXPENSE RATIO Operating expenses/Premiums for the financial year	5.9%	7.0%	7.7%	7.5%	5.1%	4.9%	5.3%	5.0%	4.3%	3.5%
of which: Acquisition commissions/Premiums for the financial year	3.6%	4.4%	4.5%	4.5%	3.1%	3.0%	3.1%	2.7%	2.4%	2.1%
of which: Other acquisition costs/Premiums for the financial year	0.9%	1.0%	1.4%	1.1%	0.8%	0.7%	1.0%	1.0%	0.8%	0.6%
of which: Change in commissions and other deferred acquisition costs	1.7%	2.4%	1.5%	2.0%	3.4%	3.7%	2.8%	3.9%	0.0%	-0.1%
of which: Collection commissions/Premiums for the financial year	0.6%	0.7%	0.6%	0.6%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%
of which: Other administrative expenses/Premiums for the financial year	1.2%	1.3%	1.6%	1.7%	1.1%	1.1%	1.3%	1.3%	1.1%	0.8%
of which: Reinsurance commissions and profit participation/Premiums for the financial year	-0.4%	-0.4%	-0.4%	-0.5%	-0.3%	-0.3%	-0.3%	-0.3%	-0.2%	-0.2%
Change in mathematical provisions and other technical provisions – item C/Premiums for the financial year	39.2%	21.7%	-12.0%	-3.7%	50.2%	41.2%	21.2%	14.2%	35.5%	45.0%
Change in technical provisions - item D	16.9%	4.5%	-4.4%	-37.3%	0.1%	-5.6%	-17.7%	0.2%	-0.3%	9.3%
Other technical items/Premiums for the financial year	0.9%	0.9%	0.7%	0.3%	-0.1%	-0.2%	-0.3%	-0.5%	-0.5%	-0.4%
Balance on the technical account/Premiums for the financial year	3.4%	2.8%	2.7%	-5.4%	4.0%	-0.3%	-4.5%	9.8%	3.9%	2.6%
Allocated investment return transferred from the technical account/Premiums for the financial year	1.6%	1.7%	1.6%	0.8%	1.4%	0.9%	0.4%	2.3%	1.7%	1.7%
Other net income/Premiums for the financial year	-0.4%	-0.3%	-0.6%	-1.7%	-0.1%	-0.6%	-0.8%	-0.9%	-1.0%	-0.5%
Profit or loss on ordinary business/Premiums for the financial year	4.6%	4.3%	3.7%	-6.2%	5.3%	0.0%	-4.9%	11.3%	4.6%	3.8%
Extraordinary net income/ Premiums for the financial year	3.5%	4.3%	10.6%	7.8%	9.9%	4.4%	1.3%	-0.4%	9.8%	0.5%
Tax on profit or loss/Premiums for the financial year	-10.3%	-9.2%	-6.8%	21.1%	-16.4%	-1.1%	12.4%	-39.4%	-19.8%	-1.1%
Profit or loss for the financial year/Premiums for the financial year	3.9%	3.8%	4.0%	-3.3%	4.7%	0.3%	-3.5%	7.3%	3.6%	3.2%

*Specialist reinsurers excluded
Source: IVASS

Tab. A12

NON-LIFE CLASSES INDICATORS (National undertakings and branches of non-EU undertakings)*
(Italian and foreign portfolio – insurance and reinsurance business)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
BALANCE SHEET LOSS RATIO (a) Claims charges / Premiums earned	71.4%	72.0%	71.2%	74.6%	79.5%	77.4%	75.0%	70.6%	66.1%	64.4%
EXPENSE RATIO (b) Operating expenses/Premiums earned	23.9%	23.9%	24.9%	24.8%	25.0%	25.1%	24.8%	24.1%	24.9%	26.3%
BALANCE SHEET COMBINED RATIO (a) + (b)	95.3%	95.9%	96.1%	99.4%	104.5%	102.4%	99.8%	94.7%	91.1%	90.7%
(Other technical items + Variation other T.P.+Variation equalisation provisions)/Premiums earned	-1.7%	-2.1%	-1.9%	-1.9%	-2.1%	-2.1%	-1.8%	-2.0%	-1.8%	-1.7%
Profit transferred from the non-technical account / Premiums earned	6.3%	5.7%	5.9%	2.4%	7.2%	3.4%	1.9%	5.0%	3.9%	4.3%
Balance on the technical account/Premiums earned	9.4%	7.7%	7.9%	1.1%	0.7%	-1.2%	0.3%	8.3%	11.0%	12.0%
Net income from investments net of the return transferred to the Technical account/Premiums earned	2.6%	2.4%	2.6%	-1.2%	2.8%	0.6%	-2.2%	0.3%	2.6%	3.0%
Other net income/Premiums earned	-1.7%	-2.4%	-1.5%	-2.0%	-3.4%	-3.7%	-2.8%	-3.9%	-4.2%	-4.7%
Profit or loss on ordinary business / Premiums earned	10.3%	7.7%	9.1%	-2.2%	0.0%	-4.2%	-4.7%	4.7%	9.4%	10.2%
Extraordinary net income/Premiums earned	1.3%	1.9%	2.4%	0.9%	0.1%	0.7%	1.1%	0.0%	1.5%	1.4%
Tax on profit or loss/Premiums earned	-3.0%	-2.4%	-3.2%	0.7%	0.1%	0.4%	0.5%	-2.8%	-4.2%	-3.7%
Profit or loss for the financial year / Premiums earned	8.6%	7.2%	8.2%	-0.5%	0.2%	-3.1%	-3.0%	1.9%	6.6%	7.9%

*Specialist reinsurers excluded

Source: IVASS

Tab. A13

MOTOR LIABILITY INDICATORS MOTOR LIABILITY AND LIABILITY FOR SHIPS - (domestic undertakings and branches of non-EU undertakings)* (Italian portfolio – insurance and reinsurance business)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
LOSS RATIO FOR THE FINANCIAL YEAR Claims charges for the financial year / Premiums earned (a)	direct insurance	81.5%	81.4%	81.1%	82.9%	87.7%	83.5%	76.8%	68.4%	68.5%	71.8%
Claims charges previous financial years / Premiums earned		-2.6%	-1.9%	-0.3%	-0.5%	1.1%	3.6%	7.7%	5.7%	0.1%	-2.3%
BALANCE SHEET LOSS RATIO Overall claims charges/Premiums earned (b)		78.8%	79.5%	80.7%	82.4%	88.9%	87.1%	84.5%	74.1%	68.7%	69.5%
EXPENSE RATIO Operating expenses/Premiums written		17.8%	17.8%	18.3%	18.6%	18.9%	18.4%	18.2%	18.4%	19.5%	21.0%
COMBINED RATIO FOR THE FINANCIAL YEAR (a)+(c)		99.2%	99.2%	99.4%	101.5%	106.6%	101.9%	95.0%	86.8%	88.0%	92.8%
BALANCE SHEET COMBINED RATIO (b)+(c)		96.6%	97.3%	99.1%	101.0%	107.7%	105.5%	102.7%	92.5%	88.2%	90.5%
Balance on other technical items/Premiums earned		-1.2%	-1.3%	-1.2%	-1.6%	-1.6%	-1.5%	-1.2%	-1.5%	-1.5%	-0.9%
Technical balance (net of the share of return on investments and of the variation of the equalisation reserve) – direct insurance/Premiums earned		2.1%	1.4%	-0.3%	-2.4%	-9.3%	-7.4%	-4.2%	6.1%	11.0%	9.1%
Balance on the technical account - direct insurance/Premiums earned		8.2%	6.8%	5.0%	-0.5%	-2.2%	-4.4%	-2.6%	10.6%	14.7%	13.3%
Profit or loss outward reinsurance - direct insurance/Premiums earned		0.1%	-0.2%	-0.1%	0.0%	-0.1%	0.1%	0.2%	0.2%	0.3%	0.0%
Net profit or loss reinsurance / Premiums earned	direct insurance and reinsurance	-6.1%	-5.4%	-5.3%	-2.0%	-7.4%	-3.0%	-1.5%	-4.4%	-3.7%	0.0%
Variation in the equalization provisions/Premiums earned		0.0%	0.2%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Allocated investment return transferred to the non-technical account/Premiums earned		6.1%	5.4%	5.3%	1.9%	7.2%	3.0%	1.6%	4.5%	3.7%	4.2%
Balance on the technical account - insurance and reinsurance business/Premiums earned		8.1%	6.8%	5.2%	-0.5%	-2.2%	-4.5%	-2.8%	10.6%	14.4%	13.3%

*specialist reinsurers excluded

Source: IVASS

Tab. A14

Table A14 - Premium by province figures for 4th quarter 2014 238

Province	Average premium	CV %	Number contracts	% distribution	Average % ratio taxes on net premium
Agrigento	451.4	35.5	12,784	0.7	16
Alessandria	374.9	43.6	14,619	0.8	16
Ancona	461.3	40.8	16,607	0.9	16
Aosta	318.0	46.6	4,831	0.3	9
Arezzo	414.5	39.3	12,100	0.6	16
Ascoli Piceno	430.8	39.5	7,541	0.4	16
Asti	358.3	44.7	7,520	0.4	16
Avellino	477.6	42.6	12,925	0.7	13
Bari	548.6	37.8	36,094	1.9	16
Barletta-Andria-Trani	547.7	38.0	10,002	0.5	16
Belluno	350.0	39.4	7,037	0.4	16
Benevento	454.8	39.1	9,191	0.5	16
Bergamo	399.4	42.4	36,334	1.9	16
Biella	342.4	41.1	6,346	0.3	16
Bologna	509.8	41.0	31,443	1.6	16
Bolzano	372.5	40.9	15,145	0.8	9
Brescia	416.2	43.2	42,904	2.2	16
Brindisi	598.6	36.8	11,176	0.6	16
Cagliari	460.6	39.4	18,285	1.0	12
Caltanissetta	470.2	37.5	7,657	0.4	16
Campobasso	351.9	41.5	7,477	0.4	16
Carbonia-Iglesias	371.6	40.8	4,164	0.2	13
Caserta	675.7	36.9	24,586	1.3	16
Catania	536.4	37.9	32,113	1.7	16
Catanzaro	543.8	38.0	10,863	0.6	16
Chieti	414.0	40.1	13,466	0.7	16
Como	447.2	40.7	21,403	1.1	16
Cosenza	460.0	37.9	22,002	1.1	16
Cremona	403.4	42.9	12,412	0.6	16
Crotone	633.3	36.6	3,625	0.2	16
Cuneo	352.8	43.2	22,155	1.2	15
Enna	402.6	35.0	5,056	0.3	16
Fermo	461.2	39.4	6,246	0.3	16
Ferrara	407.0	40.5	12,612	0.7	16
Florence	560.0	40.9	30,577	1.6	11
Foggia	591.0	36.8	15,945	0.8	16
Forli-Cesena	437.9	39.1	14,251	0.7	16
Frosinone	456.8	37.3	17,588	0.9	16
Genoa	497.9	45.7	22,525	1.2	16
Gorizia	355.7	40.3	5,167	0.3	12
Grosseto	427.4	43.4	7,688	0.4	16
Imperia	396.3	45.0	7,057	0.4	16
Isernia	373.9	43.2	3,071	0.2	13
L'Aquila	410.4	40.8	10,944	0.6	15
La Spezia	521.3	41.4	6,887	0.4	16
Latina	569.3	38.9	19,129	1.0	16
Lecce	497.1	37.0	25,219	1.3	16
Lecco	404.2	41.8	11,140	0.6	16

Continued: tab. A14

Table A14 - Premium by province figures for 4th quarter 2014 238

Province	Average premium	CV %	Number contracts	% distribution	Average % ratio taxes on net premium
Livorno	481.1	41.9	10,722	0.6	16
Lodi	425.4	42.1	6,830	0.4	16
Lucca	541.5	39.3	13,999	0.7	16
Macerata	472.3	38.2	11,085	0.6	16
Mantova	378.2	41.7	14,229	0.7	16
Massa-Carrara	594.4	42.1	6,119	0.3	16
Matera	417.3	38.7	6,265	0.3	16
Medio Campidano	394.1	35.0	3,117	0.2	15
Messina	540.5	40.5	19,859	1.0	16
Milan	448.0	45.6	93,188	4.8	16
Modena	439.6	41.6	25,150	1.3	16
Monza and Brianza	429.8	42.0	30,992	1.6	16
Naples	766.1	36.2	65,169	3.4	16
Novara	362.0	42.5	12,961	0.7	16
Nuoro	426.6	38.7	4,947	0.3	16
Ogliastra	423.6	36.9	1,841	0.1	12
Olbia-Tempio	417.2	39.7	5,405	0.3	13
Oristano	329.9	39.5	5,519	0.3	12
Padova	434.1	40.6	33,002	1.7	16
Palermo	491.7	37.8	35,594	1.9	16
Parma	439.1	42.3	15,070	0.8	16
Pavia	417.8	42.4	18,642	1.0	16
Perugia	412.4	41.1	25,126	1.3	16
Pesaro and Urbino	443.5	37.7	12,647	0.7	16
Pescara	504.5	39.6	10,378	0.5	16
Piacenza	422.9	42.5	9,741	0.5	16
Pisa	540.2	40.0	13,901	0.7	16
Pistoia	588.9	38.8	9,889	0.5	15
Pordenone	336.5	39.7	12,005	0.6	13
Potenza	382.2	40.2	12,398	0.6	16
Prato	672.2	39.9	8,063	0.4	16
Ragusa	463.7	38.8	9,971	0.5	16
Ravenna	470.5	38.4	14,277	0.7	16
Reggio di Calabria	640.3	35.8	14,970	0.8	15
Reggio nell'Emilia	460.5	40.6	18,548	1.0	16
Rieti	458.4	41.5	5,907	0.3	16
Rimini	504.0	40.3	10,980	0.6	16
Rome	549.3	41.9	134,919	7.0	16
Rovigo	364.8	41.4	8,573	0.4	16
Salerno	576.5	38.5	30,893	1.6	16
Sassari	459.0	37.8	10,756	0.6	16
Savona	412.9	42.1	9,435	0.5	16
Siena	378.1	40.8	10,180	0.5	16
Siracusa	456.3	37.8	12,190	0.6	13
Sondrio	372.1	39.9	6,143	0.3	13
Taranto	619.3	37.9	16,536	0.9	16
Teramo	435.8	37.3	10,754	0.6	16
Terni	423.6	41.9	8,175	0.4	16

Continued: tab. A14

Table A14 - Premium by province figures for 4th quarter 2014 238

Province	Average premium	CV %	Number contracts	% distribution	Average % ratio taxes on net premium
Turin	460.3	44.5	79,393	4.1	16
Trapani	459.5	37.3	13,597	0.7	16
Trento	366.4	40.8	17,219	0.9	9
Treviso	415.6	39.3	32,584	1.7	15
Trieste	389.6	39.4	7,097	0.4	12
Udine	343.4	40.6	19,869	1.0	13
Varese	429.4	42.0	32,591	1.7	16
Venice	459.1	39.8	25,645	1.3	16
Verbano-Cusio-Ossola	364.9	40.7	5,399	0.3	16
Vercelli	344.6	41.3	6,364	0.3	16
Verona	407.9	40.2	32,706	1.7	16
Vibo Valentia	626.4	36.4	4,039	0.2	16
Vicenza	382.1	40.2	31,063	1.6	13
Viterbo	378.0	40.7	12,296	0.6	16

Source: Iper

Tab. A15

Premium by province – changes
(percentage changes compared to the previous quarter)

Province	4th 2014/ 2nd 2014	4th 2014/ 4th 2013
Agrigento	-2.5	-7.1
Alessandria	-0.5	-5.5
Ancona	-2.1	-7.9
Aosta	-1.0	-6.1
Arezzo	-2.5	-8.2
Ascoli Piceno	-1.8	-8.2
Asti	-0.3	-6.0
Avellino	-4.4	-10.4
Bari	-5.9	-13.0
Barletta-Andria-Trani	-6.5	-13.9
Belluno	-1.2	-5.7
Benevento	-5.1	-10.2
Bergamo	-1.4	-6.9
Biella	-2.0	-6.4
Bologna	-2.9	-7.4
Bolzano	-1.1	-4.9
Brescia	-2.8	-8.1
Brindisi	-4.2	-11.3
Cagliari	-3.6	-8.8
Caltanissetta	-4.9	-7.4
Campobasso	-2.5	-8.5
Carbonia-Iglesias	-2.4	-8.6
Caserta	-3.0	-7.9
Catania	-4.0	-8.8
Catanzaro	-3.9	-10.0
Chieti	-2.5	-6.9
Como	-2.3	-7.4
Cosenza	-4.0	-10.1
Cremona	-1.8	-6.4
Crotone	-4.7	-12.2
Cuneo	-0.4	-5.9
Enna	-4.5	-9.0
Fermo	-1.9	-7.8
Ferrara	0.2	-5.8
Florence	-1.2	-6.3
Foggia	-4.7	-10.2
Forli-Cesena	-2.3	-8.1
Frosinone	-3.2	-7.5
Genoa	-2.1	-6.9
Gorizia	-1.4	-7.2
Grosseto	-3.2	-8.1
Imperia	-1.3	-6.1
Isernia	-3.7	-6.4
La Spezia	-3.7	-6.6
L'Aquila	-2.9	-8.7
Latina	-3.5	-9.0
Lecce	-5.0	-12.2
Lecco	-1.8	-6.7
Livorno	-2.5	-7.0
Lodi	-2.3	-6.5

Continued: tab. A15

Premium by province – changes (percentage changes compared to the previous quarter)		
Province	4th 2014/ 2nd 2014	4th 2014/ 4th 2013
Lucca	-2.6	-8.4
Macerata	-2.6	-8.5
Mantova	-1.6	-6.1
Massa-Carrara	-1.4	-7.9
Matera	-3.2	-8.6
Medio Campidano	-3.0	-8.7
Messina	-4.5	-7.1
Milan	-2.2	-7.8
Modena	-3.8	-8.2
Monza and Brianza	-2.5	-7.3
Naples	-4.4	-8.7
Novara	-1.3	-6.1
Nuoro	-2.3	-7.2
Ogliastra	-4.6	-7.7
Olbia-Tempio	-4.6	-8.4
Oristano	-3.1	-8.2
Padova	-3.3	-7.8
Palermo	-3.4	-5.8
Parma	-0.7	-6.4
Pavia	-1.6	-6.7
Perugia	-2.8	-8.5
Pesaro and Urbino	-1.6	-7.0
Pescara	-2.4	-7.8
Piacenza	-1.0	-7.3
Pisa	-1.8	-6.9
Pistoia	-3.1	-8.4
Pordenone	-2.2	-6.0
Potenza	-2.8	-9.0
Prato	-3.2	-7.9
Ragusa	-2.6	-6.3
Ravenna	-2.2	-7.2
Reggio di Calabria	-4.6	-7.8
Reggio nell'Emilia	-2.2	-7.1
Rieti	-1.0	-7.5
Rimini	-2.9	-9.0
Rome	-2.8	-7.5
Rovigo	-1.8	-7.4
Salerno	-3.4	-10.1
Sassari	-3.8	-8.6
Savona	-1.5	-6.0
Siena	-2.9	-8.1
Siracusa	-2.3	-8.1
Sondrio	-2.5	-7.9
Taranto	-3.8	-10.8
Teramo	-2.8	-7.5
Terni	-2.1	-6.8
Turin	-2.9	-6.8
Trapani	-3.1	-7.7
Trento	-1.5	-6.8
Treviso	-3.5	-7.6

Continued: tab. A15

Table A15 Premium by province – changes (percentage changes compared to the previous quarter)

Province	4th 2014/ 2nd 2014	4th 2014/ 4th 2013
Trieste	-2.6	-7.5
Udine	-1.5	-5.4
Varese	-1.0	-5.9
Venice	-0.9	-7.0
Verbano-Cusio-Ossola	-0.4	-5.6
Vercelli	-0.3	-6.6
Verona	-2.1	-7.1
Vibo Valentia	-2.1	-9.8
Vicenza	-1.7	-6.1
Viterbo	-1.9	-7.2

Source: Iper

Tab. A16

Premio per classe di Bonus-Malus e tipologia di formula guida (dati 4° trimestre 2014)										
Gruppo di Bonus Malus	Formula guida								Total	
	other		exclusive driving		expert driving		free driving			
	average premium	% Distribution	average premium	% Distribution	average premium	% Distribution	average premium	% Distribution	average premium	% Distribution
class 1	455,2	76,7	469,5	62,1	432,8	75,1	435,1	77,8	436,4	75,8
classes 2 and 3	565,9	8,5	542,1	10,6	527,4	8,9	538,6	8,9	535,1	9,0
classes 4-10	614	10,0	579,2	20,8	574,6	13,1	601,4	11,0	587,9	12,3
classes 11-18	757,7	4,7	808,4	6,4	834,7	3,0	874	2,2	840,6	2,8
contracts with deductible or new risks	213,5	0,1	806,9	0,0	458,2	0,0	193	0,2	221,1	0,1

Source: Iper

Tab. A17

Specific arrangements for compensation: premium by bonus-malus class (a) (figures for 4th quarter 2014)							
Bonus-Malus class	Contracts without compensation in specific form			Contracts with compensation in specific form			Total
	average premium	% distribution	Number of Contracts	average premium	% distribution	Number of Contracts	% distribution
class 1	446.4	77.3	432,844	463.9	75.5	155,771	451.0
2: 2 and 3	550.8	8.8	49,191	569.7	9.2	18,895	556.0
3: from 4 to 10	598.8	11.5	64,222	622.8	12.9	26,600	605.8
4: from 11 to 18	830.6	2.4	13,602	935	2.5	5,085	859.0
Total	**482.4**	**100**	**559,859**	**505.7**	**100**	**206,351**	**488.7**

Source: Iper

(a) Statistics calculated on the contracts of undertakings that offer this type of compensation.

Tab. A18

Rate of change by province [(a)] and annual change [(b)] in average premium

Province	% Rate of change	Contracts with change: Average premium initial	Contracts with change: Average premium final	Contracts with change: Annual variation %	Contracts without change: Average premium initial	Contracts without change: Average premium final	Contracts without change: Annual variation %
Agrigento	18	517	421	-18.5	465	444	-4.6
Alessandria	10	442	353	-20.2	383	372	-3.0
Ancona	18	537	443	-17.6	489	465	-4.8
Aosta	16	331	275	-17.2	327	310	-5.1
Arezzo	12	473	366	-22.6	438	416	-5.2
Ascoli Piceno	16	511	386	-24.4	453	437	-3.6
Asti	11	431	331	-23.1	368	360	-2.3
Avellino	15	584	438	-24.9	515	477	-7.4
Bari	17	668	494	-26.0	606	547	-9.8
Barletta-Andria-Trani	18	675	510	-24.5	611	544	-11.0
Belluno	12	401	322	-19.8	379	366	-3.5
Benevento	29	522	414	-20.7	486	459	-5.5
Bergamo	11	464	359	-22.7	413	394	-4.6
Biella	15	399	322	-19.3	349	337	-3.6
Bologna	19	586	484	-17.3	527	505	-4.3
Bolzano	8	432	329	-23.7	381	368	-3.4
Brescia	18	486	378	-22.2	436	415	-4.8
Brindisi	20	736	572	-22.2	638	592	-7.3
Cagliari	19	526	408	-22.3	495	465	-6.1
Caltanissetta	20	553	443	-20.0	486	460	-5.3
Campobasso	16	408	320	-21.6	370	347	-6.2
Carbonia-Iglesias	20	449	336	-25.3	402	378	-5.9
Caserta	16	811	629	-22.4	718	681	-5.1
Catania	23	614	469	-23.6	559	534	-4.6
Catanzaro	20	632	510	-19.4	566	528	-6.7
Chieti	14	472	372	-21.2	420	400	-4.6
Como	11	520	409	-21.3	467	444	-4.8
Cosenza	16	566	425	-25.0	490	456	-6.9
Cremona	15	448	367	-18.1	419	402	-4.1
Crotone	24	777	584	-24.9	729	669	-8.2
Cuneo	10	420	336	-20.1	364	349	-4.1
Enna	24	449	355	-20.8	428	410	-4.3
Fermo	14	521	427	-18.0	478	456	-4.7
Ferrara	18	435	365	-16.2	422	403	-4.4
Florence	16	639	526	-17.7	576	554	-3.8
Foggia	17	729	563	-22.7	640	588	-8.0
Forli-Cesena	15	517	413	-20.2	459	437	-4.7
Frosinone	13	540	427	-20.9	477	452	-5.3
Genoa	13	557	450	-19.1	507	486	-4.2
Gorizia	13	436	322	-26.1	365	349	-4.4
Grosseto	21	472	382	-19.2	439	425	-3.3
Imperia	10	435	356	-18.2	404	393	-2.8
Isernia	22	394	333	-15.5	386	368	-4.8
La Spezia	12	617	510	-17.4	535	511	-4.6
L'Aquila	14	480	369	-23.1	437	411	-5.9
Latina	18	674	526	-21.9	593	563	-5.0
Lecce	17	621	451	-27.4	543	499	-8.1

Continued: tab. A18

Rate of change by province [(a)] and annual change [(b)] in average premium

Province	% Rate of change	Contracts with change			Contracts without change		
		Average premium initial	Average premium final	Annual variation %	Average premium initial	Average premium final	Annual variation %
Lecco	13	447	371	-17.1	418	401	-4.1
Livorno	20	566	447	-21.0	490	473	-3.4
Lodi	11	510	397	-22.1	439	419	-4.7
Lucca	17	595	485	-18.5	570	544	-4.5
Macerata	17	570	465	-18.3	491	471	-4.1
Mantova	11	409	332	-19.0	388	371	-4.5
Massa-Carrara	18	712	576	-19.1	631	600	-4.9
Matera	15	466	374	-19.8	450	422	-6.1
Medio Campidano	21	463	379	-18.1	421	400	-4.8
Messina	23	646	510	-21.0	558	541	-3.1
Milan	14	515	390	-24.3	466	444	-4.6
Modena	12	520	414	-20.4	462	437	-5.4
Monza and Brianza	13	490	375	-23.6	450	429	-4.6
Naples	17	906	699	-22.8	810	760	-6.2
Novara	14	414	337	-18.7	369	352	-4.4
Nuoro	18	511	400	-21.7	448	432	-3.6
Ogliastra	20	492	361	-26.5	443	417	-5.8
Olbia-Tempio	14	549	429	-21.8	441	409	-7.2
Oristano	10	401	317	-20.9	345	328	-4.9
Padova	19	497	395	-20.5	457	437	-4.4
Palermo	17	559	449	-19.7	503	484	-3.7
Parma	13	503	402	-20.0	460	440	-4.4
Pavia	16	461	375	-18.7	431	413	-4.2
Perugia	12	477	363	-24.0	435	410	-5.8
Pesaro and Urbino	16	518	408	-21.3	459	442	-3.9
Pescara	16	585	474	-19.0	531	501	-5.7
Piacenza	11	545	392	-28.0	440	421	-4.4
Pisa	17	640	520	-18.8	559	535	-4.4
Pistoia	15	662	533	-19.5	635	606	-4.7
Pordenone	14	386	302	-21.9	344	330	-3.8
Potenza	15	459	354	-22.9	406	380	-6.3
Prato	16	869	654	-24.8	706	671	-4.9
Ragusa	15	554	431	-22.1	475	463	-2.4
Ravenna	18	569	470	-17.4	493	473	-4.1
Reggio di Calabria	18	719	583	-18.9	663	637	-3.9
Reggio nell'Emilia	15	539	426	-20.9	472	453	-4.1
Rieti	12	526	410	-21.9	467	451	-3.6
Rimini	19	569	471	-17.2	525	499	-4.8
Rome	17	626	488	-22.0	572	548	-4.1
Rovigo	12	420	329	-21.7	378	358	-5.2
Salerno	15	690	527	-23.6	616	568	-7.8
Sassari	16	527	422	-20.0	481	450	-6.4
Savona	13	462	372	-19.4	426	410	-3.7
Siena	14	464	342	-26.2	398	375	-5.8
Siracusa	21	514	424	-17.5	480	451	-6.2
Sondrio	12	411	308	-25.2	386	366	-5.3
Taranto	19	740	554	-25.2	673	623	-7.4

Continued: tab. A18

Rate of change by province [(a)] and annual change [(b)] in average premium

Province	% Rate of change	Contracts with change: Average premium initial	Average premium final	Annual variation %	Contracts without change: Average premium initial	Average premium final	Annual variation %
Teramo	13	502	379	-24.5	454	433	-4.7
Terni	11	573	433	-24.4	448	426	-5.0
Turin	13	537	421	-21.7	468	452	-3.5
Trapani	16	566	423	-25.4	473	453	-4.2
Trento	10	453	314	-30.6	380	362	-4.8
Treviso	13	479	376	-21.5	434	411	-5.4
Trieste	16	456	361	-20.8	401	386	-3.9
Udine	11	404	314	-22.4	350	340	-3.0
Varese	11	495	377	-23.8	448	432	-3.6
Venice	15	503	397	-21.1	479	456	-4.6
Verbano-Cusio-Ossola	8	410	308	-25.0	371	355	-4.2
Vercelli	9	433	325	-25.0	357	343	-3.8
Verona	10	497	375	-24.6	423	402	-4.9
Vibo Valentia	17	750	568	-24.3	628	583	-7.1
Vicenza	12	441	350	-20.5	395	382	-3.3
Viterbo	12	452	353	-21.9	394	377	-4.3

Tab. 1

UNDERTAKINGS PURSUING INSURANCE AND REINSURANCE BUSINESS IN ITALY

YEARS (as at 31.12)	NATIONAL UNDERTAKINGS				BRANCHES OF FOREIGN UNDERTAKINGS		
	companies limited by shares	cooperative companies	mutual companies	Total	with head office in a non-EU or non-EEA country	with head office in an EU or EEA country subject to the supervision of their respective Home country supervisors (*)	TOTAL DOMESTIC AND FOREIGN UNDERTAKINGS
2008	159	1	3	163	3	81	247
2009	152	1	3	156	3	82	241
2010	147	1	3	151	2	89	242
2011	138	1	3	142	2	95	239
2012	131	1	3	135	2	98	235
2013	125	1	5	131	2	100	233
2014	118	1	3	122	2	98	222

(*) Italian branches of insurance and reinsurance undertakings (with head office in other EU (or in other EEA) countries.

As at 31.12.2014 there were 1,005 undertakings with head office in EU (or in EEA) countries pursuing business in Italy by way of free provision of services subject to the supervision of their respective home country supervisors.

Tab. 1_bis

SUPERVISED UNDERTAKINGS: BREAKDOWN BY INSURANCE GROUP OF SUPERVISED UNDERTAKINGS

Situation as at 31.12	2013	2014
Total Italian insurance groups	**32**	**29**
- of which of foreign origin *	13	13
- of which of domestic origin *	19	16
Total insurance undertakings	**133**	**124**
- of which undertakings belonging to insurance groups **	109	92
- of which undertakings not belonging to insurance groups **	24	32

* which own 35 foreign companies

* which own 57 domestic companies

*** including 2 branches from a non-EU State

Tav. 2

PREMIUMS OF THE ITALIAN DIRECT INSURANCE PORTFOLIO (a)

(million euro)

NON LIFE BUSINESS	2009 (b)	2010 (c)	Annual percentage variation	Homogeneous annual percentage variation (d)	2011	Annual percentage variation	Homogeneous annual percentage variation (d)	2012	Annual percentage variation	Homogeneous annual percentage variation (d)	2013	Annual percentage variation	Homogeneous annual percentage variation (d)	% over the total for 2013	2014 (e)	Annual percentage variation	% over the total for 2014
Accidents	3.183,1	3.055,6	-4,0	-0,7	3.036,2	-0,6	-0,4	2.976,2	-2,0	-0,9	2.957,6	-0,6	-0,5	2,5	2.973,6	0,5	2,1
Sickness	2.193,6	2.193,0	0,0	3,2	2.171,8	-1,0	0,2	2.136,3	-1,6	-0,2	2.069,9	-3,1	-3,1	1,7	2.056,4	-0,7	1,4
Land vehicles	3.139,0	2.961,9	-5,6	-1,2	2.891,2	-2,4	-2,0	2.648,5	-8,4	-8,4	2.413,2	-8,9	-8,6	2,0	2.386,6	-1,1	1,7
Railway rolling stock	7,6	7,0	-8,6	-8,6	6,9	-1,9	-1,7	8,6	24,9	24,9	3,8	-55,5	-55,5	0,0	4,1	6,6	0,0
Aircraft	50,2	49,6	-1,2	-1,2	41,7	-15,9	-15,6	36,7	-11,9	-11,9	22,4	-39,1	-39,1	0,0	17,9	-19,8	0,0
Ships (sea, lake and river and canal vesse	335,5	322,6	-3,8	-3,0	314,8	-2,4	-2,0	259,0	-17,7	-17,7	244,1	-5,8	-5,8	0,2	239,4	-1,9	0,2
Goods in transit	225,1	209,4	-7,0	-2,8	219,0	4,6	5,3	213,7	-2,4	-2,4	187,0	-12,5	-12,5	0,2	171,3	-8,4	0,1
Fire and natural forces	2.350,3	2.352,0	0,1	3,6	2.343,1	-0,4	-0,2	2.306,5	-1,6	-1,6	2.283,7	-1,0	-1,0	1,9	2.295,2	0,5	1,6
Other damage to property	2.729,6	2.617,6	-4,1	1,9	2.645,4	1,1	1,2	2.610,9	-1,3	-1,2	2.663,3	2,0	2,0	2,2	2.777,1	4,3	1,9
Motor vehicle liability	17.007,2	16.963,7	-0,3	4,5	17.760,5	4,7	5,2	17.541,9	-1,2	-1,2	16.230,3	-7,5	-7,0	13,7	15.179,7	-6,5	10,6
Aircraft liability	25,4	26,6	4,8	4,8	24,2	-9,1	-9,1	18,8	-22,1	-22,1	13,7	-27,3	-27,3	0,0	14,4	4,8	0,0
Liability for ships (sea, lake and river and c	31,5	32,0	1,8	5,4	33,1	3,4	3,5	34,1	3,0	3,0	32,4	-4,9	-4,9	0,0	31,6	-2,7	0,0
General liability	3.340,3	3.072,1	-8,0	-3,0	2.932,8	-4,5	-1,1	2.939,1	0,2	0,2	2.847,9	-3,1	-3,1	2,4	2.830,9	-0,6	2,0
Credit	313,8	348,1	10,9	10,9	202,9	-41,7	2,8	84,4	-58,4	-16,6	85,5	1,3	1,3	0,1	70,4	-17,7	0,0
Suretyship	479,9	456,1	-5,0	0,6	463,9	1,7	1,7	387,5	-16,5	-6,3	379,3	-2,1	-2,1	0,3	383,9	1,2	0,3
Miscellaneous financial loss	607,8	480,8	-20,9	-14,7	524,3	9,1	9,1	459,9	-12,3	-11,1	456,9	-0,6	-0,6	0,4	513,0	12,3	0,4
Legal expenses	296,5	289,1	-2,5	2,3	301,1	4,2	4,2	278,4	-7,5	2,6	291,0	4,5	4,9	0,2	307,3	5,6	0,2
Assistance	427,9	415,4	-2,9	5,4	445,4	7,2	7,4	472,8	6,1	6,1	505,1	6,8	7,3	0,4	547,5	8,4	0,4
Total non-life business	**36.744,3**	**35.852,4**	**-2,4**	**2,1**	**36.358,1**	**1,4**	**2,5**	**35.413,4**	**-2,6**	**-1,9**	**33.687,2**	**-4,9**	**-4,6**	**28,4**	**32.800,2**	**-2,6**	**22,9**
LIFE BUSINESS																	
Class I	64.740,7	67.844,4	4,8	4,8	56.698,5	-16,4	-16,4	51.191,3	-9,7	-9,6	64.959,4	26,9	26,9	54,7	82.578,2	27,1	57,6
Class II	0	0			0			0			0				0		
Class III	9.732,4	15.408,9	58,3	58,3	12.495,7	-18,9	-18,9	13.799,6	10,4	10,4	15.513,5	12,4	12,4	13,1	21.837,3	40,8	15,2
Class IV	26,4	27,4	4,1	4,1	32,0	16,6	16,6	43,8	36,8	36,8	52,1	19,0	19,0	0,0	67,2	28,9	0,0
Class V	5.077,6	5.153,7	1,5	1,5	3.130,5	-39,3	-39,3	2.814,9	-10,1	-10,1	3.282,1	16,6	16,6	2,8	4.622,4	40,8	3,2
Class VI	1.539,1	1.679,2	9,1	9,1	1.512,4	-9,9	-9,9	1.865,6	23,4	23,4	1.292,4	-30,7	-30,7	1,1	1.412,7	9,3	1,0
Total life business	**81.116,1**	**90.113,6**	**11,1**	**11,1**	**73.869,1**	**-18,0**	**-18,0**	**69.715,1**	**-5,6**	**-5,5**	**85.099,6**	**22,1**	**22,1**	**71,6**	**110.517,8**	**29,9**	**77,1**
Grand Total	**117.860,4**	**125.966,0**	**6,9**	**8,3**	**110.227,2**	**-12,5**	**-12,2**	**105.128,6**	**-4,6**	**-4,3**	**118.786,7**	**13,0**	**13,1**	**100,0**	**143.318,0**	**20,7**	**100,0**

(a) In addition to the premiums of the Italian direct insurance portfolio, Italian branches of insurance undertakings with head office in another EU or EEA member State collected premiums in non-life business for EUR 4,671.2 million in 2014 (EUR 4,554.9 million in 2013) and premiums in life business for EUR 4,644.4 million in 2014 (EUR 3,792.1million in 2013). The data are referred to undertakings of which information is available.

(b) A company placed under administrative compulsory winding up in 2010 is included in 2009.

(c) Two companies placed under extraordinary administration are included in 2011.

(d) The percentage changes compared to the previous year were also recalculated net of the accounting effect caused by the exit from the direct Italian portfolio of the premiums of undertakings with head office in another EU or EEA member State which continue to write business into Italy via a branch.

(c) The figures relating to premiums have been taken from provisional balance sheet data furnished by undertakings.

Please note that totals may not tally due to rounding off of decimal numbers

Tab. 3

PREMIUM INCIDENCE OVER THE GROSS DOMESTIC PRODUCT

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian direct insurance portfolio)

(million euro)

	2010 (b)	2011	2012	2013	2014 (c)
Life and non-life premiums	**125.966,0**	**110.227,2**	**105.128,6**	**118.786,6**	**143.318,0**
of which:					
Life premiums	90.113,6	73.869,1	69.715,1	85.099,6	110.517,8
Non-life premiums	35.852,4	36.358,1	35.413,4	33.687,0	32.800,2
of which motor liability premiums	16.995,8	17.793,6	17.576,0	16.262,7	15.211,2
Gross domestic product (a)	1.605.694,0	1.638.857,0	1.628.004,0	1.609.462,2	1.616.253,6
Cost of living index (basis 2010=100) (a)	100,0	102,7	105,8	107,0	107,2
	variazioni annue percentuali				
Life and non-life premiums	**6,9**	**-12,5**	**-4,6**	**13,0**	**20,7**
Life premiums	11,1	-18,0	-5,6	22,1	29,9
Non-life premiums	-2,4	1,4	-2,6	-4,9	-2,6
Motor liability premiums	-0,3	4,7	-1,2	-7,5	-6,5
Gross domestic product	5,7	2,1	-0,7	-1,1	0,4
Cost of living index	1,6	2,7	3,0	1,1	0,2
	incidenza percentuale sul P.I.L (d)				
Life and non-life premiums	**7,8**	**6,7**	**6,5**	**7,4**	**8,9**
of which:					
Life premiums	5,6	4,5	4,3	5,3	6,8
Non-life premiums	2,2	2,2	2,2	2,1	2,0
of which motor liability premiums	1,1	1,1	1,1	1,0	0,9
	variazioni annue percentuali in termini reali (e)				
Life and non-life premiums	**5,2**	**-14,8**	**-7,4**	**11,7**	**20,4**
Life premiums	9,4	-20,2	-8,4	20,7	29,6
Non-life premiums	-3,9	-1,3	-5,5	-5,9	-2,8
Motor liability premiums	-1,8	1,9	-4,1	-8,5	-6,6
Gross domestic product	**4,0**	**-0,6**	**-3,6**	**-2,2**	**0,2**

(a) Source: ISTAT - Gross domestic product at the market prices. The data for the four-year period 2010-2013 have been reviewed. General index of consumer prices for families of clerical and manual workers (acronym: FOI), tobacco excluded.

(c) Two companies placed under administrative compulsory winding up are included in 2011.

(c) The figures relating to premiums have been taken from provisional balance sheet data furnished by undertakings.

(d) Totals may not tally due to rounding off of decimal numbers.

(e) Data deflated by the coefficients published by ISTAT.

Tab. 4

INSURANCE BUSINESS PURSUED ABROAD BY ITALIAN UNDERTAKINGS AND IN ITALY BY FOREIGN UNDERTAKINGS - YEAR 2013

(million euro)

	Premiums relating to direct insurance			Premiums relating to reinsurance		
	Non-life	Life	Total	Non-life	Life	Total
A) *BUSINESS PURSUED ABROAD BY ITALIAN UNDERTAKINGS (*) AND THEIR FOREIGN SUBSIDIARIES*						
Italian undertakings						
- Business pursued abroad by way of establishment	389,2	153,6	542,8	291,3	0,8	292,1
- Business pursued abroad by way of FPS (**)	215,4	7,3	222,7	639,4	1.220,2	1.859,6
Total Italian undertakings	604,6	160,9	765,5	930,6	1.221,0	2.151,6
Total foreign subsidiaries (and their branches)	14.290,1	31.358,2	45.648,3	2.759,1	5.517,1	8.276,2
Total	**14.894,7**	**31.519,1**	**46.413,8**	**3.689,7**	**6.738,1**	**10.427,8**
B) *BUSINESS PURSUED IN ITALY BY FOREIGN UNDERTAKINGS AND THEIR ITALIAN SUBSIDIARIES*						
Foreign undertakings						
- Business pursued abroad by way of establishment	4.927,4	3.792,1	8.719,4	0,0	0,0	0,0
- Business pursued in Italy by way of FPS (***)	1.282,2	13.278,6	14.560,8	ND	ND	ND
Total foreign undertakings	6.209,6	17.070,7	23.280,2	0,0	0,0	0,0
Total Italian subsidiaries	9.212,2	25.017,6	34.229,8	35,2	29,3	64,5
Total	**15.421,8**	**42.088,3**	**57.510,1**	**35,2**	**29,3**	**64,5**

(*) Italian undertakings controlled by foreign shareholders are not included
(**) As regards reinsurance, the figures refer to the business pursued by the Italian head office belonging to the foreign portfolio

Tab. 5

MARKET SHARES BY GROUPS
ITALIAN DIRECT INSURANCE PORTFOLIO - YEARS 2013-2014 *

(million euro)

AGGREGATION OF COMPANIES BY GROUPS	Non-life				Life				Total			
	2013		2014		2013		2014		2013		2014	
	Premiums	%	Premiums	%	Premiums	%	Premiums	%	Premiums	%	Premiums	%
Companies controlled by EU foreign entities (a)	8.481	25,18	8.794	26,81	17.859	20,99	23.452	21,22	26.341	22,17	32.246	22,50
Companies controlled by non-EU entities (a)	290	0,86	287	0,88	1.548	1,82	2.410	2,18	1.839	1,55	2.697	1,88
Non-EU branches	373	1,11	375	1,14	0	0,00	0	0,00	373	0,31	375	0,26
Companies controlled by the State and by Italian public entities	848	2,52	823	2,51	13.237	15,55	15.504	14,03	14.085	11,86	16.327	11,39
Companies controlled by Italian private entities subdivided by dominant economic sector of the group, of which:	**23.226**	**68,95**	**22.227**	**67,76**	**46.707**	**54,88**	**59.812**	**54,12**	**69.933**	**58,87**	**82.039**	**57,24**
- industrial and services sectors	307 (b)	1,32	418 (b)	1,88	0 (b)	0,00	1 (b)	0,00	307 (b)	0,44	420 (b)	0,51
- insurance sector	22.146 (b)	95,35	21.139 (b)	95,10	27.603 (b)	59,10	36.020 (b)	60,22	49.749 (b)	71,14	57.159 (b)	69,67
- banking and financial sectors	773 (b)	3,33	670 (b)	3,01	19.104 (b)	40,90	23.791 (b)	39,78	19.877 (b)	28,42	24.460 (b)	29,82
Undertakings owned on a 50/50 basis by banks and insurance co	**469**	**1,39**	**294**	**0,90**	**5.749**	**6,76**	**9.340**	**8,45**	**6.218**	**5,23**	**9.634**	**6,72**
- Italian insurance companies	29 (c)	6,10	32 (c)	10,79	138 (c)	2,40	192 (c)	2,05	167 (c)	2,68	223 (c)	2,32
- foreign EU insurance companies	440 (c)	93,90	262 (c)	89,21	5.610 (c)	97,60	9.148 (c)	97,95	6.051 (c)	97,32	9.411 (c)	97,68
TOTAL	**33.687**	**100,00**	**32.800**	**100,00**	**85.100**	**100,00**	**110.518**	**100,00**	**118.787**	**100,00**	**143.318**	**100,00**

* The figures regarding 2014 have been taken from provisional balance sheet data provided by undertakings.
(a) The groups to which these companies belong mainly carry on insurance business.
(b) The percentages are calculated over total premiums of the Italian private sector.
(c) The percentages are calculated over total premiums relating to companies owned on a 50/50 basis by banks and insurance companies.
Please note that totals may not tally due to rounding off of decimal numbers

Tab. 6

OUTWARD REINSURANCE PREMIUMS
LIFE AND NON-LIFE BUSINESS - YEAR 2013

(million euro)

NON LIFE BUSINESS	ıward premium	ıtward premiun	Outward/inwa rd premiums % ratio
Accidents	2.957,6	193,8	6,6
Sickness	2.069,9	205,1	9,9
Land vehicles	2.413,2	144,4	6,0
Railway rolling stock	3,8	2,8	72,7
Aircraft	22,4	23,3	103,9
Ships (sea, lake and river and canal vesse	244,1	160,5	65,7
Goods in transit	187,0	90,5	48,4
Fire and natural forces	2.283,7	415,5	18,2
Other damage to property	2.663,3	576,2	21,6
Motor vehicle liability	16.230,3	493,3	3,0
Aircraft liability	13,7	10,1	74,1
Liability for ships (sea, lake and river and c	32,4	0,3	0,9
General liability	2.847,9	276,8	9,7
Credit	85,5	22,0	25,7
Suretyship	379,3	195,5	51,5
Miscellaneous financial loss	456,9	86,7	19,0
Legal expenses	291,0	93,1	32,0
Assistance	505,1	218,8	43,3
Total non-life business . . .	**33.687,2**	**3.208,7**	**9,5**
LIFE BUSINESS			
Class I	64.959,4	837,5	1,3
Class II			
Class III	15.513,5	10,0	0,1
Class IV	52,1	1,5	3,0
Class V	3.282,1	0,0	0,0
Class VI	1.292,4	0,0	0,0
Total life business . . .	**85.099,6**	**849,0**	**1,0**

Tab. 7

LOSS RATIO - NON-LIFE BUSINESS

CLASSES	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)
Accidents	53,5	53,3	51,6	49,3	46,8
Sickness	72,4	73,8	72,6	74,0	74,5
Land vehicles	68,6	63,7	64,9	62,5	68,1
Railway rolling stock	92,1	84,9	66,9	266,5	83,0
Aircraft	49,4	101,2	120,2	15,9	185,2
Ships (sea, lake and river and canal vessels) . . .	102,2	71,5	70,2	99,3	77,5
Goods in transit	62,6	64,7	63,3	68,0	65,3
Fire and natural forces	78,2	63,1	62,6	96,9	61,7
Other damage to property	77,8	76,3	70,9	75,1	74,0
Motor vehicle liability	87,7	83,5	76,9	68,4	68,5
Aircraft liability	20,9	17,5	14,5	17,6	15,7
Liability for ships (sea, lake and river and canal ve	80,4	88,4	58,0	77,5	81,8
General liability	83,8	86,7	78,0	73,9	72,5
Credit	113,1	55,2	74,0	145,7	98,3
Suretyship	65,8	61,3	65,3	69,2	71,5
Miscellaneous financial loss	54,7	55,7	49,6	57,9	52,9
Legal expenses	34,5	32,5	33,5	33,2	32,1
Assistance	32,8	31,7	30,3	29,5	29,4
Total non-life classes	**78,8**	**74,8**	**70,7**	**69,1**	**66,5**

Tab. 8

BALANCE SHEET - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

ASSETS	2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
A. AMOUNTS OWED BY SHAREHOLDERS FOR SUBSCRIBED CAPITAL NOT YET PAID IN	40,8	15,4	-62,3	2,7	-82,3	7,0	156,6		-100,0
B. INTANGIBLE ASSETS									
1. Deferred acquisition commissions									
a) life business	620,1	630,5	1,7	668,6	6,0	687,2	2,8	733,8	6,8
b) non-life business	168,8	121,4	-23,8	94,9	-21,8	82,0	-8,9	76,4	-6,9
2. Other acquisition costs	0,4	0,7	75,0	7,2	944,2	41,8	478,2	40,0	-4,3
3. Setting-up and enlargement costs	5,0	3,7	-24,5	33,9	803,7	98,7	191,5	98,4	-0,3
4. Goodwill	5.533,9	5.026,0	-9,2	4.664,3	-7,2	4.281,2	-8,2	4.603,2	7,5
5. Other deferred costs	563,2	527,7	1,0	531,7	0,9	556,4	5,7	642,6	17,2
C. INVESTMENTS									
I - Land and buildings									
1. Occupied by the insurance undertaking for its own activities	1.179,1	1.246,1	5,7	1.292,0	4,1	1.311,9	3,4	1.256,9	-4,2
2. Occupied by third parties	5.059,3	5.002,6	2,4	5.252,2	5,0	5.207,1	-0,8	5.099,2	-2,1
3. Other real estate	32,1	34,1	6,2	32,8	-3,8	29,2	-6,5	27,2	-6,9
4. Other property rights	5,2	5,2	0,0	5,2	0,7	3,8	-27,9	3,7	-0,1
5. Buildings under construction and deposits paid	250,7	225,1	-10,1	319,3	41,9	227,5	-28,8	71,5	-68,6
II - Investments in group undertakings and other participating interests									
1. Shares in:									
a) parent undertakings	586,5	530,0	-9,6	332,7	-37,2	320,9	-3,5	14,6	-95,4
b) subsidiaries	40.122,1	39.042,2	-1,5	39.500,9	1,2	37.337,7	-5,5	44.023,8	17,9
c) associated undertakings	1.540,9	1.556,2	1,0	1.681,7	8,1	1.688,7	0,4	1.322,5	-21,7
d) affiliated undertakings	654,3	814,8	24,5	803,2	-1,4	685,5	-14,7	1.461,8	113,3
e) other	3.823,7	3.767,9	-1,5	1.992,9	-47,1	1.904,0	-4,5	1.369,6	-28,1
2. Debt securities issued by:									
a) parent undertakings	1.113,9	1.563,6	40,4	1.759,5	14,7	3.907,1	122,1	3.679,4	-5,8
b) subsidiaries	56,4	98,2	74,1	111,8	13,8	74,7	-33,2	277,3	271,1
c) associated undertakings	1.008,1	1.305,0	29,5	1.359,6	4,2	1.028,1	-24,4	398,1	-61,3
d) affiliated undertakings	46,1	68,6	48,8	78,6	14,5	92,5	17,7	108,8	17,6
e) other	1.099,9	1.331,0	21,0	880,0	-33,9	934,2	6,2	970,0	3,8

(continued)

Continued: Tab. 8

BALANCE SHEET - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

ASSETS	2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
3. Loans to:									
a) parent undertakings	650,4	278,8	-57,1	270,4	0,6	270,3	0,0	270,3	0,0
b) subsidiaries	76,1	79,3	5,6	45,5	-42,7	45,9	0,9	54,8	19,5
c) associated undertakings	0,1	4,5	--		-99,7	6,7	53.319,6	4,5	-32,3
d) affiliated undertakings	14,8	5,8	-60,8	5,8	1,4	5,8	-1,4	6,5	13,5
e) other	7,3	3,4	-53,4	2,3	-31,0	2,3	0.0	2,2	0.0
III. - Other financial investments									
1. Shares									
a) Listed shares	12.444,5	10.580,9	-14,5	9.525,6	-10,0	7.699,7	-19,2	8.029,8	4,3
b) Unlisted shares	215,8	201,1	-6,8	252,8	25,7	266,1	5,3	448,5	68,5
c) Units	247,5	257,7	4,1	257,2	-0,2	226,4	-12,0	626,2	176,5
2. Units in unit trusts	17.217,4	19.367,9	12,5	21.339,6	-9,1	22.566,6	-18,4	25.919,0	11,1
3. Debt securities and other fixed-income securities.									
a) listed	263.926,7	294.984,2	12,7	303.641,8	3,0	319.728,7	5,4	351.972,7	10,1
b) unlisted	5.663,0	6.752,1	19,4	7.430,4	10,0	9.400,0	26,5	5.943,5	-36,8
c) convertible securities	840,5	794,8	-5,4	767,1	-3,5	462,2	-39,7	476,0	3,0
4. Loans									
a) loans secured by a lien on property	65,0	63,7	3,6	63,3	-0,6	62,2	-1,7	60,4	-2,8
b) loans secured by the insurance policy	2.446,0	2.416,6	-1,2	2.397,7	-0,8	2.332,9	-2,7	2.214,9	-5,1
c) other loans	76,2	101,2	36,2	98,0	-1,8	190,8	95,2	153,4	-19,6
5. Participation in investment pools									
6. Deposits with credit institutions	443,0	1.022,1	130,7	1.134,1	11,0	2.351,2	107,3	1.242,0	-47,2
7. Other financial investments	1.586,7	2.014,5	27,2	361,1	-82,1	111,3	-69,2	147,5	32,5
IV. - Deposits with ceding undertakings	9.768,3	9.350,5	-4,3	9.477,4	1,4	8.972,1	-5,2	8.489,8	-5,4
D. INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE RISK AND ARISING FROM PENSION FUND MANAGEMENT									
I - Investments pertaining to unit- and index-linked benefits	112.025,9	105.786,4	-5,6	91.579,8	-13,4	89.056,2	-2,8	87.433,6	-1,8
II - Investments arising from pension fund management	5.185,0	6.358,1	22,6	7.331,3	15,3	8.464,9	15,5	9.380,1	10,8

(continued)

Continued: Tab. 8

BALANCE SHEET - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

ASSETS	2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
D bis. REINSURERS' SHARE OF TECHNICAL PROVISIONS									
I - NON LIFE BUSINESS									
1. Provision for unearned premiums	1.460,8	1.418,4	2,7	1.429,0	3,5	1.410,2	-0,1	1.326,2	-5,9
2. Provision for claims outstanding	5.459,1	5.240,3	-0,1	4.780,6	-6,9	5.592,1	17,7	5.138,9	-8,1
3. Provision for bonuses and rebates	4,3	8,4	95,3	0,5	320,2	1,0	99,2	1,7	77,4
4. Other technical provisions	1,6	1,9	18,8	3,3	66,8	2,6	-19,0	3,2	21,7
II - LIFE BUSINESS									
1. Mathematical provisions	11.817,4	11.481,8	-2,8	10.835,6	-5,6	10.258,7	-5,1	9.510,3	-7,3
2. Ancillary risks - Provision for unearned premiums	12,0	10,0	-16,7	22,0	119,8	27,7	25,7	26,3	-5,0
3. Provision for amounts payable	223,0	261,7	17,4	260,0	-0,7	292,5	16,4	337,4	15,4
4. Provision for bonuses and rebates	4,9	4,4	-10,2	3,4	-21,1	2,6	-24,4	2,7	3,1
5. Other technical provisions	15,6	12,4	-20,5	7,6	-38,4	7,2	-5,5	6,2	-14,4
6. Technical provisions where the investment risk is borne by policyholders and provisions relating to pension fund management	284,0	297,8	4,9	204,1	-31,5	173,3	-15,1	180,0	3,8
E. DEBTORS									
I - Debtors arising out of direct insurance operations:									
1. Policyholders									
a) premiums for the current financial year	5.297,4	4.873,0	-4,2	4.778,0	-1,8	4.649,2	-1,9	4.085,4	-12,1
b) premiums for the previous financial years	499,8	469,9	-0,1	439,0	-6,5	327,6	-25,1	343,0	4,7
2. Insurance intermediaries	4.548,9	4.596,3	4,5	4.388,7	-4,5	3.937,3	-10,1	3.966,0	0,7
3. Insurance undertakings - amounts receivable	981,6	963,4	3,2	882,3	-8,4	719,4	-18,2	586,2	-18,5
4. Policyholders and third parties - recoverable amounts	786,7	766,1	2,6	828,0	8,1	695,9	-15,5	624,1	-10,3
II - Debtors arising out of reinsurance operations:									
1. Insurance and reinsurance undertakings	1.756,5	1.470,1	-10,1	1.419,8	-3,1	1.449,9	3,4	1.365,7	-5,8
2. Reinsurance intermediaries	61,5	35,7	-39,9	36,0	0,9	22,3	-37,9	29,1	30,2
III. - Other debtors	11.630,3	13.401,7	17,7	14.103,5	5,5	14.695,4	4,7	17.192,0	17,0
F. OTHER ASSETS									
I - Tangible assets and stocks:									
(continued)									

Continued: Tab. 8

BALANCE SHEET - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

ASSETS	2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
1. Furniture, office equipment, internal means of transportation	126,1	108,1	-4,8	106,7	-0,9	96,8	-8,0	96,3	0,0
2. Movable goods entered in public registers	2,7	2,1	-8,7	1,9	-10,2	2,0	15,2	2,1	5,3
3. Plant and machinery	28,8	32,4	19,1	36,8	17,3	38,5	7,4	57,0	48,0
4. Stocks and sundry goods	10,0	9,4	-6,0	9,0	-4,8	8,8	-1,5	8,3	-6,1
II - Cash at bank and in hand									
1. Deposits with credit institutions and post office accounts	11.250,9	9.588,3	-13,0	14.512,0	51,4	17.148,7	18,6	16.980,9	-0,8
2. Cheques and cash in hand	17,1	16,1	-5,3	19,9	23,2	13,2	-33,6	14,7	11,8
III. - Own shares	169,4	155,2	-8,4	130,3	-16,1	125,5	-3,7	17,1	-86,4
IV. - Other assets									
1. Deferred reinsurance accounts receivable	86,4	32,7	-62,2	32,8	0,3	35,9	9,6	28,1	-21,9
2. Sundry assets	2.925,8	3.124,1	9,5	3.769,6	23,7	3.959,0	5,8	4.664,1	17,9
G. ACCRUALS AND DEFERRED INCOME									
1. Interest	4.541,4	4.803,8	6,4	4.966,5	3,5	4.918,7	-0,8	5.168,2	5,1
2. Rent	12,5	12,2	2,5						
3. Other prepayments and accrued income	352,6	277,0	-20,6	258,6	-6,6	354,9	37,5	304,5	-14,2
TOTAL ASSETS	**560.779,8**	**586.814,6**	**5,5**	**585.665,4**	**-0,1**	**603.706,4**	**3,2**	**641.230,4**	**6,2**

LIABILITIES AND EQUITY	2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
A. EQUITY									
I - Subscribed capital or equivalent funds	11.924,9	11.985,2	5,0	12.462,8	4,2	13.344,9	7,7	14.828,3	11,2
II - Provision for share premium accounts	17.128,4	16.861,8	-1,5	17.874,6	6,1	17.340,4	-3,0	23.397,7	34,9
III. - Revaluation reserves	3.397,8	3.034,0	-7,7	3.026,2	-0,2	2.820,9	-6,6	2.860,8	1,4
IV. - Legal provision	1.508,1	1.715,8	13,9	1.700,2	-0,6	1.665,9	-1,8	1.766,4	6,0
V. - Statutory provisions	21,0	24,2	15,2	15,9	-34,2	15,0	-6,0	29,3	95,6
VI. - Reserves for own shares and for parent company's shares	750,3	681,2	-9,2	458,0	-32,8	442,2	-3,5	25,3	-94,3
VII - Other reserves	14.162,6	15.490,8	9,8	15.408,7	-0,5	13.628,1	-11,3	14.158,9	4,2

(continued)

Continued: Tab. 8

BALANCE SHEET - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

LIABILITIES AND EQUITY	2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
VIII - Profit or loss brought forward	-617,3	1.169,5	269,4	957,8	-18,1	-547,3	-156,4	1.668,7	404,9
IX - Operating profit (loss)	3.527,1	-702,8	-119,1	-3.652,6	-413,6	5.588,5	253,0	5.170,8	-7,7
B. SUBORDINATED LIABILITIES	8.373,9	8.752,6	6,4	8.751,2	0,0	10.069,7	15,1	10.475,4	4,0
C. TECHNICAL PROVISIONS									
I - NON LIFE BUSINESS									
1. Provision for unearned premiums	15.993,7	15.747,9	3,6	16.196,7	3,3	15.532,3	-3,2	14.750,5	-4,7
2. Provision for claims outstanding	52.413,4	49.820,8	-0,4	50.217,1	1,3	51.017,5	2,1	49.719,9	-2,4
3. Provision for bonuses and rebates	66,0	46,9	-28,9	26,1	-16,7	29,4	12,5	22,7	-22,8
4. Other technical provisions	77,7	70,7	-5,2	69,6	-1,5	67,8	-2,6	65,2	-3,8
5. Equalisation provisions	150,3	172,3	15,6	188,0	10,8	191,5	1,8	205,5	7,3
II - LIFE BUSINESS									
1. Mathematical provisions	269.638,6	306.529,6	13,7	322.462,7	5,2	333.174,1	3,4	362.681,1	8,9
2. Ancillary risks - Provision for unearned premiums	65,3	74,2	13,6	86,9	17,1	98,0	12,7	92,5	-5,6
3. Provision for amounts payable	4.447,0	5.952,3	33,8	4.730,5	-20,5	4.853,6	3,1	5.087,3	4,8
4. Provision for bonuses and rebates	134,5	127,7	-5,1	151,6	18,7	150,8	-0,5	151,8	0,7
5. Other technical provisions	1.865,5	1.757,0	-5,8	1.667,5	-5,1	1.603,4	-3,2	1.542,6	-3,8
D. TECHNICAL PROVISIONS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PROVISIONS RELATING TO PENSION FUND MANAGEMENT									
I - Provisions relating to contracts whose benefits are linked to unit trusts or market indexes	111.725,4	105.494,0	-5,6	91.320,1	-13,4	88.885,3	-2,7	87.205,3	-1,9
II - Provisions relating to pension fund management	5.184,8	6.358,0	22,6	7.331,3	15,3	8.463,6	15,5	9.380,1	10,8
E. PROVISIONS FOR OTHER RISKS AND CHARGES									
1. Provisions for pensions and similar obligations	121,1	120,8	-0,2	117,0	-1,8	120,4	7,1	103,0	-14,4
2. Provisions for taxation	426,8	389,0	0,7	340,3	-12,5	655,8	93,6	786,8	20,0
3. Other provisions	1.162,7	1.261,0	10,7	1.156,2	-7,2	1.071,1	-7,0	1.405,2	31,2

(continued)

Continued: Tab. 8

BALANCE SHEET - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

LIABILITIES AND EQUITY	2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
F. DEPOSITS RECEIVED FROM REINSURERS	12.397,6	11.998,8	-3,2	11.279,2	-5,8	10.692,1	-5,0	9.926,7	-7,2
G. CREDITORS AND OTHER LIABILITIES									
I - Creditors arising out of direct insurance operations:									
1. Insurance intermediaries	1.368,1	1.314,7	-2,9	1.273,1	-3,1	1.007,6	-18,8	1.030,9	2,3
2. Insurance undertakings - amounts receivable	345,5	269,6	-9,6	241,5	-10,3	231,7	-3,2	224,3	-3,2
3. Policyholders – deposits and premiums	319,5	392,1	22,8	268,8	-31,2	222,6	-17,2	289,5	30,0
4. Guarantee funds for the benefit of policyholders	61,3	80,6	41,2	57,7	-28,5	47,3	-17,9	15,6	-65,9
II - Creditors arising out of reinsurance operations:									
1. Insurance and reinsurance undertakings	1.357,4	1.282,6	6,1	892,4	-29,9	960,7	9,8	980,3	2,1
2. Reinsurance intermediaries	72,9	57,8	-19,9	65,3	13,0	60,3	-7,6	48,4	-19,7
III. - Debenture loans	4.250,0	3.060,0	-28,0	3.060,0		3.011,1	-1,6	2.947,2	-2,1
IV. - Amounts owed to credit and financial institutions	136,7	179,3	31,2	54,1	-69,8	44,1	-18,5	258,1	485,3
V. - Debts secured by a lien on property	0,6	0,4	-33,3	2,6	582,0	5,2	101,3	4,8	-8,6
VI. - Sundry loans and other financial creditors	5.968,0	5.547,1	-7,1	5.285,9	-4,7	5.132,9	-2,9	5.274,3	2,8
VII - Staff leaving indemnity	425,3	386,0	-6,5	358,7	-5,9	333,0	-6,4	321,8	-3,4
VIII - Other creditors									
1. Policyholders' tax due	627,3	621,5	3,8	632,8	1,8	603,6	-4,2	590,0	-1,9
2. Other taxes due	1.483,7	1.470,4	-0,4	1.609,4	9,5	3.222,5	101,6	2.954,2	-8,3
3. Social security contributions	120,9	115,9	-2,6	121,2	4,7	117,4	-2,0	108,2	-7,3
4. Sundry creditors	4.029,6	3.022,0	-24,6	3.036,7	1,1	3.815,9	26,5	3.761,8	-1,2
IX - Other liabilities									
1. Deferred reinsurance accounts payable	74,9	35,1	-53,1	36,4	3,5	33,3	-8,6	34,0	2,1
2. Commissions on pending premiums	809,8	751,7	-1,5	741,0	-1,3	676,9	-7,9	635,8	-6,1
3. Sundry liabilities	2.502,1	2.593,6	5,5	2.856,6	12,0	2.465,8	-13,4	3.562,9	44,6
H. ACCRUALS AND DEFERRED INCOME									
1. Interest	524,1	496,2	-5,3	533,8	7,6	541,8	1,5	509,5	-6,0
2. Rent	4,5	5,3	17,8	11,7	120,0	21,5	84,3	14,2	-34,0
3. Other prepayments and accrued income	250,0	199,3	-19,5	182,1	-8,6	176,1	-3,0	156,6	-11,1
TOTAL LIABILITIES AND EQUITY	**560.779,8**	**586.814,6**	**5,5**	**585.665,4**	**-0,1**	**603.706,3**	**3,2**	**641.230,4**	**6,2**
TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS	481.536,6	506.188,8	5,6	475.047,2	-6,1	489.238,7	3,1	513.339,2	4,9
of which Assets of **pension funds managed in the name and on behalf of third pa**	3.465,1	2.082,2	-39,9	2.371,5	13,9	3.684,8	55,4	3.003,8	-18,5

(a) Variations within homogeneous undertakings

Tab. 9

PROFIT AND LOSS ACCOUNT - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

		2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS										
1. EARNED PREMIUMS, NET OF REINSURANCE										
a) Gross premiums written	+	37.795,7	36.793,5	2,4	37.751,8	3,0	36.738,1	-1,9	35.326,3	-3,6
b) Outward reinsurance premiums	-	4.005,2	3.839,9	1,0	3.699,9	-1,2	3.975,3	9,0	3.708,3	-6,6
c) Change in the gross provision for unearned premiums	-	56,1	564,7	2.593,5	529,0	-5,8	-486,8	-194,9	-738,7	-47,7
d) Change in the provision for unearned premiums, reinsurers' share	+	77,1	68,6	19,3	66,8	18,8	7,6	-87,2	-115,7	-1.715,0
2. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (ITEM III. 6)	+	2.438,7	1.094,6	-52,7	640,5	-41,2	1.659,9	160,2	1.262,0	-23,9
3. OTHER TECHNICAL INCOME, NET OF REINSURANCE	+	472,0	440,4	1,7	451,0	2,9	469,0	4,5	428,9	-8,3
4. CLAIMS INCURRED, NET OF SUMS RECOVERABLE AND REINSURANCE										
a) Claims paid										
aa) Gross amount	-	29.746,9	28.265,2	-0,8	27.237,4	-3,2	26.161,1	-3,6	25.152,3	-3,7
bb) reinsurers' share	+	2.486,1	2.066,8	-14,1	2.071,5	2,6	2.366,9	15,0	2.567,2	8,5
b) Change in sums recoverable, net of reinsurers' share										
aa) Gross amount	+	710,1	660,0	-2,4	606,4	-5,8	512,3	-13,8	476,4	-7,2
bb) reinsurers' share	-	34,3	29,7	-11,0	29,5	29,3	23,5	-15,4	21,0	-10,6
c) Change in the provision for claims outstanding										
aa) Gross amount	-	628,6	-245,8	-189,9	701,2	507,3	1.084,9	60,7	-1.234,0	-217,1
bb) reinsurers' share	+	349,0	216,1	-27,9	91,1	-62,2	910,7	971,9	-427,6	-147,0
5. CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE	-	-3,1	-5,3	-89,2	-2,5	53,2	0,5	118,6	-2,2	-581,7
6. BONUSES AND REBATES, NET OF REINSURANCE	-	36,4	14,7	-59,6	28,9	181,5	13,5	-50,1	15,7	15,7

Continued: Tab. 9

PROFIT AND LOSS ACCOUNT - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

		2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
7. OPERATING EXPENSES:										
a) Acquisition costs	-	5.040,3	4.987,7	4,1	5.118,9	3,0	4.784,3	-4,8	4.725,8	-1,1
b) Other acquisition costs	-	1.390,6	1.395,4	3,9	1.380,1	1,3	1.441,6	5,5	1.500,1	5,3
c) Change in commissions and other deferred acquisition costs	+	-76,8	-39,0	35,1	-26,8	31,3	-6,4	76,6	-6,5	-1,8
d) Collection commissions	-	1.006,5	943,6	-1,6	932,1	-1,2	976,0	7,2	930,0	-4,7
e) Other administrative expenses	-	1.821,7	1.628,0	-2,9	1.662,4	3,0	1.607,0	-1,4	1.623,3	1,4
f) Reinsurance commissions and profit participation	+	871,4	853,0	3,3	798,0	-3,9	797,3	1,6	744,7	-6,5
8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE	-	1.116,1	1.088,1	4,9	1.010,2	-6,5	1.106,4	10,3	993,8	-10,2
9. CHANGE IN THE EQUALIZATION PROVISION	-	16,0	23,4	48,2	17,6	-14,9	3,6	-79,6	13,9	289,1
10. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS		**227,7**	**-375,2**	**-185,0**	**105,5**	**127,5**	**2.764,5**	**2.510,4**	**3.546,4**	**27,6**
II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS										
1. EARNED PREMIUMS, NET OF REINSURANCE:										
a) Gross premiums written	+	82.931,1	92.060,8	11,0	75.767,0	-17,7	71.623,9	-5,4	86.854,1	21,3
b) Outward reinsurance premiums	-	1.522,5	1.468,6	-3,5	1.399,4	-4,7	1.247,8	-9,4	1.097,7	-12,0
2. INVESTMENT INCOME:										
a) Income from shares	+	1.092,3	890,2	-18,5	944,7	6,1	895,5	-5,2	1.006,4	12,4
b) Income from other investments:										
aa) land and buildings	+	44,5	36,1	-18,8	33,6	-7,0	32,8	-2,3	24,8	-24,4
bb) other investments	+	10.467,7	11.646,8	11,3	13.103,7	12,5	14.128,0	7,9	14.503,5	2,7
c) Value re-adjustments on investments	+	2.209,2	649,8	-70,6	490,8	-24,5	3.790,9	672,9	1.063,4	-71,9
d) Gains on the realization of investments	+	2.682,3	2.629,6	-2,0	1.669,7	-36,5	3.083,1	84,8	2.600,6	-15,7
3. UNREALISED GAINS ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND ON INVESTMENTS RELATING TO PENSION FUND MANAGEMENT	+	15.395,9	7.697,9	-50,0	3.773,1	-51,0	10.778,3	185,7	7.543,6	-30,0

Continued: Tab. 9

PROFIT AND LOSS ACCOUNT - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

		2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE	+	1.077,3	1.134,6	5,3	1.097,0	-3,3	1.220,6	11,3	1.314,9	7,7
5. CLAIMS INCURRED, NET OF REINSURANCE:										
a) Claims paid										
aa) Gross amount	-	58.461,9	67.225,1	15,0	77.096,8	14,7	76.906,1	-0,2	68.508,6	-10,9
bb) Reinsurers' share	+	1.607,1	1.672,5	4,1	1.696,5	1,4	1.706,7	1,0	1.751,3	2,6
b) Change in the provision for amounts payable										
aa) Gross amount	-	499,6	1.474,2	195,1	-1.217,2	-182,6	133,3	110,9	296,0	122,1
bb) Reinsurers' share	+	12,5	28,0	124,5	6,3	-77,4	36,3	851,4	54,0	49,0
6. CHANGE IN MATHEMATICAL RESERVES AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE										
a) Mathematical reserves:										
aa) Gross amount	-	40.847,9	37.114,0	-9,1	15.527,7	-58,2	9.563,1	-38,4	29.788,9	211,5
bb) Reinsurers' share	+	-142,7	-327,4	-129,5	-351,1	-7,2	-484,5	-35,0	-695,6	-43,6
b) Ancillary risks - Provision for unearned premiums:										
aa) Gross amount	-	-0,9	8,1	1.043,6	12,6	55,2	11,0	-12,7	-2,0	-117,7
bb) Reinsurers' share	+	0,5	-2,1	-512,8	11,9	661,1	5,7	-52,0	0,6	-90,0
c) Other technical provisions										
aa) Gross amount	-	-129,7	-95,5	26,4	-90,4	5,3	-57,1	36,6	-56,5	1,0
bb) Reinsurers' share	+	-5,8	-3,1	45,6	-4,8	-51,9	-0,4	91,1	-1,0	-144,8
d) Technical provisions where the investment risk is borne by policyholders and provisions relating to pension fund management										
aa) Gross amount	-	151,8	-5.016,7	-3.404,3	-13.242,6	-164,0	113,0	100,9	-277,1	-345,2
bb) Reinsurers' share	+	43,2	13,5	-68,7	-93,0	-786,8	-16,0	82,7	6,1	138,2
7. BONUSES AND REBATES, NET OF REINSURANCE	-	101,3	90,3	-10,9	118,8	31,6	130,0	9,7	102,8	-20,9
8. OPERATING EXPENSES:										
a) Acquisition costs	-	2.543,2	2.747,1	8,0	2.319,7	-15,6	1.888,8	-16,7	2.057,2	8,9
b) Other acquisition costs	-	636,5	678,3	6,6	713,1	5,1	685,9	-3,4	689,8	0,6
c) Change in commissions and other deferred acquisition costs	+	-60,1	10,5	117,4	38,1	264,3	18,6	-51,2	46,9	152,4

Continued: Tab. 9

PROFIT AND LOSS ACCOUNT - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

		2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
d) Collection commissions	-	273,1	278,3	1,9	246,5	-11,4	218,9	-11,2	243,1	11,1
e) Other administrative expenses	-	912,9	952,0	4,3	945,9	-0,6	925,5	-1,9	903,5	-2,4
f) Reinsurance commissions and profit participation	+	257,0	246,3	-4,2	226,2	-8,2	179,7	-19,6	162,5	-9,6
9. FINANCIAL CHARGES:										
a) Investment management charges, including interests due	-	1.305,2	1.234,7	-5,4	1.282,7	3,9	1.335,5	4,2	1.490,8	11,6
b) Value adjustments on investments	-	1.353,3	4.324,3	219,5	7.786,6	80,1	1.895,8	-75,7	1.495,9	-21,1
c) Losses on the realization of investments	-	1.283,3	1.014,5	-20,9	768,9	-24,2	451,3	-41,3	821,8	82,1
10. FINANCIAL CHARGES AND UNREALIZED LOSSES ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND INVESTMENTS RELATING TO PENSION FUND MANAGEMENT	-	2.366,9	3.124,1	32,0	6.574,5	110,4	1.580,8	-76,0	2.683,2	69,7
11. OTHER TECHNICAL CHARGES, NET OF REINSURANCE	-	1.064,2	1.189,9	11,8	1.217,8	2,3	1.412,7	16,0	1.603,5	13,5
12. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (item III. 4)	-	1.177,3	838,7	-28,8	265,2	-68,4	1.625,6	516,2	1.444,4	-11,1
13. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (item III. 2)		**3.241,9**	**-266,0**	**-108,2**	**-3.316,2**	**-1.146,8**	**6.931,2**	**308,8**	3.344,0	**-51,8**
III. NON TECHNICAL ACCOUNT										
1. BALANCE ON THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS (item I. 10)	+	227,7	-375,2	-185,0	105,5	127,5	2.764,5	2.510,4	3.546,3	27,6
2. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (item II. 13)	+	3.241,9	-266,0	-108,2	-3.316,2	-1.146,8	6.931,2	308,8	3.344,0	-51,8
3. INVESTMENT INCOME - NON-LIFE INSURANCE BUSINESS:										
a) Income from shares	+	936,5	840,6	-6,7	644,0	-23,3	760,1	18,0	904,1	18,9
b) Income from other investments:										
aa) land and buildings	+	171,4	184,0	11,0	192,8	5,0	196,7	2,0	187,5	-4,7
bb) other investments	+	1.706,2	1.497,4	-8,0	1.663,4	11,7	1.727,2	4,4	1.675,1	-2,8
c) Value re-adjustments on investments	+	914,1	182,3	-79,3	295,5	62,1	573,4	94,1	297,3	-48,1
d) Gains on the realization of investments	+	1.377,6	658,2	-50,8	410,8	-37,5	753,1	84,8	532,1	-29,3

Continued: Tab. 9

PROFIT AND LOSS ACCOUNT - LIFE AND NON-LIFE BUSINESS

(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian and foreign portfolio – insurance and reinsurance business)

(million euro)

		2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
4. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE-ASSURANCE TECHNICAL ACCOUNT (item II. 12)	+	1.177,3	838,7	-28,8	265,2	-68,4	1.625,6	516,2	1.444,4	-11,1
5. FINANCIAL CHARGES IN NON-LIFE INSURANCE:										
a) Investment management charges, including interests due	-	334,7	296,6	-10,0	313,2	5,9	363,1	16,3	363,9	0,3
b) Value adjustments on investments	-	654,3	1.381,8	118,2	2.671,1	93,8	1.642,3	-38,3	979,5	-40,3
c) Losses on the realization of investments	-	738,9	388,6	-47,1	315,2	-18,5	251,2	-20,0	165,7	-34,0
6. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE INSURANCE TECHNICAL ACCOUNT (item I. 2)	-	2.438,7	1.094,6	-52,7	640,5	-41,2	1.659,9	160,2	1.262,0	-23,9
7. OTHER INCOME	+	2.211,1	1.863,1	-14,9	1.880,0	1,3	1.637,3	-12,0	1.693,9	3,5
8. OTHER CHARGES	-	3.455,0	3.625,6	6,1	3.430,7	-5,2	3.559,2	4,1	3.875,8	9,1
9. PROFIT OR LOSS ON ORDINARY ACTIVITIES		4.342,2	-1.364,0	-130,1	-5.229,7	-280,6	9.493,4	281,2	6.977,8	-26,6
10. EXTRAORDINARY INCOME	+	1.433,6	1.261,0	-11,6	1.359,4	8,0	833,1	-38,7	2.199,1	164,3
11. EXTRAORDINARY CHARGES	-	593,9	647,3	12,8	880,9	36,3	861,0	-2,1	884,5	2,8
12. EXTRAORDINARY PROFIT OR LOSS		839,7	613,7	-28,1	478,5	-21,8	-27,9	-105,8	1.314,6	4.711,5
13. PROFIT OR LOSS BEFORE TAX		5.181,9	-750,2	-113,9	-4.751,2	-523,8	9.465,7	298,9	8.292,2	-12,6
14. TAX ON PROFIT OR LOSS FOR THE FINANCIAL YEAR	-	1.312,1	-47,4	-103,5	-1.098,6	-2.072,1	3.695,8	433,8	3.061,5	-17,2
15. PROFIT OR LOSS FOR THE FINANCIAL YEAR (*)		**3.869,8**	**-702,8**	**-117,5**	**-3.652,6**	**-413,6**	**5.769,9**	**258,0**	**5.230,7**	**-9,6**

(a) Variations within homogeneous undertakings.

Tab. 9.1

BREAKDOWN OF THE PROFIT OR LOSS FOR THE FINANCIAL YEAR - LIFE BUSINESS

(million euro)

		2009	2010	2011	2012	Homogeneous annual percentage variation (a)	2013
Balance on the technical account		**3.241,9**	**-266,0**	**-3.316,2**	**6.931,2**	**309,0**	**3.344,0**
Allocated investment return transferred from the technical account for life assurance business	+	1.177,3	838,7	265,2	1.625,6	513,0	1.444,4
Intermediate profit or loss (A+B		**4.419,2**	**572,7**	**-3.051,0**	**8.556,8**	**380,5**	**4.788,4**
Other income	+	1.084,6	818,5	689,8	607,7	-11,4	649,0
Other charges	-	1.167,4	1.396,0	1.292,4	1.234,3	-4,5	1.477,3
Extraordinary income	+	999,6	741,2	684,1	486,0	-29,0	1.249,9
Extraordinary charges	-	192,8	345,1	591,1	515,0	-12,9	408,5
Profit or loss before tax		**5.143,2**	**391,3**	**-3.560,7**	**7.901,3**	**321,9**	**4.801,5**
Tax on profit or loss for the financial year	-	1.336,3	95,6	-924,5	2.771,8	399,8	1.696,2
Profit or loss for the financial year		**3.806,9**	**295,7**	**-2.636,2**	**5.129,5**	**294,6**	**3.105,3**

(a) Variations within homogeneous undertakings.

Tab. 9.2

BREAKDOWN OF THE PROFIT OR LOSS FOR THE FINANCIAL YEAR – NON-LIFE BUSINESS

(million euro)

		2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
Balance on the technical account		**227,7**	**-375,2**	**-185,0**	**105,5**	**127,5**	**2.764,5**	**2.510,4**	**3.546,3**	**27,6**
Investment income	+	5.105,9	3.362,6	-31,6	3.206,5	-4,3	4.010,6	25,6	3.596,1	-10,3
Financial charges	-	1.727,9	2.067,0	21,8	3.299,5	60,1	2.256,6	-31,4	1.509,1	-33,1
Allocated investment return transferred to the technical account for non-life insurance business	-	2.438,7	1.094,6	-52,7	640,5	-41,2	1.659,9	160,2	1.262,0	-23,9
Intermediate profit or loss (A+B)		**1.167,0**	**-174,1**	**-112,9**	**-628,0**	**-242,1**	**2.858,7**	**556,3**	**4.371,2**	**52,2**
Other income	+	1.126,5	1.044,6	-5,4	1.190,2	14,8	1.029,7	-12,1	1.044,9	1,5
Other charges	-	2.287,5	2.229,6	-1,0	2.138,3	-3,8	2.324,9	9,3	2.398,6	3,4
Extraordinary income	+	434,0	519,7	21,6	675,3	30,5	347,1	-48,5	949,2	174,3
Extraordinary charges	-	401,2	302,1	-20,7	289,7	-3,8	346,0	19,8	476,0	37,8
Profit or loss before tax		**38,7**	**-1.141,5**	**-561,5**	**-1.190,6**	**-3,3**	**1.564,5**	**230,8**	**3.490,7**	**120,6**
Tax on profit or loss for the financial year	-	-24,2	-143,0	-533,5	-174,1	-19,1	924,1	609,5	1.365,3	47,3
Profit or loss for the financial year		**62,9**	**-998,4**	**-565,9**	**-1.016,5**	**-1,0**	**640,4**	**163,1**	**2.125,4**	**224,4**

(a) Variations within homogeneous undertakings.

Tab. 10

SHARE CAPITAL, CAPITAL PROVISIONS, SOLVENCY MARGIN
LIFE BUSINESS
(excluding reinsurance undertakings)

(million euro)

ASSETS	2009	2010	2011	2012	Homogeneous annual percentage variation (a)	2013
Share capital, initial fund, endowment fund (2)	7.646,5	8.209,3	8.571,9	8.910,2	4,2	8.319,9
Provision for share premium accounts (2)	10.765,2	10.610,2	11.363,4	11.503,6	1,2	12.773,6
Legal provision (2)	809,4	987,2	968,7	938,9	-3,0	797,2
Statutory provisions (2)	19,7	18,4	8,9	6,8	-23,4	16,7
Other solvency margin constituents (1) (2)	7.336,9	7.536,8	5.912,6	10.264,3	74,1	6.727,7
Available solvency margin (2)	**26.577,7**	**27.361,9**	**26.825,4**	**31.623,8**	**18,0**	**28.635,2**
Required solvency margin (2)	**13.443,7**	**14.667,7**	**15.399,6**	**15.980,1**	**3,9**	**16.582,7**
Surplus (deficit) (2)	13.133,9	12.694,2	11.425,8	15.643,7	37,2	12.052,5
Solvency index (2)	**2,0**	**1,9**	**1,7**	**2,0**	**13,6**	**1,7**

(a) Variations within homogeneous undertakings.

(1) Net of losses and intangible items

(2) The 2013 figures do not include Assicurazioni Generali S.p.A. since following the corporate reorganisation operation, in concurrence with the almost complete transfer of the portfolio and the considerable equity revaluation, an anomalous solvency ratio was registered, not significant economically.

Tab. 11

SHARE CAPITAL, CAPITAL PROVISIONS, SOLVENCY MARGIN
NON-LIFE BUSINESS
(excluding reinsurance undertakings)

(million euro)

ASSETS	2009	2010	Homogeneous annual percentage variation (a)	2011	Homogeneous annual percentage variation (a)	2012	Homogeneous annual percentage variation (a)	2013	Homogeneous annual percentage variation (a)
Share capital, initial fund, endowment fund (2)	4.289,0	3.739,4	-1,0	3.890,9	4,8	4.434,8	15,4	4.951,5	11,8
Provision for share premium accounts (2)	6.363,2	6.271,8	-1,4	6.511,2	4,0	5.836,8	-10,4	7.055,8	20,9
Legal provision (2)	680,3	728,6	7,4	726,0	0,4	727,0	0,6	661,2	-9,0
Statutory provisions (2)	16,7	5,8	-65,1	7,0	20,0	8,1	16,2	13,3	63,2
Other solvency margin constituents (1) (2)	7.886,4	8.272,2	7,2	7.330,0	-11,3	7.535,6	3,1	3.764,1	-50,0
Available solvency margin (2)	**19.235,6**	**19.017,9**	2,5	**18.465,2**	-2,6	**18.542,4**	0,8	**16.446,0**	-11,2
Required solvency margin (2)	**6.758,5**	**6.598,8**	2,2	**6.785,9**	3,2	**6.748,0**	0,1	**6.348,7**	-5,7
Surplus (deficit) (2)	12.477,1	12.419,1	2,8	11.679,2	-5,7	11.794,3	1,2	10.097,3	-14,4
Solvency index (2)	**2,8**	**2,9**	0,4	**2,7**	-5,6	**2,7**	0,7	**2,6**	-5,9

(a) Variations within homogeneous undertakings.

(1) Net of losses and intangible items

(2) The 2013 figures do not include Assicurazioni Generali S.p.A. since following the corporate reorganisation operation, in concurrence with the almost complete transfer of the portfolio and the considerable equity revaluation, an anomalous solvency ratio was registered, not significant economically.

Tab. 12

INVESTMENTS - LIFE BUSINESS

(Italian and foreign portfolio; excluding reinsurance undertakings)

(million euro)

ASSETS	2009	Percentages	2010	Percentages	2011	Percentages	2012	Percentages	Homogeneous annual percentage variation (a)	2013	Percentages
Investments (C)											
Real estate	1.186,4	0,4	892,7	0,3	998,1	0,3	576,2	0,2	-42,3	510,8	0,1
Bonds	234.421,9	79,8	269.719,5	81,6	278.737,5	82,4	296.241,9	83,7	6,3	322.966,8	83,4
Shares	29.587,2	10,1	29.094,9	8,8	27.820,2	8,2	25.561,6	7,2	-8,1	29.658,0	7,7
Loans	2.938,1	1,0	2.563,7	0,8	2.544,6	0,8	2.473,7	0,7	-2,8	2.322,0	0,6
Units in unit trusts	14.034,2	4,8	16.289,8	4,9	17.908,8	5,3	19.045,4	5,4	6,3	22.125,2	5,7
Other investments	1.531,4	0,5	1.825,5	0,6	185,3	0,1	64,7	0,0	-65,1	98,3	0,0
Bank deposits	272,2	0,1	820,3	0,2	888,8	0,3	909,2	0,3	2,3	1.028,1	0,3
Deposits with ceding undertakings	9.644,3	3,3	9.222,9	2,8	9.352,3	2,8	8.860,8	2,5	-5,3	8.378,3	2,2
Total	**293.615,7**	**100,0**	**330.429,2**	**100,0**	**338.435,5**	**100,0**	**353.733,7**	**100,0**	**4,6**	**387.087,4**	**100,0**
Investments where the risk is borne by policyholders or investments resulting from the management of pension funds (D)											
- pertaining to unit- and index-linked benefits	112.025,9	95,6	105.786,4	94,3	91.579,8	92,6	89.056,2	91,3	-2,8	87.433,6	90,3
- resulting from the management of pension funds	5.185,0	4,4	6.358,1	5,7	7.331,3	7,4	8.464,9	8,7	15,5	9.380,1	9,7
Total	**117.210,9**	**100,0**	**112.144,4**	**100,0**	**98.911,2**	**100,0**	**97.521,0**	**100,0**	-1,4	**96.813,7**	**100,0**
Grand total	**410.826,5**		**442.573,7**		**437.346,7**		**451.254,7**		**3,2**	**483.901,2**	

(a) Variations within homogeneous undertakings.

Tab. 13

INVESTMENTS - NON-LIFE BUSINESS

(Italian and foreign portfolio; excluding reinsurance undertakings)

(million euro)

ASSETS	2009	Percentages	2010	Percentages	Homogeneous annual percentage variation (a)	2011	Percentages	Homogeneous annual percentage variation (a)	2012	Percentages	Homogeneous annual percentage variation (a)	2013	Percentages	Homogeneous annual percentage variation (a)
Real estate	5.340,0	6,8	5.620,4	7,6	8,8	5.903,5	8,0	5,2	6.203,4	8,2	5,5	5.947,8	7,5	-4,1
Bonds	39.332,8	50,0	37.178,2	49,9	0,0	37.291,3	50,4	0,9	39.385,5	52,0	6,4	40.859,0	51,7	4,0
Shares	30.048,3	38,2	27.656,1	37,2	-6,2	26.526,6	35,8	-4,1	24.567,3	32,4	-7,4	27.638,7	35,0	12,5
Loans	397,7	0,5	389,5	0,5	-0,4	338,4	0,5	-10,5	443,0	0,6	31,0	445,0	0,6	0,5
Units in unit trusts	3.183,2	4,0	3.078,1	4,1	-3,3	3.430,8	4,6	12,0	3.521,1	4,7	3,2	3.793,8	4,8	7,9
Other investments	55,3	0,1	189,0	0,3	264,8	175,9	0,2	-6,9	46,7	0,1	-73,5	49,2	0,1	5,5
Bank deposits	170,8	0,2	201,8	0,3	18,2	245,4	0,3	21,6	1.442,0	1,9	487,7	213,9	0,3	-85,2
Deposits with ceding undertakings	124,1	0,2	127,7	0,2	4,1	125,1	0,2	0,3	111,2	0,1	-0,6	111,5	0,1	0,3
Total	**78.652,0**	**100,0**	**74.440,7**	**100,0**	-1,8	**74.036,9**	**100,0**	-0,2	**75.720,2**	**100,0**	2,7	**79.059,1**	**100,0**	0,0

(a) Variations within homogeneous undertakings.

Tab. 14

LIFE ASSURANCE PROVISIONS

(Italian and foreign portfolio - insurance and reinsurance business; excluding reinsurance undertakings)

(million euro)

YEARS	Life assurance provisions	Technical provisions where the investment risk is borne by the policyholder and provisions deriving from the management of pension funds		**TOTAL**
		Unit- and index-linked contracts	Pension funds	
2009	276,151.0	111,725.4	5,184.8	**393,061.2**
2010	314,440.8	105,494.0	6,358.0	**426,292.8**
2011	329,099.2	91,320.1	7,331.3	**427,750.5**
2012	339,879.9	88,885.3	8,463.6	**437,228.8**
Homogeneous annual percentage variation (a)	*3.3*	*-2.7*	*15.5*	*2.3*
2013	369,555.3	87,205.3	9,380.1	**466,140.8**

(a) Variations within homogeneous undertakings.

Tab. 15

NON-LIFE INSURANCE PROVISIONS

(Italian and foreign portfolio - insurance and reinsurance business; excluding reinsurance undertakings)

(million euro)

YEARS	Provisions for unearned premiums	Provisions for claims outstanding	Other technical provisions	**TOTAL**
2009	15,993.7	52,413.4	293.9	**68,701.1**
2010	15,747.9	49,820.8	289.9	**65,858.5**
Annual percentage variation Homogeneous (a)	*3.6*	*-0.4*	*0.1*	*0.2*
2011	16,196.7	50,217.1	283.7	**66,697.5**
Annual percentage variation Homogeneous (a)	*3.3*	*1.3*	*4.4*	*1.8*
2012	15,532.3	51,017.5	288.6	**66,838.4**
Annual percentage variation Homogeneous (a)	*-3.2*	*2.1*	*1.7*	*0.8*
2013	14,750.5	49,719.9	293.4	**64,763.8**
Annual percentage variation Homogeneous (a)	*-4.7*	*-2.4*	*1.7*	*-2.9*

(a) Variations within homogeneous undertakings.

Tab. 16

ASSETS REPRESENTING TECHNICAL PROVISIONS - LIFE BUSINESS (ARTICLES 36 AND 41 (4) OF LEGISLATIVE DECREE 209/2005) *

(Italian insurance portfolio)

(million euro)

	DESCRIPTION	31/12/2012 (2)	Compos. %	*Homogeneous annual percentage variation (a)*	31/12/2013 (2)	Compos. %	*Variat. %*	31/12/2014 (3)	Compos. %	*Variat. %*
Technical provisions to be covered (1)		**330.189**	**100,0**	***3,5***	**360.849**	**100,0**	***9,3***	**410.733**	**100,0**	***13,8***
A	INVESTMENTS									
A.1	***Debt securities and other securities equivalent to debt securities***									
A.1.1a	Securities issued or guaranteed by EU member States or OECD States ... dealt in on a regulated market	212.157	64,3	*7,6*	238.011	66,0	*12,2*	267.720	65,2	*12,5*
A.1.1b	Securities issued or guaranteed by EU member States or OECD States ... not dealt in on a regulated market	4.725	1,4	*103,8*	2.397	0,7	*-49,3*	2.121	0,5	*-11,5*
A.1.2a	Bonds or other securities equivalent to bonds dealt in on a regulated market	68.500	20,7	*-2,6*	73.244	20,3	*6,9*	87.854	21,4	*19,9*
A.1.2b	Bonds or other securities equivalent to bonds not dealt in on a regulated market ...	4.957	1,5	*-12,2*	3.290	0,9	*-33,6*	3.009	0,7	*-8,5*
A.1.2c	Bonds issued in line with article 157 (1) of legislative decree 163/2006 by project companies…..	0	0,0	*0,0*	1	0,0	-	0	0,0	*-100,0*
A.1.2d	Bonds, commercial papers and similar securities in accordance with article 32 (26-bis) of decree-law n. 83/2012	-	-	-	-	-	-	24	0,0	-
	of which bonds not dealt in	-	-	-	-	-	-	0	0,0	-
A.1.3	Other bonds or securities equivalent to bonds other than those indicated above ...	0	0,0	*0,0*	0	0,0	*0,0*	0	0,0	-
A.1.4	Units of Italian and EU UCITS	8.567	2,6	*15,0*	11.040	3,1	*28,9*	17.408	4,2	*57,7*
A.1.5	Repurchase agreements ...	0	0,0	*-100,0*	4	0,0	-	263	0,1	-
A.1.8	Accrued income from interests on securities covering technical provisions	4.117	1,2	*-2,1*	4.338	1,2	*5,4*	4.511	1,1	*4,0*
A.1.9	Debt securities relating to securitisation operations also if they are not intended to be dealt in ...	-	-	-	-	-	-	10	0,0	-
A.1.9a)	Debt securities relating to credit securitisation operations referred to in article 1, paragraph 1, of law n. 130/1999 ...	-	-	-	-	-	-	10	0,0	-
A1.9b)	Debt securities relating to securitisation operations involving the subscription for or acquisition of bonds ...	-	-	-	-	-	-	0	0,0	-
A1.9c)	Debt securities relating to securitisation operations of loans granted by securitisation companies ...	-	-	-	-	-	-	0	0,0	-
	of which bonds not dealt in	-	-	-	-	-	-	0	0,0	-
	Total A.1	**303.023**	**91,8**	***5,6***	**332.325**	**92,1**	***9,7***	**382.920**	**93,2**	***15,2***
	of which structured securities (a)	23.925	7,2	*5,4*	24.376	6,8	*1,9*	27.720	6,7	*13,7*
	of which securisations (b)	1.726	0,5	*17,5*	1.324	0,4	*-23,3*	1.415	0,3	*6,9*
	Total (a) + (b)	25.651	**7,8**	***6,2***	25.700	**7,1**	*0,2*	29.135	**7,1**	*13,4*
A.2	***Loans***	**35**	**0,0**	***-30,0***	**34**	**0,0**	***-2,9***	**30**	**0,0**	***-11,8***
A.2.1	Loans and interest-bearing loans secured by mortgages or by bank or insurance guarantees, or by other suitable	35	0	*-30*	34	0,0	*-2,9*	30	0,0	*-11,8*
A.2.2	Direct unsecured loans granted to entities other than natural persons and microenterprises.	-	-	-	-	-	-	0	0,0	-
A2.2a)	Direct loans selected by a bank or a financial intermediary and having all the characteristics relating to the quality ...	-	-	-	-	-	-	0	0,0	-
A2.2b)	Direct loans selected by a bank or a financial intermediary but not having only the characteristics relating to the	-	-	-	-	-	-	0	0,0	-
A2.2c)	Direct loans selected by a bank or a financial intermediary but not having the characteristics relating to the quality ...	-	-	-	-	-	-	0	0,0	-
A2.2d)	Direct loans not selected by a bank or a financial intermediary	-	-	-	-	-	-	0	0,0	-

Continued: tab. 16

ASSETS REPRESENTING TECHNICAL PROVISIONS - LIFE BUSINESS (ARTICLES 36 AND 41 (4) OF LEGISLATIVE DECREE 209/2005) *

(Italian insurance portfolio)

(million euro)

	DESCRIPTION	31/12/2012 (2)	Compos. %	*Homogeneous annual percentage variation (a)*	31/12/2013 (2)	Compos. %	*Variat. %*	31/12/2014 (3)	Compos. %	*Variat. %*
A.3	***Equity securities and other securities equivalent to equity securities***									
A.3.1a	Shares dealt in on a regulated market	6.576	2,0	*-17,5*	6.757	1,9	*2,8*	6.511	1,6	*-3,6*
A.3.1b	Shares in the Bank of Italy, shares in co-operatives, LLCs and shares, not dealt in on a regulated market ...	1.699	0,5	*-17,2*	1.542	0,4	*-9,2*	2.101	0,5	*36,3*
A.3.3	Units of Italian and EU UCITS	2.554	0,8	*-43,7*	2.935	0,8	*14,9*	4.258	1,0	*45,1*
A.3.4	Units of closed-end AIFs dealt in on a regulated market	70	0,0	*6,1*	75	0,0	*7,1*	74	0,0	*-1,3*
	Total A.3	**10.899**	**3,3**	***-25,5***	**11.309**	**3,1**	***3,8***	**12.944**	**3,2**	***14,5***
A.4	***Real estate***									
A.4.1	Land, buildings and right to use immovable properties, for the unencumbered shares	477	0,1	*-48,0*	420	0,1	*-11,9*	415	0,1	*-1,2*
A.4.2	Leased properties	0	0,0	*0,0*	0	0,0	-	0	0,0	-
A.4.3	Participations in real estate companies ...	198	0,1	*-48,7*	171	0,0	*-13,6*	236	0,1	*38,0*
A.4.4	Units of real estate Italian AIFs	4.169	1,3	*18,8*	4.445	1,2	*6,6*	5.215	1,3	*17,3*
	Total A.4	**4.844**	**1,5**	***0,6***	**5.036**	**1,4**	***4,0***	**5.866**	**1,4**	***16,5***
A.5	***Alternative investments***									
A.5.1a	Units of open Italian and EU AIFs which invest mainly on the bonds market	0	0,0	*0,0*	0	0,0	*0,0*	10	0,0	-
A.5.1b	Units of open Italian and EU AIFs which invest mainly on the share market	20	0,0	*33,3*	20	0,0	*0,0*	25	0,0	*25,0*
A.5.2a	Units of closed-end Italian and EU AIFs not dealt in on a regulated market and in reserved Italian AIFs	349	0,1	*18,7*	366	0,1	*4,9*	539	0,1	*47,3*
A.5.2b	Units in other open Italian and EU AIFs other than the previous classes	922	0,3	*5,0*	592	0,2	*-35,8*	1.659	0,4	*180,2*
	Total A.5	**1.291**	**0,4**	***8,8***	**978**	**0,3**	***-24,2***	**2.233**	**0,5**	***128,3***
	TOTAL A	**320.090**	**96,9**	***4,0***	**349.682**	**96,9**	***9,2***	**403.993**	**98,4**	***15,5***

Continued: tab. 16

ASSETS REPRESENTING TECHNICAL PROVISIONS - LIFE BUSINESS (ARTICLES 36 AND 41 (4) OF LEGISLATIVE DECREE 209/2005) *

(Italian insurance portfolio)

(million euro)

	DESCRIPTION	31/12/2012 (2)	Compos. %	*Homogeneous annual percentage variation (a)*	31/12/2013 (2)	Compos. %	*Variat. %*	31/12/2014 (3)	Compos. %	*Variat. %*
B	**DEBTORS**									
B.1	Debts owed by reinsurers ... up to 90% of their amount	228	0,1	*-16,5*	173	0,0	*-24,1*	136	0,0	*-21,4*
B.2	Deposits with and amounts owed by ... ceding undertakings ... up to 90% of their amount	0	0,0	*-100,0*	0	0,0	*0,0*	0	0,0	-
B.3.1	Debtors: amounts owed by policyholders ... outstanding for less than 3 months	359	0,1	*27,8*	381	0,1	*6,1*	372	0,1	*-2,4*
B.3.2	Debtors: amounts owed by intermediaries ... outstanding for less than 3 months	221	0,1	*-14,3*	100	0,0	*-54,8*	83	0,0	*-17,0*
B.4	Advances against policies	2.105	0,6	*-4,4*	2.011	0,6	*-4,5*	1.854	0,5	*-7,8*
B.5	Tax recoveries ...	808	0,2	*-15,9*	1.284	0,4	*58,9*	1.563	0,4	*21,7*
B.6	Claims against guarantee funds ...	0	0,0	*0,0*	0	0,0	*0,0*	0	0,0	-
B.7	Debtors arising out of centralised management operations of the group's cash ...	0	0,0	*-100,0*	0	0,0	*0,0*	0	0,0	-
	TOTAL B	**3.721**	**1,1**	***-6,6***	**3.949**	**1,1**	***6,1***	**4.008**	**1,0**	***1,5***
C	**OTHER ASSETS**									
C.1	Tangible fixed assets, instrumental to the undertakings' activity, other than land and buildings ...	0	0,0	*0,0*	0	0,0	*0,0*	0	0,0	-
C.2	Tangible fixed assets, not instrumental to the undertakings' activity, other than land and buildings ...	0	0,0	*0,0*	0	0,0	*0,0*	0	0,0	-
C.3	Deferred acquisition commissions ... up to 90% of their amount	418	0,1	*-6,9*	428	0,1	*2,4*	434	0,1	*1,4*
C.4	Accrued income from rent, up to 30% of its amount	0	0,0	*0,0*	0	0,0	*0,0*	0	0,0	-
C.5	Reversionary interests	0	0,0	*0,0*	0	0,0	*0,0*	0	0,0	-
	TOTAL C	**418**	**0,1**	***-6,9***	**428**	**0,1**	***2,4***	**434**	**0,1**	***1,4***
D	Deposits with banks, deposits with other credit institutions ... net of debt items	**7.919**	**2,4**	***-0,7***	**8.488**	**2,4**	***7,2***	**5.309**	**1,3**	***-37,5***
E	Other categories of assets authorised by ISVAP according to art. 38 (4) of legislative decree 209/2005	**7**	**0,0**	***-30,0***	**4**	**0,0**	***-42,9***	**2**	**0,0**	***-50,0***
	GRAND TOTAL - REPRESENTATIVE ASSETS	**332.155**	**100,6**	***3,7***	**362.551**	**100,5**	***9,2***	**413.746**	**100,7**	***14,1***
	Sub-total A.1.1b+A.1.2b+A.1.2d+A.1.3+A.1.9+A.3.1b+A.5.2a+A.5.2b	12.652	3,8	*13,1*	8.187	2,3	*-35,3*	9.429	2,3	*15,2*

(*) The statistical data referring to 2012 were taken from the processing of the models envisaged in ISVAP Regulation n. 36 of 31 January 2011 and subsequent modifications and integrations.

(1) These provisions do not include those pertaining to unit- and index-linked contracts (article 41 (1 and 2) of legislative decree 209/2005).

(2) Balance-sheet data

(3) The data pertaining to the technical provisions to be covered as at 31 December 2014 are taken from the quarterly supervisory reports. When the financial statements for 2014 are approved they may undergo changes, due to the re-calculation of the technical commitments to be covered and the consequent allocation of further representative assets.

(a) Variations within homogeneous undertakings

Please note that totals may not tally due to rounding off of decimal numbers

Tab. 16.1

ASSETS REPRESENTING TECHNICAL PROVISIONS PERTAINING TO UNIT- AND INDEX-LINKED CONTRACTS (ARTICLE 41, PARA. 1 AND 2 OF LEG. DECREE 209/2005)

(Italian insurance portfolio)

(million euro)

DESCRIPTION	31/12/12 (1)			31/12/13 (1)			31/12/14 (2)		
	Provisions	Assets	% comp.	Provisions	Assets	% comp.	Provisions	Assets	% comp.
1 Contracts linked to the value of units in UCITS	15.428	15.444	*17,3*	20.627	20.666	*23,6*	29.272	29.327	*30,5*
Var. %	***56,6***	***55,9***		***33,7***	***33,8***		***41,9***	***41,9***	
2 Unit-linked contracts	47.557	47.611	*53,5*	49.383	49.429	*56,6*	54.834	54.866	*57,0*
Var. %	***-0,3***	***-0,4***		***3,8***	***3,8***		***11,0***	***11,0***	
3 Index-linked contracts	25.873	25.974	*29,2*	17.159	17.295	*19,8*	11.877	11.985	*12,5*
Var. %	***-23,3***	***-23,2***		***-33,7***	***-33,4***		***-30,8***	***-30,7***	
TOTAL	**88.858**	**89.029**	***100,0***	**87.169**	**87.390**	***100,0***	**95.983**	**96.178**	***100,0***
Var. %	***-2,6***	***-2,7***		***-1,9***	***-1,8***		***10,1***	***10,1***	

(1) Balance-sheet data

(2) The data as at 31 December 2014 are taken from the quarterly supervisory reports. When the financial statements for 2014 are approved they may undergo changes, due to the re-calculation of the technical commitments to be covered and the consequent allocation of further representative assets.

Tab. 16.2

INVESTMENTS DERIVING FROM THE MANAGEMENT OF THE PENSION FUNDS REFERRED TO UNDER CLASS "D.II" OF THE BALANCE SHEET

(million euro)

DESCRIPTION	31/12/12 (1)			31/12/13 (1)			31/12/14 (2)		
	Provisions	Investments	% comp.	Provisions	Investments	% comp.	Provisions	Investments	% comp.
1 Open pension funds	4.704	4.704	*55,6*	5.556	5.556	*59,2*	8.267	8.267	*66,2*
Var. %	***21,8***	***21,8***		***18,1***	***18,1***		***48,8***	***48,8***	
2 Pension funds	3.760	3.760	*44,4*	3.825	3.825	*40,8*	4.228	4.228	*33,8*
Var. %	***8,3***	***8,3***		***1,7***	***1,7***		***10,6***	***10,6***	
TOTAL	**8.464**	**8.464**	***100,0***	**9.380**	**9.380**	***100,0***	**12.495**	**12.495**	***100,0***
Var. %	***15,4***	***15,4***		***10,8***	***10,8***		***33,2***	***33,2***	

(1) Balance-sheet data

(2) The data as at 31 December 2014 are taken from the quarterly supervisory reports. When the financial statements for 2014 are approved they may undergo changes, due to the re-calculation of the technical commitments to be covered and the consequent allocation of further representative assets.

Tab. 17

ASSETS REPRESENTING TECHNICAL PROVISIONS - NON-LIFE BUSINESS (ARTICLE 37 OF LEGISLATIVE DECREE 209/2005) *

(Italian insurance portfolio)

(million euro)

DESCRIPTION	31/12/2012 (1)	Compos. %	Homogeneous annual percentage variation (b)	31/12/2013 (1)	Compos. %	Homogeneous annual percentage variation (b)	31/12/2014 (2)	Compos. %	Homogeneous annual percentage variation (b)
Technical provisions to be covered	**64.717**	**100,0**	***0,8***	**62.489**	**100,0**	***-3,3***	**61.834**	**100,0**	***-1,0***
A INVESTMENTS									
A.1 ***Debt securities and other securities equivalent to debt securities***									
A.1.1a Securities issued or guaranteed by EU member States or OECD States ... dealt in on a regulated market	24.376	37,7	*10,4*	25.304	40,5	*4,1*	22.798	36,9	*-9,9*
A.1.1b Securities issued or guaranteed by EU member States or OECD States ... not dealt in on a regulated market	68	0,1	*65,9*	81	0,1	*19,1*	55	0,1	*-32,1*
A.1.2a Bonds or other securities equivalent to bonds dealt in on a regulated market	11.502	17,8	*-4,6*	12.379	19,8	*7,9*	15.160	24,5	*22,5*
A.1.2b Bonds or other securities equivalent to bonds not dealt in on a regulated market ...	530	0,8	*-25,8*	385	0,6	*-27,4*	481	0,8	*24,9*
A.1.2c Bonds issued in line with article 157 (1) of legislative decree 163/2006 by project companies…..	0	0,0	-	5	0,0	-	0	0,0	-
A.1.2d Bonds, commercial papers and similar securities in accordance with article 32 (26-bis) of decree-law n. 83/2012	-	-	-	-	-	-	5	0,0	-
of which bonds not dealt in	-	-	-	-	-	-	0	0,0	-
A.1.3 Other bonds or securities equivalent to bonds other than those indicated above ...	0	0,0	*0,0*	0	0,0	*0,0*	2	0,0	*0,0*
A.1.4 Units of Italian and EU UCITS	781	1,2	*15,4*	1.165	1,9	*50,3*	1.686	2,7	*44,7*
A.1.5 Repurchase agreements ...	3	0,0	*-62,5*	10	0,0	*233,3*	11	0,0	*10,0*
A.1.8 Accrued income from interests on securities covering technical provisions	436	0,7	*-6,4*	456	0,7	*4,8*	471	0,8	*3,3*
A.1.9 Debt securities relating to securitisation operations also if they are not intended to be dealt in ...	-	-	-	-	-	-	0	0,0	-
A.1.9a) Debt securities relating to credit securitisation operations referred to in article 1, paragraph 1, of law n. 130/1999 ...	-	-	-	-	-	-	0	0,0	-
A1.9b) Debt securities relating to securitisation operations involving the subscription for or acquisition of bonds ...	-	-	-	-	-	-	0	0,0	-
A1.9c) Debt securities relating to securitisation operations of loans granted by securitisation companies	-	-	-	-	-	-	0	0,0	-
of which bonds not dealt in	-	-	-	-	-	-	0	0,0	-
Total A.1	**37.696**	**58,2**	***4,6***	**39.785**	**63,7**	***5,8***	**40.669**	**65,8**	***2,2***
of which structured securities (a)	4.280	6,6	*-9,0*	4.577	7,3	*6,9*	6.030	9,8	*31,7*
of which securisations (b)	397	0,6	*1,0*	449	0,7	*13,1*	487	0,8	*8,5*
Total (a) + (b)	4.677	7,2	*-8,2*	5.026	8,0	*7,5*	6.517	10,5	*29,7*

Continued: tab. 17

ASSETS REPRESENTING TECHNICAL PROVISIONS - NON-LIFE BUSINESS (ARTICLE 37 OF LEGISLATIVE DECREE 209/2005) *

(Italian insurance portfolio)

(million euro)

	DESCRIPTION	31/12/2012 (1)	Compos. %	Homogeneous annual percentage variation (a)	31/12/2013 (1)	Compos. %	Homogeneous annual percentage variation (a)	31/12/2014 (2)	Compos. %	Homogeneous annual percentage variation (a)
A.2	***Loans***	**8**	**0,0**	***0,0***	**9**	**0,0**	***12,5***	**4**	**0,0**	***-55,6***
A.2.1	Loans and interest-bearing loans secured by mortgages or by bank or insurance guarantees, or by other suitable gu	8	0,0	*0,0*	9	0,0	*12,5*	4	0,0	*-55,6*
A.2.2	Direct unsecured loans granted to entities other than natural persons and microenterprises.	-	-	-	-	-	-	0	0,0	-
A2.2a)	Direct loans selected by a bank or a financial intermediary and having all the characteristics relating to the quality ...	-	-	-	-	-	-	0	0,0	-
A2.2b)	Direct loans selected by a bank or a financial intermediary but not having only the characteristics relating to the quali	-	-	-	-	-	-	0	0,0	-
A2.2c)	Direct loans selected by a bank or a financial intermediary but not having the characteristics relating to the quality ...	-	-	-	-	-	-	0	0,0	-
A2.2d)	Direct loans not selected by a bank or a financial intermediary	-	-	-	-	-	-	0	0,0	-
A.3	***Equity securities and other securities equivalent to equity securities***									
A.3.1a	Shares dealt in on a regulated market	2.491	3,8	*-25,1*	2.119	3,4	*-14,9*	1.872	3,0	*-11,7*
A.3.1b	Shares in the Bank of Italy, shares in co-operatives, LLCs and shares, not dealt in on a regulated market ...	1.938	3,0	*-11,2*	1.704	2,7	*-12,1*	1.833	3,0	*7,6*
A.3.3	Units of Italian and EU UCITS	375	0,6	*-44,4*	458	0,7	*22,1*	722	1,2	*57,6*
A.3.4	Units of closed-end AIFs dealt in on a regulated market	85	0,1	*-3,4*	101	0,2	*18,8*	164	0,3	*62,4*
	Total A.3	**4.889**	**7,6**	***-22,0***	**4.382**	**7,0**	***-10,4***	**4.591**	**7,4**	***4,8***
A.4	***Real estate***									
A.4.1	Land, buildings and right to use immovable properties, for the unencumbered shares	5.812	9,0	*4,9*	5.403	8,6	*-7,0*	5.331	8,6	*-1,3*
A.4.2	Leased properties	0	0,0	*0,0*	0	0,0	*0,0*	0	0,0	*0,0*
A.4.3	Participations in real estate companies ...	3.380	5,2	*-10,9*	3.399	5,4	*0,6*	3.463	5,6	*1,9*
A.4.4	Units of real estate Italian AIFs	1.227	1,9	*-1,0*	1.142	1,8	*-6,9*	1.220	2,0	*6,8*
	Total A.4	**10.419**	**16,1**	***-1,5***	**9.944**	**15,9**	***-4,6***	**10.014**	**16,2**	***0,7***
A.5	***Alternative investments***									
A.5.1a	Units of open Italian and EU AIFs w hich invest mainly on the bonds market	0	0,0	*0,0*	0	0,0	*0,0*	0	0,0	*0,0*
A.5.1b	Units of open Italian and EU AIFs w hich invest mainly on the share market	10	0,0	*0,0*	5	0,0	*-50,0*	5	0,0	*0,0*
A.5.2a	Units of closed-end Italian and EU AIFs not dealt in on a regulated market and in reserved Italian AIFs	249	0,4	*15,3*	308	0,5	*23,7*	288	0,5	*-6,5*
A.5.2b	Units in other open Italian and EU AIFs other than the previous classes	117	0,2	*64,8*	109	0,2	*-6,8*	304	0,5	*178,9*
	Total A.5	**376**	**0,6**	***31,0***	**422**	**0,7**	***12,2***	**597**	**1,0**	***41,5***
	TOTAL A	**53.388**	**82,5**	***0,4***	**54.542**	**87,3**	***2,4***	**55.875**	**90,4**	***2,4***

Continued: tab. 17

ASSETS REPRESENTING TECHNICAL PROVISIONS - NON-LIFE BUSINESS (ARTICLE 37 OF LEGISLATIVE DECREE 209/2005) *

(Italian insurance portfolio)

(million euro)

	DESCRIPTION	31/12/2012 (1)	Compos. %	Homogeneous annual percentage variation (a)	31/12/2013 (1)	Compos. %	Homogeneous annual percentage variation (a)	31/12/2014 (2)	Compos. %	Homogeneous annual percentage variation (a)
B	**DEBTORS**									
B.1	Debts owed by reinsurers ... up to 90% of their amount	4.926	7,6	*15,5*	4.243	6,8	*-13,9*	3.741	6,1	*-11,8*
B.2	Deposits with and amounts owed by ... ceding undertakings ... up to 90% of their amount	0	0,0	-	12	0,0	-	1	0,0	-
B.3.1	Debtors: amounts owed by policyholders ... outstanding for less than 3 months	2.059	3,2	*-14,4*	1.311	2,1	*-36,3*	880	1,4	*-32,9*
B.3.2	Debtors: amounts owed by intermediaries ... outstanding for less than 3 months	1.196	1,8	*-21,4*	662	1,1	*-44,6*	612	1,0	*-7,6*
B.4	Claims arising out of salvage and subrogation	80	0,1	*175,9*	49	0,1	*-38,8*	17	0,0	*-65,3*
B.5	Tax recoveries ...	289	0,4	*85,3*	123	0,2	*-57,4*	125	0,2	*1,6*
B.6	Claims against guarantee funds ...	278	0,4	*15,8*	275	0,4	*-1,1*	340	0,5	*23,6*
B.7	Debtors arising out of centralised management operations of the group's cash ...	349	0,5	*1645,0*	344	0,6	*-1,4*	76	0,1	*-77,9*
	TOTAL B	**9.177**	**14,2**	***6,3***	**7.019**	**11,2**	***-23,5***	**5.792**	**9,4**	***-17,5***
C	**OTHER ASSETS**									
C.1	Tangible fixed assets, instrumental to the undertakings' activity, other than land and buildings ...	5	0,0	*150,0*	2	0,0	*-60,0*	2	0,0	*0,0*
C.2	Tangible fixed assets, not instrumental to the undertakings' activity, other than land and buildings ...	0	0,0	*0,0*	0	0,0	-	0	0,0	-
C.3	Deferred acquisition commissions ... up to 90% of their amount	65	0,1	*-12,2*	26	0,0	*-60,0*	44	0,1	*69,2*
C.4	Accrued income from rent, up to 30% of its amount	1	0,0	*0,0*	0	0,0	*-100,0*	0	0,0	-
	TOTAL C	**71**	**0,1**	***-6,6***	**28**	**0,0**	***-60,6***	**46**	**0,1**	***64,3***
D	Deposits with banks, deposits with other credit institutions ... net of debt items	**2.361**	**3,6**	***-7,2***	**1.330**	**2,1**	***-43,2***	**977**	**1,6**	***-26,5***
E	Other categories of assets authorised by ISVAP according to art. 38 (4) of legislative decree 209/2005	**0**	**0,0**	***-100,0***	**0**	**0,0**	**-**	**0**	**0,0**	**-**
	GRAND TOTAL - REPRESENTATIVE ASSETS	**64.997**	**100,4**	***0,8***	**62.919**	**100,7**	***-3,0***	**62.690**	**101,4**	***-0,4***
	Sub-total A.1.1b+A.1.2b+A.1.2d+A.1.3+A.1.9+A.3.1b+A.5.2a+A.5.2b	2.902	4,5	*-10,0*	2.587	4,1	*-10,9*	**2.963**	4,8	*14,5*

(*) The statistical data referring to 2012 were taken from the processing of the models envisaged in ISVAP Regulation n. 36 of 31 January 2011 and subsequent modifications and integrations.

(1) Balance-sheet data

(2) The data pertaining to the technical provisions to be covered as at 31 December 2014 are taken from the quarterly supervisory reports. When the financial statements for 2014 are approved they may undergo changes, due to the re-calculation of the technical commitments to be covered and the consequent allocation of further representative assets.

(a) Variations within homogeneous undertakings.

Tab. 18

CONSOLIDATED ACCOUNTS

BALANCE SHEET

(million euro)

ASSETS	2011	Compos. %	2012	Compos. %	2013	Compos. %
1 INTANGIBLE ASSETS	**17.331**	**2,1**	**15.442**	**1,8**	**14.522**	**1,6**
1.1 Goodwill	12.834	1,6	11.410	1,3	10.716	1,2
1.2 Other intangible assets	4.497	0,5	4.032	0,5	3.806	0,4
2 TANGIBLE ASSETS	**7.658**	**0,9**	**8.194**	**0,9**	**7.731**	**0,8**
2.1 Real estate	5.524	0,7	5.897	0,7	5.534	0,6
2.2 Other tangible assets	2.134	0,3	2.297	0,3	2.197	0,2
3 REINSURERS' SHARE OF TECHNICAL PROVISIONS	**13.060**	**1,6**	**13.342**	**1,5**	**12.098**	**1,3**
4 INVESTMENTS	**697.114**	**84,7**	**755.722**	**86,6**	**807.116**	**87,7**
4.1 Investments in real estate	18.683	2,3	18.382	2,1	18.255	2,0
4.2 Participations in subsidiaries, associates and joint ventures	3.085	0,4	2.778	0,3	2.102	0,2
4.3 Held-to-maturity investments	11.063	1,3	14.242	1,6	9.299	1,0
4.4 Loans and receivables	109.809	13,3	103.309	11,8	85.162	9,3
4.5 Available-for-sale financial assets	354.390	43,1	420.789	48,2	497.388	54,0
4.6 Financial assets at fair value through profit or loss	200.084	24,3	196.221	22,5	194.910	21,2
5 SUNDRY RECEIVABLES	**20.524**	**2,5**	**20.870**	**2,4**	**20.545**	**2,2**
5.1 Receivables arising out of direct insurance operations	14.752	1,8	14.076	1,6	12.802	1,4
5.2 Receivables arising out of reinsurance	1.500	0,2	1.493	0,2	1.600	0,2
5.3 Other receivables	4.272	0,5	5.300	0,6	6.143	0,7
6 OTHER ASSETS	**33.918**	**4,1**	**26.785**	**3,1**	**30.409**	**3,3**
6.1 Non-current assets or disposal groups held for sale	287	0,0	155	0,0	1.058	0,1
6.2 Deferred acquisition costs	2.219	0,3	2.570	0,3	2.239	0,2
6.3 Deferred tax assets	14.774	1,8	6.927	0,8	7.918	0,9
6.4 Current tax assets	6.705	0,8	7.103	0,8	9.238	1,0
6.5 Other assets	9.934	1,2	10.030	1,1	9.956	1,1
7 CASH AND CASH EQUIVALENTS	**33.380**	**4,1**	**32.471**	**3,7**	**28.107**	**3,1**
TOTAL ASSETS	**822.986**	**100,0**	**872.826**	**100,0**	**920.528**	**100,0**

Continued: Tab. 18

CONSOLIDATED ACCOUNTS

BALANCE SHEET

(million euro)

EQUITY AND LIABILITIES	2011	Compos. %	2012	Compos. %		Compos. %
1 EQUITY	**38.458**	**4,7**	**52.575**	**6,0**	**52.196**	**5,7**
1.1 attributable to equity holders of the parent	**30.095**	**3,7**	**41.231**	**4,7**	**40.682**	**4,4**
1.1.1 Share capital	6.468	0,8	6.660	0,8	6.779	0,7
1.1.2 Other equity instruments	3	0,0	4	0,0	10	0,0
1.1.3 Capital reserves	12.239	1,5	11.503	1,3	10.718	1,2
1.1.4 Retained earnings and other capital reserves	14.859	1,8	17.209	2,0	16.219	1,8
1.1.5 (Own shares)	-452	-0,1	-412	0,0	-20	0,0
1.1.6 Reserve for net exchange differences	604	0,1	594	0,1	303	0,0
1.1.7 Profits or losses on available-for-sale financial assets	-5.474	-0,7	4.251	0,5	4.196	0,5
1.1.8 Other profits or losses recognised directly in equity	-237	0,0	-295	0,0	-876	-0,1
1.1.9 Parent shareholders' profit (loss) for the period	2.086	0,3	1.717	0,2	3.352	0,4
1.2 attributable to minority interest	**8.363**	**1,0**	**11.344**	**1,3**	**11.514**	**1,3**
1.2.1 Equity and reserves of third parties	10.392	1,3	9.673	1,1	9.798	1,1
1.2.2 Profits or losses recognised directly in equity	-1.598	-0,2	737	0,1	805	0,1
1.2.3 Third parties' profit (loss) for the period	-431	-0,1	933	0,1	911	0,1
2 PROVISIONS	**2.575**	**0,3**	**3.345**	**0,4**	**3.579**	**0,4**
3 TECHNICAL PROVISIONS	**589.916**	**71,7**	**612.656**	**70,2**	**670.850**	**72,9**
4 FINANCIAL LIABILITIES	**156.088**	**19,0**	**168.497**	**19,3**	**159.305**	**17,3**
4.1 Financial liabilities at fair value through profit or loss	74.198	9,0	80.052	9,2	88.391	9,6
4.2 Other financial liabilities	81.890	10,0	88.445	10,1	70.915	7,7
5 PAYABLES	**16.108**	**2,0**	**18.768**	**2,2**	**15.844**	**1,7**
5.1 Payables arising out of direct insurance operations	4.771	0,6	4.420	0,5	4.419	0,5
5.2 Payables arising out of reinsurance	1.184	0,1	1.078	0,1	976	0,1
5.3 Other payables	10.153	1,2	13.270	1,5	10.449	1,1
6 OTHER LIABILITIES	**19.840**	**2,4**	**16.985**	**1,9**	**18.754**	**2,0**
6.1 Liabilities of a disposal group held for sale	7	0,0	30	0,0	732	0,1
6.2 Deferred tax liabilities	10.377	1,3	5.894	0,7	5.989	0,7
6.3 Current tax liabilities	2.166	0,3	3.519	0,4	3.592	0,4
6.4 Other liabilities	7.290	0,9	7.543	0,9	8.441	0,9
TOTAL EQUITY AND LIABILITIES	**822.986**	**100,0**	**872.826**	**100,0**	**920.528**	**100,0**

The companies' consolidated accounts, drawn up in compliance with the IAS/IFRS, were aggregated.

Tab. 19

CONSOLIDATED ACCOUNTS

PROFIT AND LOSS ACCOUNT

(million euro)

	2011	2012	2013
1.1 Net premiums	130.926	117.894	131.793
1.1.1 Gross premiums earned	*136.072*	*122.762*	*135.828*
1.1.2 Outward reinsurance premiums	*5.147*	*4.868*	*4.035*
1.2 Fee income	3.681	3.830	3.212
1.3 Gains and losses deriving from financial instruments at fair value through profit or loss	-5.310	12.380	7.464
1.4 Gains from participations in subsidiaries, associates and joint ventures	440	165	235
1.5 Gains from other financial instruments and investments in real estate	29.099	27.136	28.447
1.5.1 Interest income	*19.111*	*19.065*	*20.119*
1.5.2 Other income	*2.899*	*2.458*	*2.516*
1.5.3 Realised gains	*6.735*	*5.294*	*5.586*
1.5.4 Unrealised profits	*354*	*319*	*226*
1.6 Other income	3.973	3.305	3.754
1 TOTAL INCOME AND GAINS	**162.810**	**164.709**	**174.905**
2.1. Net losses from claims incurred	118.151	120.544	132.947
2.1.2 Amounts paid and changes in technical provisions	*121.256*	*124.216*	*135.358*
2.1.3 Reinsurers' shares	*3.104*	*3.672*	*2.411*
2.2. Fee expense	1.682	1.937	1.735
2.3 Losses from participations in subsidiaries, associates and joint ventures	919	616	393
2.4 Losses from other financial instruments and investments in real estate	12.229	10.393	6.063
2.4.1 Interest expense	*2.208*	*2.234*	*2.099*
2.4.2 Other losses	*551*	*574*	*599*
2.4.3 Realised losses	*3.418*	*3.747*	*1.118*
2.4.4 Unrealised losses	*6.052*	*3.839*	*2.248*
2.5 Operating expenses	21.102	19.766	19.850
2.5.1 Commissions and other acquisition costs	*14.862*	*13.860*	*14.165*
2.5.2 Investment management charges	*318*	*316*	*358*
2.5.3 Other administrative expenses	*5.922*	*5.590*	*5.326*
2.6 Other expenses	6.440	6.087	7.404
2 TOTAL EXPENSES AND LOSSES	**160.522**	**159.343**	**168.391**
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX	**2.287**	**5.366**	**6.514**
3 Taxes	671	2.717	2.728
POST-TAX PROFIT (LOSS) FOR THE PERIOD	**1.616**	**2.650**	**3.785**
4 PROFIT (LOSS) OF DISCONTINUED OPERATIONS	**39**	**1**	**478**
CONSOLIDATED PROFIT (LOSS)	**1.655**	**2.651**	**4.264**
of which attributable to equity holders of the parent	**2.086**	**1.717**	**3.352**
of which attributable to minority interest	**-431**	**933**	**911**

The companies' accounts, drawn up in compliance with the IAS/IFRS, were aggregated.

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