



IVASS  
ISTITUTO PER LA VIGILANZA  
SULLE ASSICURAZIONI



Report on the activities  
pursued by IVASS  
in the year 2016

Roma, 23 June 2017





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SULLE ASSICURAZIONI



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Roma, 23 June 2017

**IVASS, 2017-06-23**

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## CONTENTS

|                                                                                                                 |           |
|-----------------------------------------------------------------------------------------------------------------|-----------|
| <b>I. - THE INSURANCE MARKET.....</b>                                                                           | <b>11</b> |
| <b>1. - THE INTERNATIONAL INSURANCE MARKET .....</b>                                                            | <b>11</b> |
| 1.1. - The global insurance market.....                                                                         | 11        |
| 1.1.1. - <i>Life insurance</i> .....                                                                            | 11        |
| 1.1.2. - <i>Non-life insurance</i> .....                                                                        | 14        |
| 1.2. - The European insurance market.....                                                                       | 20        |
| 1.2.1. - <i>Life insurance</i> .....                                                                            | 21        |
| 1.2.2. - <i>Non-life insurance</i> .....                                                                        | 24        |
| <b>2. - THE ITALIAN INSURANCE MARKET: STRUCTURAL ASPECTS.....</b>                                               | <b>25</b> |
| 2.1. - Market structure.....                                                                                    | 25        |
| 2.2. - Market concentration.....                                                                                | 30        |
| 2.3. - Production and investments by shareholders' sector and main activity of the parent group ...             | 31        |
| 2.4. - Insurance and reinsurance intermediaries.....                                                            | 31        |
| 2.4.1. - <i>Intermediaries registered in the Single Register</i> .....                                          | 31        |
| 2.4.2. - <i>Investigations managed</i> .....                                                                    | 34        |
| <b>3. - PREMIUM INCOME AND DISTRIBUTION COSTS.....</b>                                                          | <b>36</b> |
| 3.1. - Life premiums .....                                                                                      | 39        |
| 3.2. - Non-life premiums .....                                                                                  | 42        |
| 3.3. - Distribution channels and costs .....                                                                    | 43        |
| 3.3.1. - <i>Distribution channels and costs of life business</i> .....                                          | 43        |
| 3.3.2. - <i>Distribution channels and costs of non-life business</i> .....                                      | 45        |
| <b>4. - STATUTORY FINANCIAL ACCOUNTS (LOCAL GAAP) .....</b>                                                     | <b>48</b> |
| 4.1. - Investments .....                                                                                        | 48        |
| 4.2. - Technical provisions .....                                                                               | 52        |
| 4.3. - Shareholders' equity .....                                                                               | 54        |
| 4.4. - Economic and financial performance .....                                                                 | 56        |
| 4.5. - Added value, profitability and efficiency by ownership structure and size of insurance undertaking. .... | 57        |
| 4.5.1. - <i>The measurement of insurance added value and sector employees in the National Accounts</i> .....    | 57        |
| 4.5.2. - <i>Added insurance value by ownership and size of undertaking</i> .....                                | 60        |
| 4.5.3. - <i>Structure, profitability and efficiency of Italian insurance undertakings, 2005-2016</i> .....      | 62        |
| 4.6. - Life business .....                                                                                      | 67        |
| 4.6.1. - <i>Segregated funds</i> .....                                                                          | 69        |
| 4.7. - Non-life business .....                                                                                  | 73        |
| 4.7.1. - <i>Motor vehicle and marine liability insurance</i> .....                                              | 74        |
| 4.7.2. - <i>The other non-life insurance classes</i> .....                                                      | 76        |
| <b>5. - SOLVENCY II REPORTING .....</b>                                                                         | <b>79</b> |
| 5.1. - Investments .....                                                                                        | 79        |
| 5.2. - Technical provisions .....                                                                               | 81        |
| 5.3. - Assets covering technical provisions.....                                                                | 84        |
| 5.4. - Dividends distribution .....                                                                             | 86        |
| 5.5. - Solvency Capital Requirement and Minimum Capital Requirement.....                                        | 86        |

|                                                                                                                                              |            |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 5.6. - Solvency Capital Requirement Ratio .....                                                                                              | 88         |
| 5.7. - Own funds .....                                                                                                                       | 90         |
| <b>II. - SPECIFIC ISSUES .....</b>                                                                                                           | <b>93</b>  |
| <b>1. - THE MOTOR LIABILITY SECTOR: CLAIMS, PRICES AND TERRITORIAL ANALYSIS .....</b>                                                        | <b>93</b>  |
| 1.1. - Comparison between Italy and EU countries on premiums and costs .....                                                                 | 93         |
| 1.2. - Performance of the key indicators .....                                                                                               | 97         |
| 1.3. - The direct compensation system (CARD) .....                                                                                           | 101        |
| 1.3.1. - CARD system: the relevant figures .....                                                                                             | 101        |
| 1.3.2. - Compensations for the CARD-CID component .....                                                                                      | 105        |
| 1.4. - Disputes regarding motor liability .....                                                                                              | 106        |
| 1.5. - The cars segment .....                                                                                                                | 109        |
| 1.5.1. - Frequency, claims cost, pure premium, average and effective paid prices in the Italian provinces ...                                | 109        |
| 1.5.2. - IPER - Performance of the effective prices for private use vehicles .....                                                           | 112        |
| 1.5.3. - Prices by province .....                                                                                                            | 113        |
| 1.5.4. - Policies with black box .....                                                                                                       | 114        |
| 1.5.5. - Distribution channels .....                                                                                                         | 117        |
| 1.6. - Anti-fraud activity .....                                                                                                             | 119        |
| 1.6.1. - IVASS anti-fraud activities and the anti-fraud integrated database .....                                                            | 119        |
| 1.6.2. - Anti-fraud activities of the undertakings .....                                                                                     | 121        |
| 1.6.3. - Accidents per kilometre in Italian provinces .....                                                                                  | 128        |
| <b>2. - MEDICAL PROFESSIONAL LIABILITY OF THOSE IN HEALTHCARE PROFESSIONS .....</b>                                                          | <b>132</b> |
| <b>3. - TECHNOLOGICAL INNOVATION AND CYBER RISK IN THE INSURANCE SECTOR .....</b>                                                            | <b>140</b> |
| <b>4. - NATURAL DISASTER RISKS: EARTHQUAKES AND FLOODS .....</b>                                                                             | <b>147</b> |
| 4.1. - General aspects and panorama of international experiences .....                                                                       | 147        |
| 4.2. - Protection against natural disasters in Italy .....                                                                                   | 151        |
| <b>5. - HEALTHCARE AND LONG-TERM CARE FUNDS .....</b>                                                                                        | <b>159</b> |
| <b>III. - THE EVOLUTION OF THE REGULATORY ENVIRONMENT .....</b>                                                                              | <b>163</b> |
| <b>1. - DEFINITION AND DEVELOPMENT OF THE SOLVENCY II REGULATORY FRAMEWORK .....</b>                                                         | <b>163</b> |
| 1.1. - The EIOPA Guidelines and the national transposition .....                                                                             | 164        |
| 1.2. - Revision of the standard formula for the calculation of the solvency capital requirement ....                                         | 167        |
| 1.3. - Annual report on the measures for products with long term guarantees (LTG) .....                                                      | 168        |
| 1.4. - Monthly determination of the interest rate curve for the calculation of technical provisions<br>and the impact study on the UFR ..... | 168        |
| 1.5. - EIOPA works on the Capital Markets Union .....                                                                                        | 169        |
| <b>2. - THE ACTIVITY OF THE INTERNATIONAL BODIES .....</b>                                                                                   | <b>171</b> |
| 2.1. - Revision of the identification methodology of systemically important groups .....                                                     | 171        |
| 2.2. - Development of one standard of global capital for groups operating at international level..                                           | 171        |
| 2.3. - Revision of the Insurance Core Principles and the ComFrame by IAIS .....                                                              | 171        |
| 2.4. - International accounting standards .....                                                                                              | 172        |
| 2.5. - Works on the Effective Resolution Regime .....                                                                                        | 173        |



|                                                                                                                                                                         |            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>3. - EVOLUTION OF EUROPEAN REGULATIONS.....</b>                                                                                                                      | <b>175</b> |
| 3.1. - The measures under discussion.....                                                                                                                               | 175        |
| 3.1.1. - <i>The provisions implementing the Directive about distribution</i> .....                                                                                      | 175        |
| 3.1.2. - <i>Implementation regulations on the information of insurance-based investment products</i> .....                                                              | 175        |
| 3.1.3. - <i>The evaluation of the Directive on Financial Conglomerates</i> .....                                                                                        | 176        |
| 3.1.4. - <i>The revision of the Community Regulation exempting certain agreements between insurers from the general prohibition on anti-competitive practices</i> ..... | 176        |
| 3.2. - The activity of the European supervisory authorities.....                                                                                                        | 177        |
| 3.2.1. - <i>Consumer protection</i> .....                                                                                                                               | 177        |
| 3.2.2. - <i>Revision of the Collaboration Protocol between the insurance Supervisory Authorities</i> .....                                                              | 178        |
| 3.2.3. - <i>EIOPA Peer reviews</i> .....                                                                                                                                | 178        |
| 3.2.4. - <i>Joint Committee of the European Supervisory Authorities</i> .....                                                                                           | 178        |
| <b>4. - THE EVOLUTION OF NATIONAL REGULATIONS .....</b>                                                                                                                 | <b>180</b> |
| 4.1. - Implementation of the EU regulations .....                                                                                                                       | 180        |
| 4.1.1. - <i>PRIIPs and MIFID 2</i> .....                                                                                                                                | 180        |
| 4.1.2. - <i>Implementation of the European Directive on non-financial reporting of the large undertakings and of large sized groups</i> .....                           | 181        |
| 4.2. - National initiatives.....                                                                                                                                        | 182        |
| 4.2.1. - <i>Obligatory insurance linked to the new provisions on the voluntary early retirement</i> .....                                                               | 182        |
| 4.2.2. - <i>The law on medical liability</i> .....                                                                                                                      | 182        |
| 4.2.3. - <i>The law establishing the Committee for financial education</i> .....                                                                                        | 184        |
| 4.2.4. - <i>Temporary suspension of premium payments for residents of areas hit by 2016 earthquake</i> .....                                                            | 184        |
| 4.3. - Other regulations and regulatory interventions of IVASS.....                                                                                                     | 184        |
| 4.3.1. - <i>Regulations</i> .....                                                                                                                                       | 184        |
| 4.3.2. - <i>Measures</i> .....                                                                                                                                          | 185        |
| 4.3.3. - <i>Letter to the market</i> .....                                                                                                                              | 185        |
| 4.3.4. - <i>Frequently Asked Questions</i> .....                                                                                                                        | 186        |
| <b>IV. - PRUDENTIAL SUPERVISION .....</b>                                                                                                                               | <b>187</b> |
| <b>1. - MACRO-PRUDENTIAL SUPERVISION .....</b>                                                                                                                          | <b>187</b> |
| 1.1. - Solvency and profitability of the Italian undertakings in the Solvency II regime .....                                                                           | 187        |
| 1.2. - Overview of the risks for the Italian insurance industry - Risk Dashboard.....                                                                                   | 187        |
| 1.3. - EIOPA 2016 Stress Test and focus on the Italian market .....                                                                                                     | 188        |
| 1.4. - Analysis of the risks and vulnerabilities of the sector.....                                                                                                     | 189        |
| 1.5. - Risks table with the insurance industry and stakeholders .....                                                                                                   | 190        |
| 1.6. - Macro-prudential activity at the international level. Work in ESRB .....                                                                                         | 191        |
| <b>2. - MICRO-PRUDENTIAL SUPERVISION .....</b>                                                                                                                          | <b>192</b> |
| 2.1. - Supervision in the first year of application of the Solvency II regulation .....                                                                                 | 192        |
| 2.1.1. - <i>Adoption of internal models</i> .....                                                                                                                       | 192        |
| 2.1.2. - <i>Undertaking and Group Specific Parameters (USP/ GSP)</i> .....                                                                                              | 193        |
| 2.1.3. - <i>Company evaluation of risk and capital adequacy</i> .....                                                                                                   | 194        |
| 2.1.4. - <i>Solvency II Reporting</i> .....                                                                                                                             | 195        |
| 2.2. - Capital, financial and technical controls on the insurance undertakings .....                                                                                    | 195        |
| 2.3. - Controls on the corporate governance system .....                                                                                                                | 198        |

|                                                                                                           |            |
|-----------------------------------------------------------------------------------------------------------|------------|
| 2.4. - The coordination with other Authorities and Institutions .....                                     | 199        |
| 2.5. - Controls on extraordinary operations .....                                                         | 201        |
| 2.5.1. - <i>Mergers</i> .....                                                                             | 201        |
| 2.6. - Shareholdings and intra-group transactions.....                                                    | 201        |
| 2.6.1. - <i>Acquisition of holdings</i> .....                                                             | 201        |
| 2.6.2. - <i>Update of Register of ultimate parent companies</i> .....                                     | 202        |
| 2.6.3. - <i>Intra-group transactions</i> .....                                                            | 202        |
| 2.7. - Supervision on the taking up of insurance business .....                                           | 202        |
| 2.7.1. - <i>Authorisations to pursue business</i> .....                                                   | 202        |
| 2.7.2. - <i>Verification of requirements for registration in the Register of local undertakings</i> ..... | 202        |
| 2.8. - Safeguards, reorganisation and winding up measures.....                                            | 203        |
| <b>3. - ON-SITE INSPECTIONS .....</b>                                                                     | <b>204</b> |
| 3.1. - Insurance undertakings.....                                                                        | 204        |
| 3.2. - Insurance Intermediaries .....                                                                     | 205        |
| 3.3. - Anti money laundering .....                                                                        | 206        |
| <b>4. - COMPULSORY WINDING UP .....</b>                                                                   | <b>207</b> |
| <b>V. - CONSUMER PROTECTION .....</b>                                                                     | <b>209</b> |
| <b>1. - CONSUMER PROTECTION SUPERVISORY ACTION .....</b>                                                  | <b>209</b> |
| 1.1. - Consumer complaints .....                                                                          | 209        |
| 1.1.1. - <i>Complaints in the non-life classes</i> .....                                                  | 211        |
| 1.1.2. - <i>Complaints in the life assurance classes</i> .....                                            | 213        |
| 1.1.3. - <i>Handling of complaints by insurance undertakings</i> .....                                    | 214        |
| 1.1.4. - <i>Publication on IVASS website of data on complaints received by the undertakings</i> .....     | 215        |
| 1.2. - The Consumer Contact Centre .....                                                                  | 215        |
| 1.3. - Supervision of the correctness and transparency of the conduct of the undertakings .....           | 217        |
| 1.3.1. - <i>Interventions on individual undertakings</i> .....                                            | 217        |
| 1.3.2. - <i>Interventions on the entire market</i> .....                                                  | 219        |
| 1.4. - Supervision of products and selling practices .....                                                | 219        |
| 1.4.1. - <i>Analysis of offer</i> .....                                                                   | 219        |
| 1.4.2. - <i>Insurance contracts associated with travel</i> .....                                          | 220        |
| 1.4.3. - <i>Policies associated with financing (PPI): follow-up activity</i> .....                        | 221        |
| 1.4.4. - <i>Contract simplification</i> .....                                                             | 222        |
| 1.4.5. - <i>Simplification of the non-life information note</i> .....                                     | 223        |
| 1.4.6. - <i>“Dormant life” assurance policies</i> .....                                                   | 224        |
| 1.4.7. - <i>Product oversight and governance arrangements (POG)</i> .....                                 | 225        |
| 1.4.8. - <i>Policies combined with special purpose loans</i> .....                                        | 226        |
| 1.5. - Supervision of foreign undertakings operating in Italy .....                                       | 227        |
| 1.5.1. - <i>Entrance of new operators</i> .....                                                           | 227        |
| 1.5.2. - <i>Supervision in the phase following entrance into Italy</i> .....                              | 228        |
| 1.6. - Supervision of unauthorised operators .....                                                        | 230        |
| 1.7. - Supervision of insurance intermediaries .....                                                      | 231        |
| 1.7.1. - <i>Preventive and systematic supervision</i> .....                                               | 232        |
| 1.7.2. - <i>Supervisory actions on reports</i> .....                                                      | 233        |



|                                                                                                                                                           |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 1.7.3. - <i>Main phenomena observed and measures adopted</i> .....                                                                                        | 234        |
| 1.7.4. - <i>Queries and requests for opinions</i> .....                                                                                                   | 236        |
| 1.7.5. - <i>Management of the Register and the dematerialisation of the Single Register of Intermediaries</i><br><i>requests and communications</i> ..... | 238        |
| 1.8. - <i>Opinions to other Institutions</i> .....                                                                                                        | 240        |
| <b>2. - MEETINGS WITH CONSUMER ASSOCIATIONS</b> .....                                                                                                     | <b>241</b> |
| <b>3. - INSURANCE EDUCATION</b> .....                                                                                                                     | <b>242</b> |
| <b>VI. - SANCTIONS</b> .....                                                                                                                              | <b>243</b> |
| 1. - <b>GENERAL REMARKS</b> .....                                                                                                                         | <b>243</b> |
| 2. - <b>ADMINISTRATIVE PECUNIARY SANCTIONS</b> .....                                                                                                      | <b>245</b> |
| 2.1. - Sanctions issued .....                                                                                                                             | 245        |
| 2.2. - Types of violations .....                                                                                                                          | 246        |
| 2.3. - Sanctions paid .....                                                                                                                               | 247        |
| 3. - <b>DISCIPLINARY SANCTIONS</b> .....                                                                                                                  | <b>248</b> |
| 3.1. - Preliminary investigation of disciplinary proceedings and activities of the Guarantee<br>Committee.....                                            | 248        |
| 3.2. - Types of sanctioned infringements.....                                                                                                             | 248        |
| <b>VII. - LEGAL SERVICES</b> .....                                                                                                                        | <b>251</b> |
| 1. - <b>ADVICE</b> .....                                                                                                                                  | <b>251</b> |
| 2. - <b>JUDICIAL ACTIVITY</b> .....                                                                                                                       | <b>252</b> |
| 2.1. - Identification of the moment of establishment of infringements .....                                                                               | 253        |
| 2.2. - Segregate assets of the insurance intermediaries .....                                                                                             | 253        |
| 2.3. - Autonomy of the disciplinary procedure with respect to the sanctioning procedure .....                                                             | 254        |
| 2.4. - Renewal of the mandate of the liquidator: assignment of the individual. Detection of<br>conflict of interest.....                                  | 254        |
| 3. - <b>THE PROFESSIONAL TRAINING</b> .....                                                                                                               | <b>255</b> |
| <b>VIII. - ORGANISATION</b> .....                                                                                                                         | <b>257</b> |
| 1. - <b>ORGANISATIONAL CHANGE AND OPTIMISATION</b> .....                                                                                                  | <b>257</b> |
| 1.1. - Strategic planning and performance cycle .....                                                                                                     | 257        |
| 1.2. - Work on the organisational structure.....                                                                                                          | 258        |
| 1.3. - Dematerialisation and rationalisation of work processes.....                                                                                       | 258        |
| 1.4. - Expenditure rationalisation policy .....                                                                                                           | 258        |
| 1.5. - Mapping of internal processes.....                                                                                                                 | 259        |
| 1.6. - Three-year anti-corruption plan and Transparency programme.....                                                                                    | 259        |
| 2. - <b>STAFF</b> .....                                                                                                                                   | <b>260</b> |
| 2.1. - Career reform .....                                                                                                                                | 260        |
| 2.2. - Number of staff.....                                                                                                                               | 261        |
| 2.3. - Training .....                                                                                                                                     | 262        |

|                                                                                                        |            |
|--------------------------------------------------------------------------------------------------------|------------|
| 2.4. - Organisational and operational requirements concerning health and safety in the workplace ..... | 263        |
| 3. - ICT SYSTEMS.....                                                                                  | 264        |
| 4. - INTERNAL AUDIT.....                                                                               | 266        |
| <i>APPENDIX.....</i>                                                                                   | <i>271</i> |
| STATISTICAL TABLES .....                                                                               | 271        |
| <i>GLOSSARY OF INSURANCE TERMS.....</i>                                                                | <i>348</i> |
| <i>ACRONYMS.....</i>                                                                                   | <i>363</i> |
| <i>ADMINISTRATION OF IVASS.....</i>                                                                    | <i>367</i> |

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#### WARNINGS

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The charts, except where indicated, are created by IVASS; data generated by IVASS does not require citation.

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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, for which stability is supervised by the authorities control bodies in their home respective countryies of origin.

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## ***I. - THE INSURANCE MARKET***

### **1. - THE INTERNATIONAL INSURANCE MARKET**

#### **1.1. - The global insurance market**

The statistics released by the Organisation for Economic Cooperation and Development (OECD<sup>1</sup>) on the global insurance market trends in 2015 confirm the growth outlook of the sector, already shown in prior years, also favoured by the improvement of the global economic conditions.

The OECD report includes data, in addition to the member countries, from other socio-economic and financial contexts, among which Latin America countries, and a restricted group of African, Asian and European countries.

##### *1.1.1. - Life insurance*

##### *Life premium income*

With reference to the average premium income for life assurance<sup>2</sup>, OECD countries report in 2015 a slight growth, of +0.7%, lower than 2014 (+5.8%). Among the other countries, the highest growth rates of life premium income are in Latin America and Singapore. The positive trend in these countries is traced by the OECD to higher yields of insurance products with respect to investments such as bank deposits and to changes in the regulation on social security and pensions, which have favoured life assurance in the annuity form. On the contrary, the most evident reductions are in five countries of the Euro area, among which Portugal (-17.6%), Netherlands (-16.4%) and Luxembourg (-14.0%). In addition to the local specificities, the persistence of low interest rates may have contributed to the decrease due to insurers limiting the offering of guaranteed income or capital protection products for the benefit of policyholders, not sufficiently counterbalanced by the growth of other life assurance products.

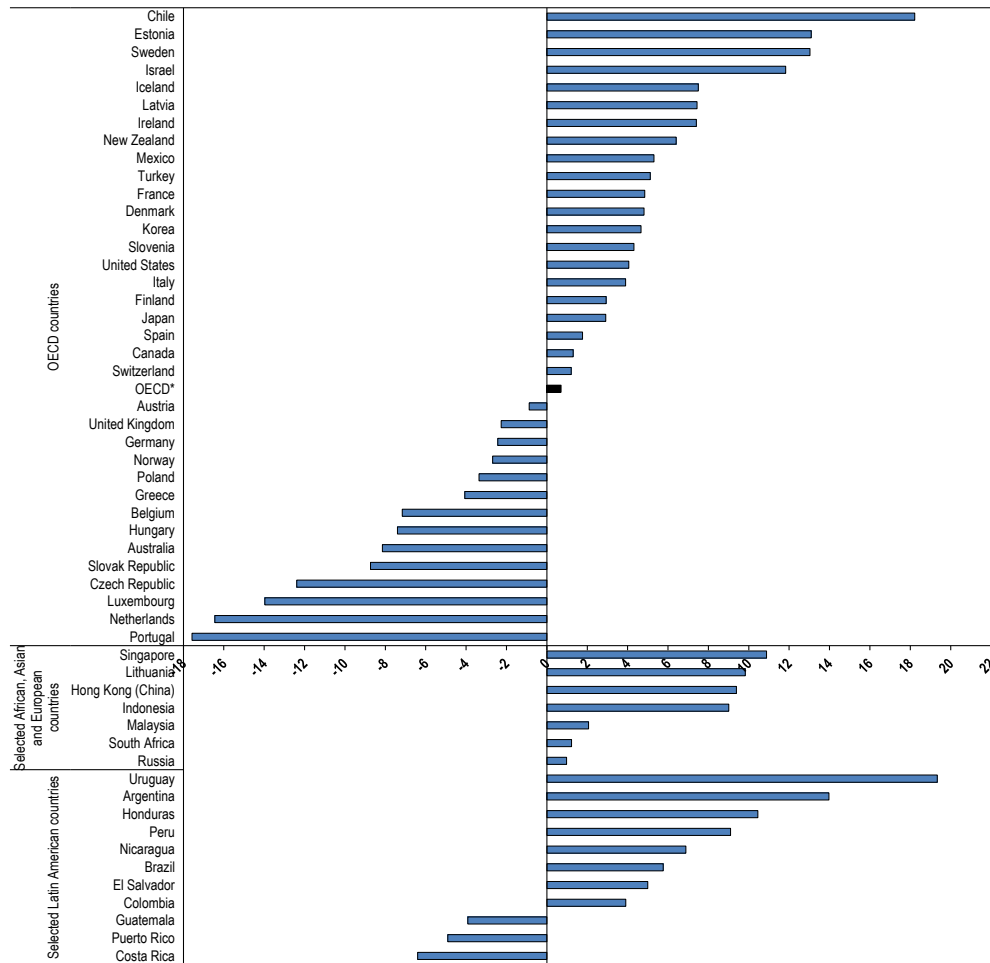
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<sup>1</sup> The figures relating to the premiums earned, outgoings for payments and other indicators reported in the text are taken from: OECD Global Insurance Market Trends (2016, 2015) and from the insurance section of the OECD web site. The OECD countries are: Australia, Austria, Belgium, Canada, Chile, South Korea, Denmark, Estonia, Finland, France, Germany, Japan, Greece, Ireland, Iceland, Israel, Italy, Latvia, Luxembourg, Mexico, Norway, New Zealand, Netherlands, Poland, Portugal, United Kingdom, Czech Republic, Slovakia, Slovenia, Spain, the United States, Sweden, Switzerland, Turkey and Hungary.

<sup>2</sup> Simple average of the changes in real terms of the reporting countries. The change rates in real terms are calculated using the *Consumer Prices Index* (CPI) taken from the “International Financial Statistics” of the International Monetary Fund (IMF IFS).

Figure I.1

**Global market – Change rates in real terms of the life sector income  
between 2014 and 2015 (*direct insurance*)**



Source: OECD – Global Insurance Market Trends 2016.

*Payments for life claims<sup>3</sup>*

In most of the countries, an increase of the outgoing payments for claims is observed in the life business compared to previous years, also connected to the expansion of the market and to the consequent increase in premium income.

The OECD countries amount to on average growth of the payments in 2015 equivalent to +1.2%, with consistent increases in Austria, Chile, Israel, Latvia, New Zealand, Italy, Ireland, Portugal, Belgium and the United Kingdom, the last with a significant reversal in the trend

<sup>3</sup> Includes accrued capital and annuities as well as early redemptions.

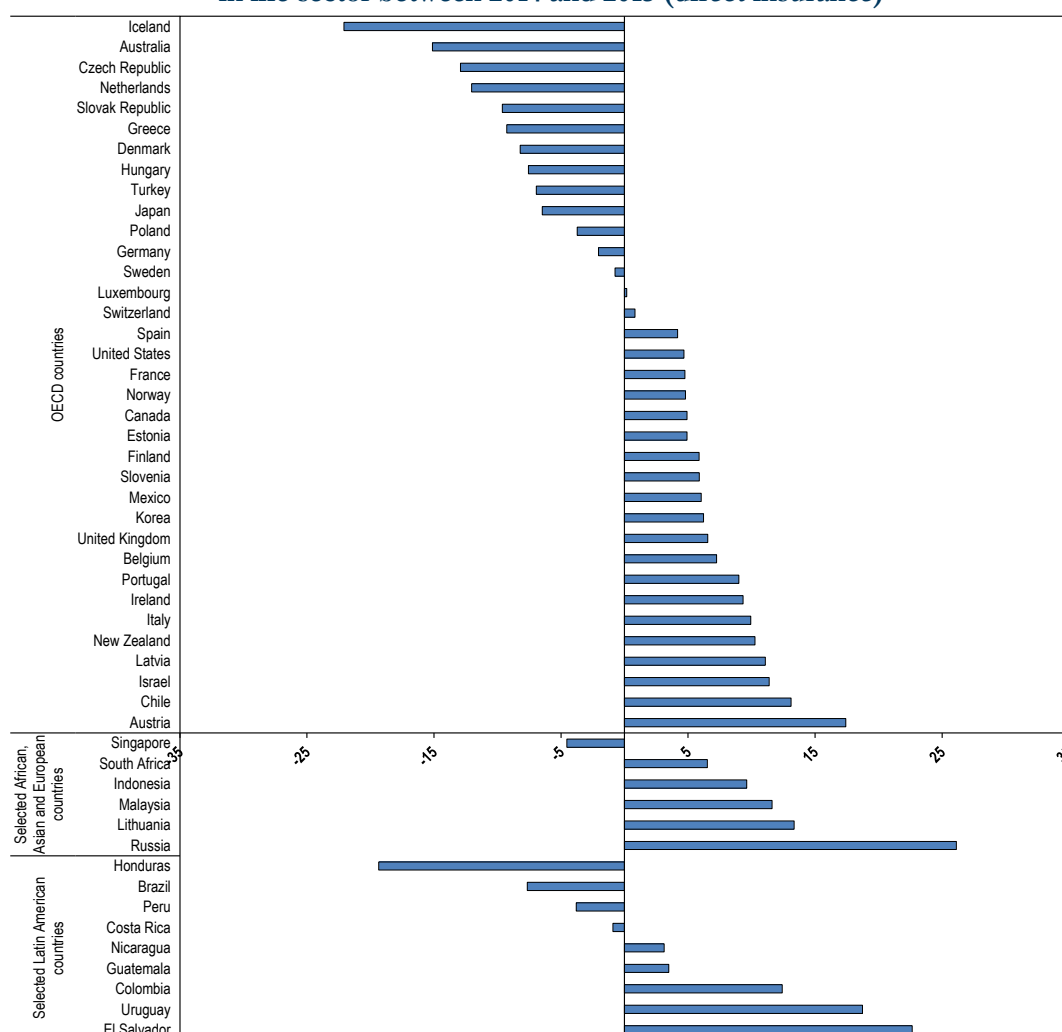


compared to 2014 from -2.5% to +6.5%. In other countries, among which Australia, Greece, Japan and Germany, there is, however, a reduction in the outgoings for payments.

There is continued growth in non-OECD countries, particularly Russia, Uruguay and Colombia, while an important contraction of payments is noted in Honduras, Brazil and Singapore.

Figure I.2

**Global market – Change rates of the outgoing payments for claims in nominal terms in life sector between 2014 and 2015 (*direct insurance*)**



Source: OECD – Global Insurance Market Trends 2016.

*Investments in life sector*

In the life sector, the insurance undertakings continue to implement a policy of investment oriented towards fixed income securities, mainly government bonds. In some OECD countries, among which Italy, France, Spain, Austria, Ireland and Portugal, the fixed income securities represent a notably high quota compared to the total of the investments (even more than 75%).

In most of these cases, the quota relative to the bonds of the public sector is higher than that of corporate bonds. In 12 OECD countries, the share of public sector bonds exceeds 50% of the total investment; among these are Italy, Spain, Ireland, Japan, the United States and Greece. Also, in some non-OECD countries, among which Brazil, the quota of public bonds on the total of the investments is greater than 50%.

The investments in shares or equities generally remain contained in the OECD countries; the greatest incidences are registered in Denmark, Canada, Sweden and Slovenia and, among the non-OECD countries, in South Africa, Indonesia and Singapore.

In 2015, investments in real estate were further reduced: like in the previous year, only a small group of countries, among which Switzerland, Norway and Chile, reports amounts between 10% and 15% of the total.

#### *Profitability in the life sector*

In 2015, investment profitability in the life sector, after the strong improvements for a large group of OECD countries in 2014, was reduced from 4% to 2.9%. Non-OECD countries, too, particularly in Latin America, register a slowing of the profitability, with an average value of 1%, compared with 2.5% of 2014, also due to the low interest rates on fixed rate securities, that constitute an important quota of the investment portfolio.

The profitability of own capital (ROE) of the life insurance sector is definitely positive in the OECD countries at an average level of 10.3% (4% in 2014), and even more in non-OECD countries, with a growth from 2.5% in 2014 to 23.4%.

#### *1.1.2. - Non-life insurance*

##### *Non-life premium income*

In the OECD area, the average growth of the premium income in real terms<sup>4</sup> between 2014 and 2015 is equivalent to 2.4%. It exceeds 10% in Ireland and Turkey. In the Euro area, Spain and Portugal continue to develop in 2015, as happened in 2014, after years of sharp decline. In Italy, and even more considerably in Greece, the reduction of the premium income is confirmed. In the United Kingdom, premium income has decreased between 2014 and 2015 by 2.3%. The non-OECD countries register growth rates above +10% in Argentina, Puerto Rico and Peru, and significant reductions between -5% and -10% in Sweden, Russia, Brazil (reflecting the economic recession) and Greece (due to the fall of the motor liability sector caused by the reduction of circulating vehicles).

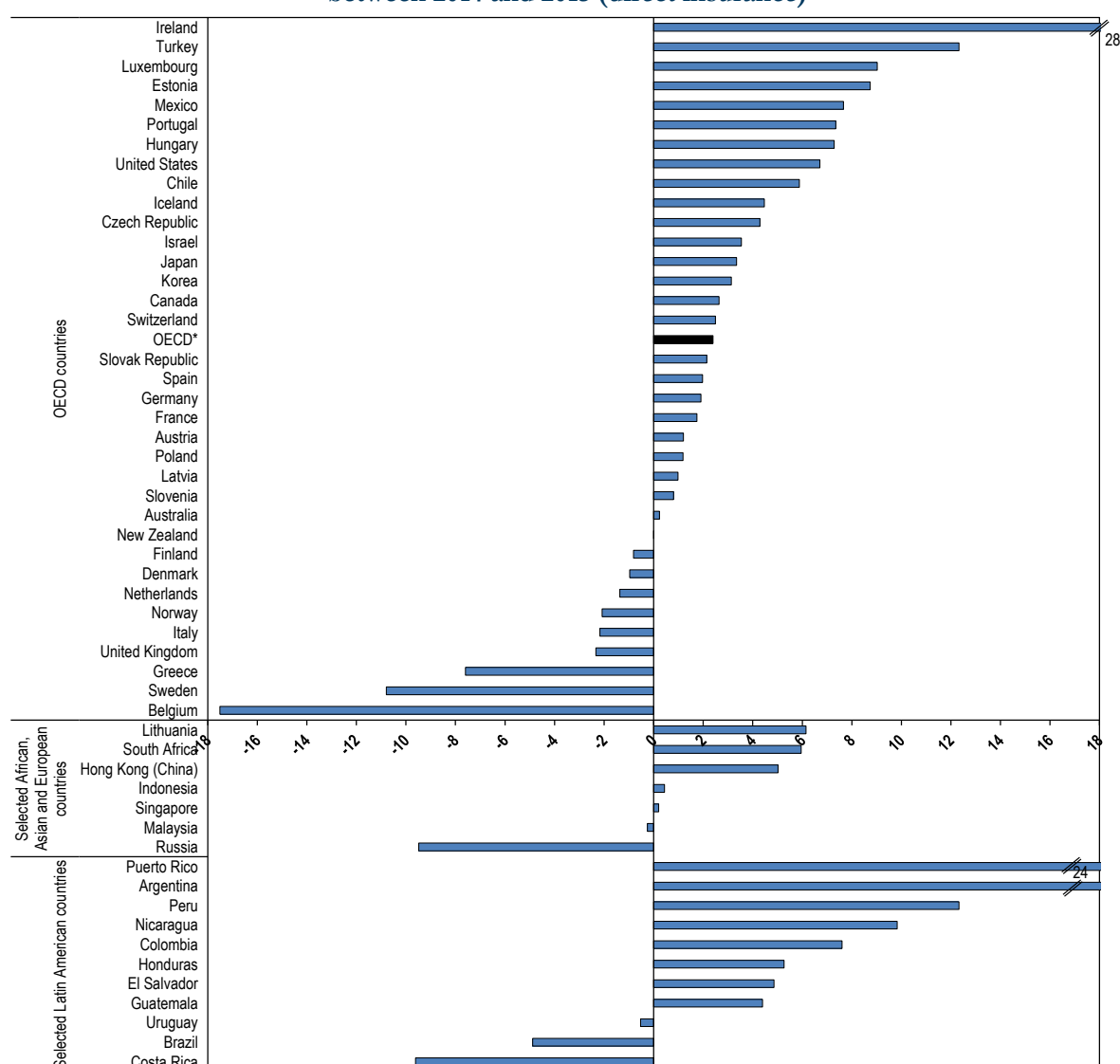
The motor liability policies determine, in some cases, the overall trend of the non-life sector: in the direction of a contraction in Greece and Italy, and growth in emerging markets such as Honduras, Lithuania and Peru.

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<sup>4</sup> See footnote 2.

Figure I.3

**Global market – Change rates in real terms of the non-life sector income  
between 2014 and 2015 (*direct insurance*)**



Source: OECD – Global Insurance Market Trends 2016.

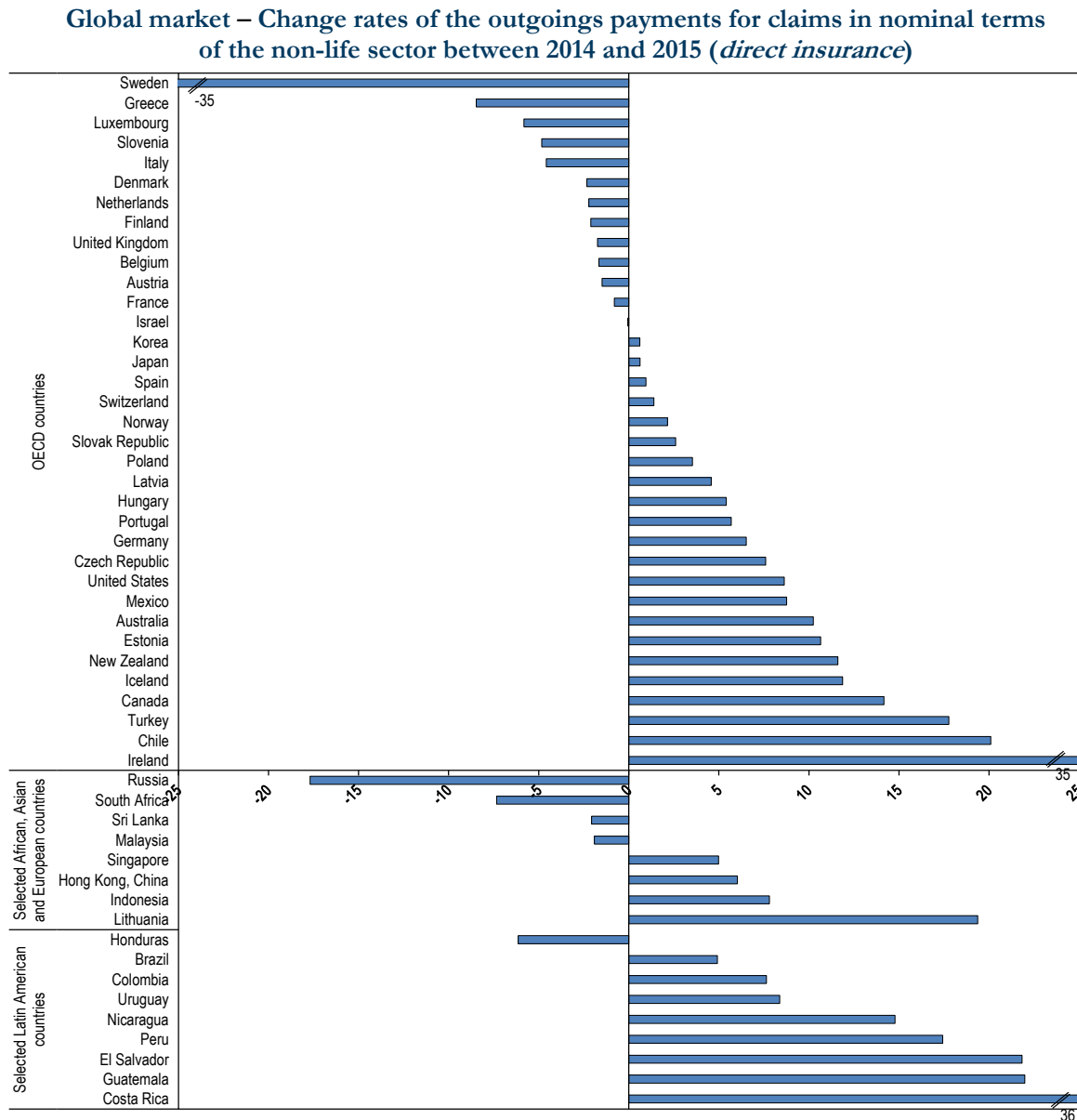
\* Simple average of OECD countries.

### *Payments for non-life claims*

In 2015, the outgoings payments for non-life claims in the OECD countries increased on average of +3.4%, compared with +0.2% between 2013 and 2014. Ireland, Turkey and Canada showed important increases of +34.9%, +17.8% and +14.2% respectively. Among non-OECD countries, the growth is considerable in Latin America, particularly in Costa Rica (+35.7%) and Guatemala (22%).

The effect of natural disasters declined in 2015, with the exception of some countries like Brazil and Australia, hit by significant events, which registered an increase in outgoings for payments equal to +4.9% and +10% respectively.

Figure I.4



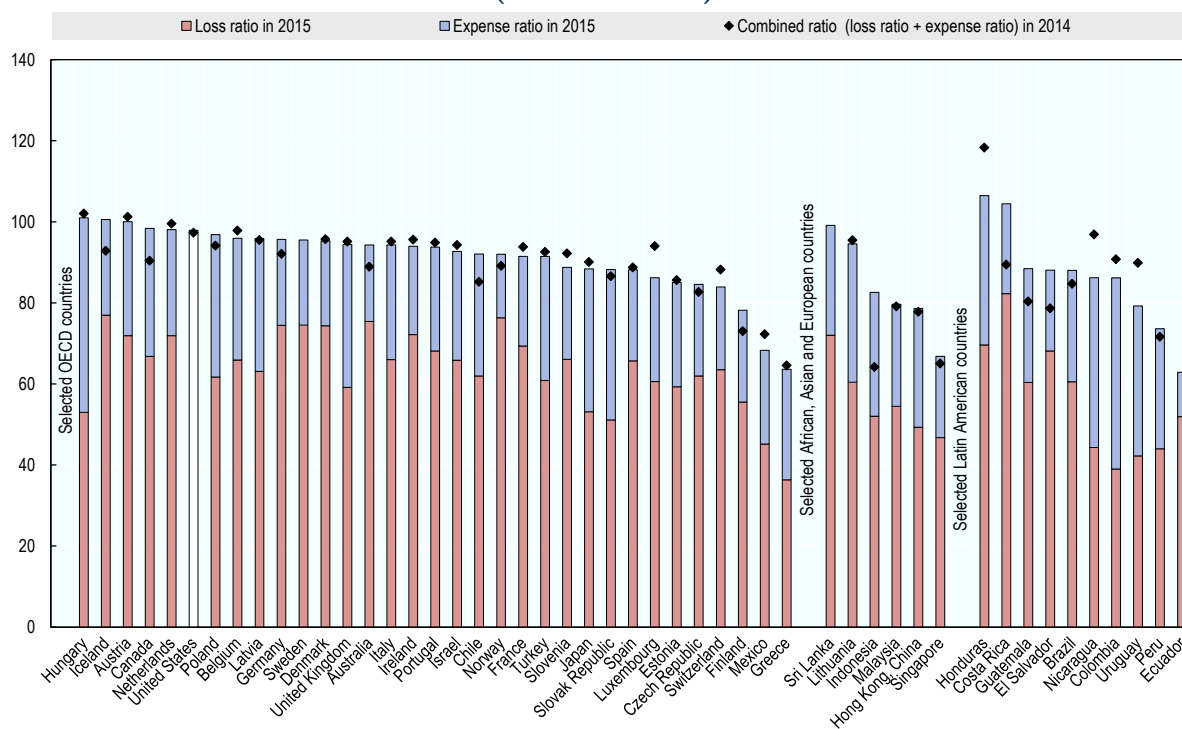
Source: OECD – Global Insurance Market Trends 2016.

The performance of the combined ratio (index that combines the effects of claims on income – loss ratio – and management costs on income – expense ratio – see figure I.5) shows, in 30 out of 33 OECD countries, levels below 100%, with a profit for insurers operating in those markets. A level above 100% is found in Austria, Iceland and Hungary, while the lowest value is in Greece (63.6%)

The non-OECD countries, characterised by a lower combined ratio, show better performance in the non-life sector, with lower payments for claims and management costs. In 2015, only Honduras and Costa Rica exceed 100%.

Figure I.5

**Global market – Combined ratio for the non-life business in 2014 and 2015  
(direct insurance)**



Source: OECD – Global Insurance Market Trends 2015.

### Non-life investments

The portfolios of undertakings in the non-life sector continue, in 2015, to be composed mainly of fixed rate securities, even if in a lower proportion to the life sector. The majority of non-life insurers in the OECD countries continues to invest more than half of their resources in bonds; in some cases (among which Italy, Canada, Hungary, Mexico and Estonia), the quota exceeds 75%, with a prevalence of public bonds in Hungary, Mexico and Italy and the prevalence for private sector bonds in other countries. In non-OECD countries, the most significant part of the investments is destined to public sector fixed rate securities, except for Peru, Puerto Rico, Russia and Indonesia, where issues of private bonds prevail.

The proportion of assets invested in stocks continues to be more significant in the non-life sector compared to the life sector. In particular, in South Africa and Singapore, more than 20% of non-life insurers assets are destined to the share market. The share invested in real estate is marginal.

### Profitability in non-life sector

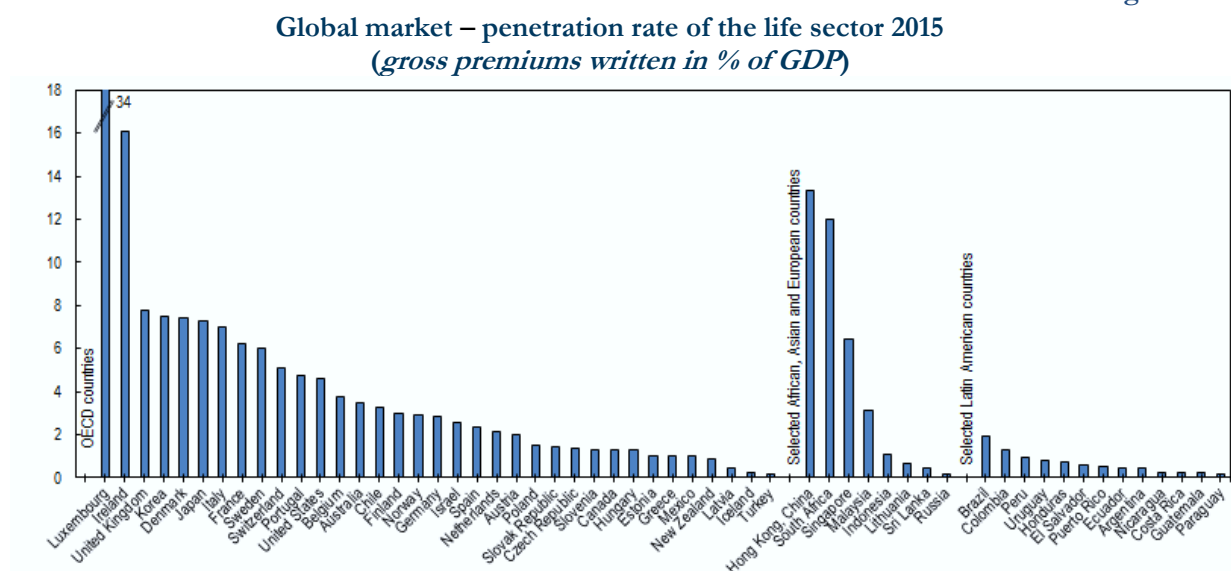
The profitability of non-life sector grew moderately in 2015 and was, on average, slightly over that of the life sector. In OECD countries, positive values are observed, with an average of 2.6% and levels above 5% in Iceland, Poland and Switzerland. Among non-OECD countries, the simple average is equal to 2.4%, with higher income in Latin America; in Russia and Uruguay, however, the results are negative (-6.8% for Russia, -5.5% for Uruguay).

The profitability of capital (ROE) for the non-life sector, although positive also in 2015 for nearly all countries, is reduced compared with 2014. Among OECD countries, Norway, Greece, Switzerland and Finland show higher values, in line with the previous years (from 15% to 30%, from 2013 on); in other countries, such as the UK and the United States, the fall of the ROE, which began in 2013, continues, although the indicator is positive for 2015. Regarding non-OECD countries, the index is generally higher compared with the OECD area, due to the significant increase in Russia (+35.5%) and in some Latin America countries, in some cases above 18%.

### Impact on GDP

The impact of the income of the life assurance sector on the GDP (penetration rate) in OECD countries shows an average level of 4.4%, slightly lower compared with the previous year. Above the average (in addition to extreme cases like Luxembourg and Ireland) are, amongst others, the UK, Korea, Denmark, Japan, Italy, France and Switzerland; below average are Germany, Belgium and Spain. The indicator is lower in non-OECD countries: only Hong Kong, South Africa and Singapore exceed 6%; all countries in Latin America are under 2%, a value reached only by Brazil (figure I.6).

Figure I.6



Source: OECD – Global Insurance Market Trends 2016.

Table I.1 reports the penetration rate of the life sector for the 10 countries with the highest premium income.

Table I.1

| Penetration rate of the life sector in the 10 OECD countries – historic series 2006-2015<br>gross premiums written in relation to GDP |      |      |      |      |      |      |      |      |      |            |
|---------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|------|------|------------|
|                                                                                                                                       |      |      |      |      |      |      |      |      |      | (% values) |
| Countries                                                                                                                             | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015       |
| Ireland                                                                                                                               | 15.5 | 19.3 | 15.1 | 15.9 | 16.4 | 14.5 | 16.1 | 15.2 | 17.0 | 16.1       |
| United Kingdom                                                                                                                        | 15.8 | 17.5 | 12.3 | 10.9 | 9.6  | 9.0  | 9.8  | 8.2  | 8.2  | 7.8        |
| South Korea                                                                                                                           | 6.9  | 7.1  | 6.7  | 6.6  | 6.4  | 6.5  | 7.8  | 7.6  | 7.4  | 7.5        |
| Japan                                                                                                                                 | 5.5  | 6.0  | 6.8  | 7.2  | 7.1  | 7.6  | 7.0  | 6.7  | 7.2  | 7.3        |
| Italy                                                                                                                                 | 4.7  | 4.0  | 3.4  | 5.2  | 5.6  | 4.5  | 4.3  | 5.3  | 6.9  | 7.0        |
| France                                                                                                                                | 7.8  | 7.1  | 6.1  | 1.7  | 1.7  | 6.1  | 5.4  | 5.6  | 6.0  | 6.2        |
| Switzerland                                                                                                                           | 5.2  | 5.1  | 5.4  | 5.0  | 5.0  | 4.9  | 5.0  | 5.1  | 5.1  | 5.1        |
| United States                                                                                                                         | 4.3  | 4.9  | 5.0  | 5.1  | 4.9  | 5.1  | 5.1  | 4.7  | 4.5  | 4.6        |
| Australia                                                                                                                             | 3.4  | 4.1  | 3.5  | 3.0  | 2.9  | 2.9  | 2.7  | 2.9  | 3.8  | 3.5        |
| Germany*                                                                                                                              | 3.1  | 3.0  | 2.9  | 2.9  | 2.9  | 2.9  | 3.0  | 3.1  | 3.0  | 2.9        |

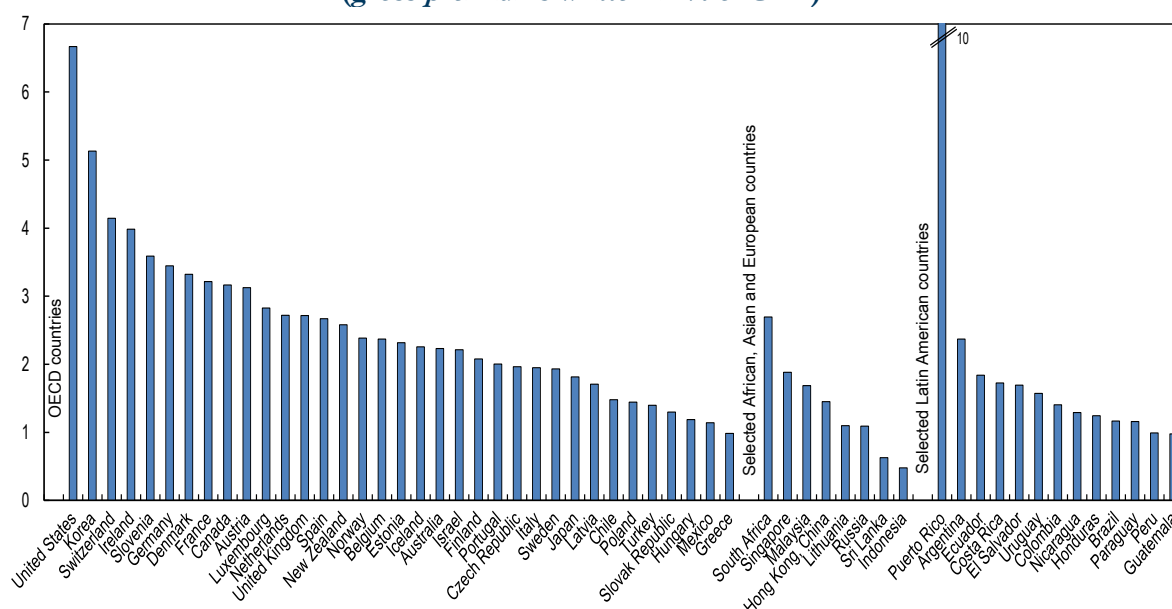
Source: OECD

\* Values relative to years 2009, 2010 and 2011 are estimated.

In the non-life insurance sector for OECD countries, the impact on the GDP amounts on average to 2.6%, notably lower than the life market. The United States and Korea are above the average, and Germany, France, Denmark and Austria are slightly over 3%. There is a significant group of countries below the average, including Italy, Sweden, Japan, Australia, Norway and Israel.

Figure I.7

Global market – penetration rate in the non-life sector 2015  
(gross premiums written in % of GDP)



Source: OECD – Global Insurance Market Trends 2016.

Table I.2 reports the penetration rate of the non-life sector for the 10 countries with the highest premium incomes .

Table I.2

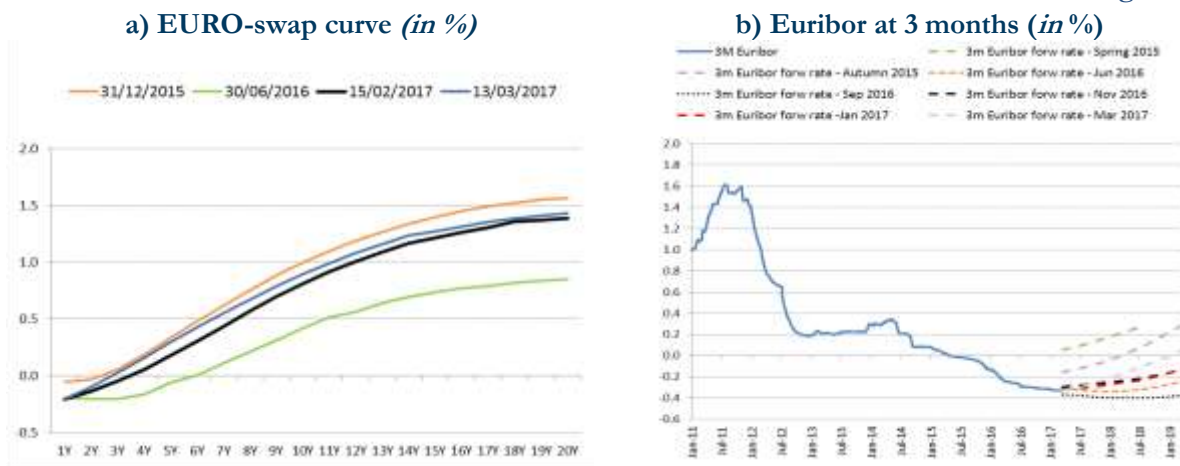
| Penetration rate of the non-life sector in the 10 OECD countries – Historic series 2006-2015<br>(gross premiums written in relation to GDP) |      |      |      |      |      |      |      |      |      |      |
|---------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|------|------|------|
| (% values)                                                                                                                                  |      |      |      |      |      |      |      |      |      |      |
| Countries                                                                                                                                   | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| United States                                                                                                                               | 5.9  | 5.9  | 5.9  | 6.1  | 5.9  | 6.0  | 6.0  | 6.1  | 6.4  | 6.7  |
| South Korea                                                                                                                                 | 3.1  | 3.2  | 3.3  | 3.6  | 4.0  | 4.3  | 4.9  | 4.7  | 5.2  | 5.1  |
| Switzerland                                                                                                                                 | 4.0  | 3.7  | 4.3  | 4.1  | 4.1  | 4.1  | 4.1  | 4.1  | 4.1  | 4.1  |
| Germany*                                                                                                                                    | 3.6  | 3.5  | 3.4  | 3.4  | 3.4  | 3.4  | 3.6  | 3.6  | 3.5  | 3.4  |
| France                                                                                                                                      | 4.2  | 3.9  | 3.0  | 3.1  | 3.1  | 3.1  | 3.2  | 3.2  | 3.2  | 3.2  |
| Canada                                                                                                                                      | 4.4  | 4.4  | 4.3  | 3.1  | 3.1  | 3.2  | 3.3  | 3.3  | 3.0  | 3.2  |
| United Kingdom                                                                                                                              | 3.4  | 3.1  | 3.2  | 3.1  | 3.1  | 3.1  | 3.1  | 3.1  | 2.8  | 2.7  |
| Spain                                                                                                                                       | 2.9  | 2.9  | 2.9  | 2.9  | 2.7  | 2.8  | 2.8  | 2.7  | 2.7  | 2.7  |
| Australia                                                                                                                                   | 2.2  | 2.1  | 2.1  | 2.2  | 2.0  | 2.0  | 2.1  | 2.2  | 2.2  | 2.2  |
| Italy                                                                                                                                       | 2.5  | 2.4  | 2.4  | 2.3  | 2.2  | 2.2  | 2.2  | 2.1  | 2.0  | 1.9  |

Source: OECD – \* Values relative to years 2009, 2010 and 2011 are estimated.

## 1.2. - The European insurance market<sup>5</sup>

The EIOPA confirms that the main risk factors in the European market are concentrated in the life sector, because of the low interest rates that strongly impact those undertakings that have guaranteed high return rates to policyholders. However, market forecasts indicate signs of a recovery of the rates, as indicated by the 10 year swap rate and the short term forward rates. The consumer price index (HICP) reached 2% in February 2017 on an annual basis, compared to 1.8% of January 2017, and most of all in growth compared to the level of 0.3% of January 2016. A weak tendency has been observed in the first quarter of 2017 towards a rise of the Euro-swap returns curve and the Euribor forward rate at 3 months, as well as of returns of state securities, trend that, if consolidated, may also involve the corporate bonds (figure I.8).

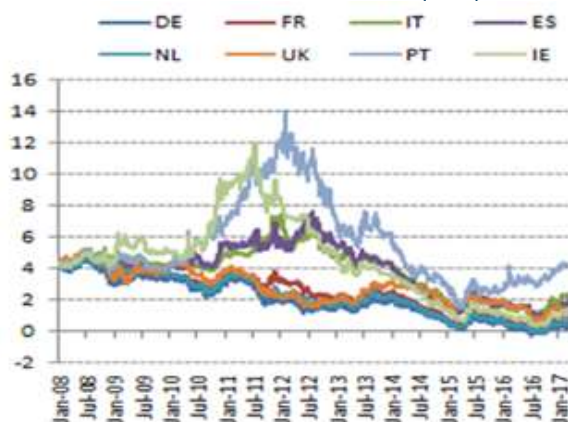
Figure I.8



<sup>5</sup> See the Financial Stability Report June 2017 (EIOPA - RFSD-17/012). Analyses based on the Quarterly Group or Solo Reporting (relative to 94 group and 24 individual undertakings) and on financial stability data (3,076 individual undertakings). The reference date is 31 December 2016. The sample size varies according to the indicator.



c) Returns of state securities at 10 years of the main Euro-area countries (in%)



d) Returns of the “High Yield” and “Investment Grade” (in %) corporate bonds



Source: EIOPA, Financial Stability Report, June 2017 – reports on Bloomberg data.

Table I.3 summarises the size of the European insurance sector in terms of premium income, total assets and technical provisions. The average European insurance group in 2016 had 11.4 billion of premiums written, 100 billion of total assets and 81 billion technical provisions<sup>6</sup>.

Table I.3

| European market – life and non-life statistics summary |         |        |                             |                             |        |                             |                             |         |           |
|--------------------------------------------------------|---------|--------|-----------------------------|-----------------------------|--------|-----------------------------|-----------------------------|---------|-----------|
|                                                        | average | min    | 10 <sup>th</sup> percentile | 25 <sup>th</sup> percentile | median | 75 <sup>th</sup> percentile | 90 <sup>th</sup> percentile | max     | Total     |
| premiums                                               | 11,466  | 0      | 1,166                       | 2,494                       | 4,131  | 12,059                      | 29,716                      | 119,916 | 965,105   |
| assets                                                 | 100,071 | 12,334 | 15,862                      | 23,567                      | 50,943 | 105,593                     | 269,926                     | 699,888 | 8,606,153 |
| provisions                                             | 81,322  | 5,991  | 12,372                      | 16,504                      | 38,861 | 84,978                      | 189,534                     | 548,029 | 6,820,489 |

Source: EIOPA Financial Stability Report, June 2017.

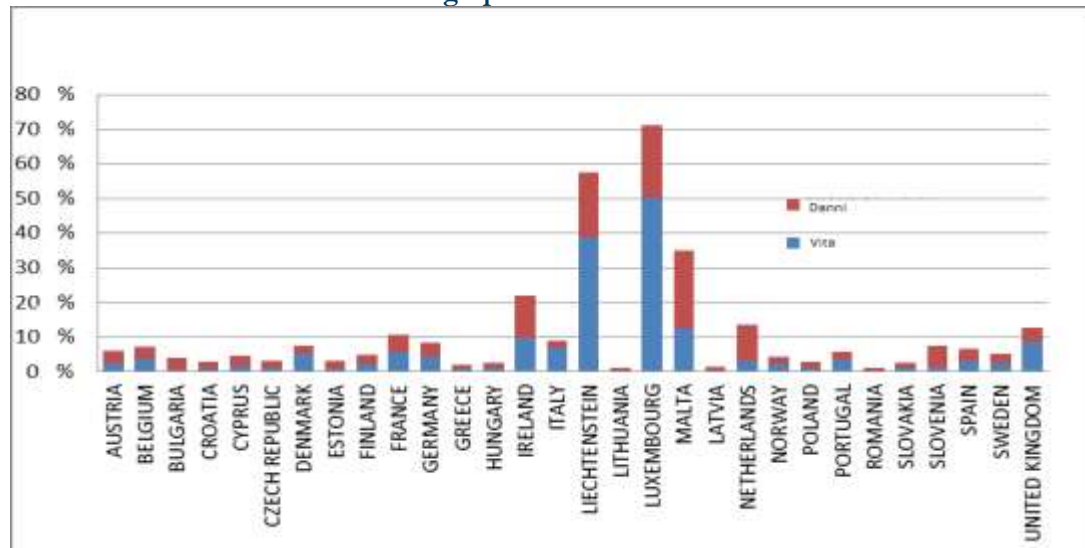
### 1.2.1. - Life insurance

*Life premiums* - The production of the life sector presents significant disparities between countries in terms of overall premium income, domestic and cross-border, compared to the GDP (penetration rate). Luxembourg and Liechtenstein report an insurance market equal, respectively, to 50% and 40% of their respective GDPs (figure I.9).

<sup>6</sup> Data based on 104 insurance groups of the EEA.

Figure I.9

European market – Gross premiums written relative to the GDP  
Geographical distribution

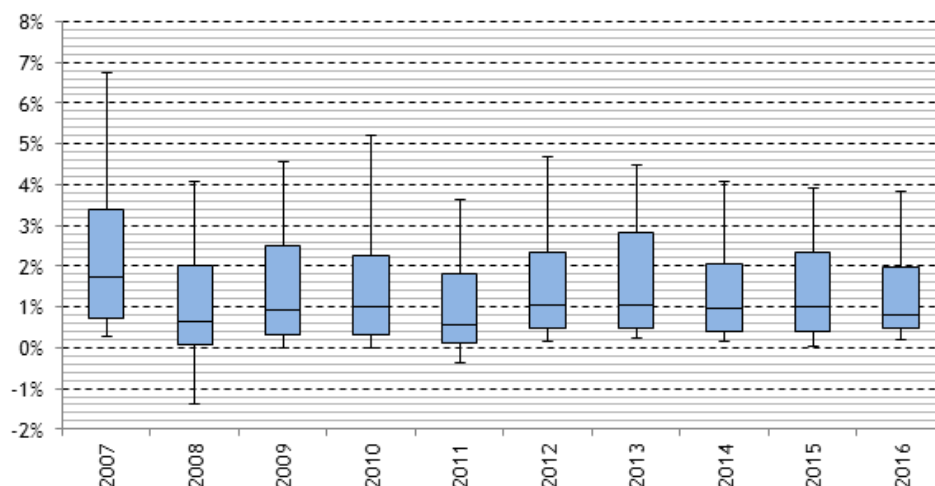


Source: EIOPA Financial Stability Report, June 2017.

*Life investments and profitability* -The data shows a relatively stable picture of the European insurance market in terms of ROA (Return on Assets), with a median value of 1% in 2016. EIOPA highlights how the constant pressure on profitability, particularly in the life sector, and the search for higher yields may lead to a reallocation of investments to guarantee the matching between assets and liabilities. The resulting variations on assets and liabilities side may lead, in the long term, to the assumption of greater risks and to the deterioration of solvency.

Figure I.10

European market - Life insurance ROA



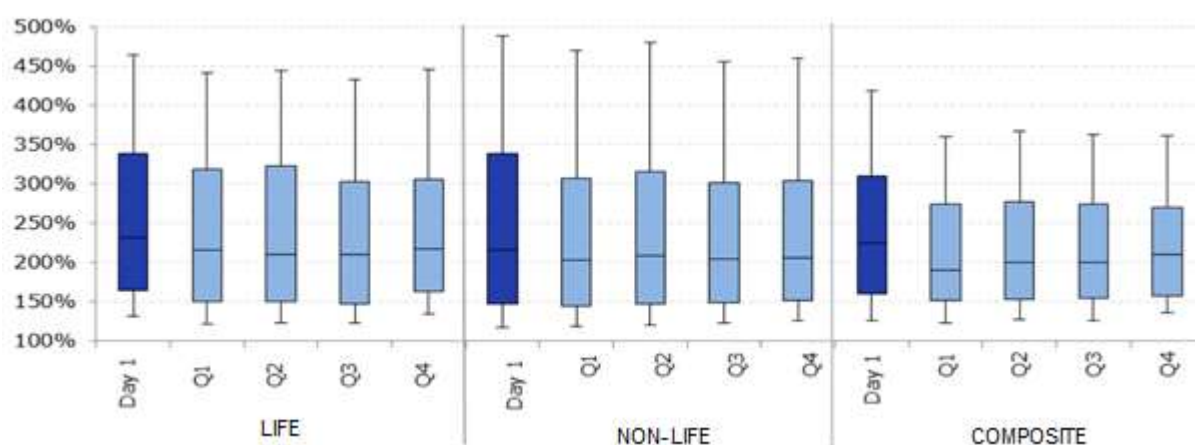
Source: EIOPA Financial Stability Report, June 2017.

A *boxplot* is presented for each year that shows the 25th percentile in the rectangle (low side), the median (internal line) and the 75th percentile (high side); the lines that leave the rectangle conclude, at the low end at the 10th, and at the high end at the 90th percentile.

*Life sector capitalisation and solvency* - At the end of 2016, the median ratio of solvency ratio calculated according to Solvency II is equal to 217%, a small decrease compared with 1 January 2016 (day-one reporting), equal to 230%. The distribution is wide, with the 90th percentile beyond 400% (figure I.11).

Figure I.11

European market – SCR ratio (in %) – life, non-life and mixed (2016)



Sample of 1,609 individual undertakings.

*Life sector prospects* - The surrender rate of products in the life sector registers a continuous decrease: reaching a median of 2.1% in 2016 (table I.4). The riskiest scenario for a typical European company continues to be represented by a sudden increase in the returns curve, that may lead to an increase in the surrender rate due to the availability of higher-yield investments compared with the traditional guaranteed insurance products. However, this scenario is considered unlikely by EIOPA.

Table I.4

| European Market – Surrender rates of the life market |             |
|------------------------------------------------------|-------------|
| (% values)                                           |             |
| Percentile                                           | 31 Dec 2016 |
| 10 <sup>th</sup>                                     | 0.27%       |
| 25 <sup>th</sup>                                     | 0.94%       |
| Median                                               | 2.12%       |
| 75 <sup>th</sup>                                     | 4.60%       |
| 90 <sup>th</sup>                                     | 6.98%       |

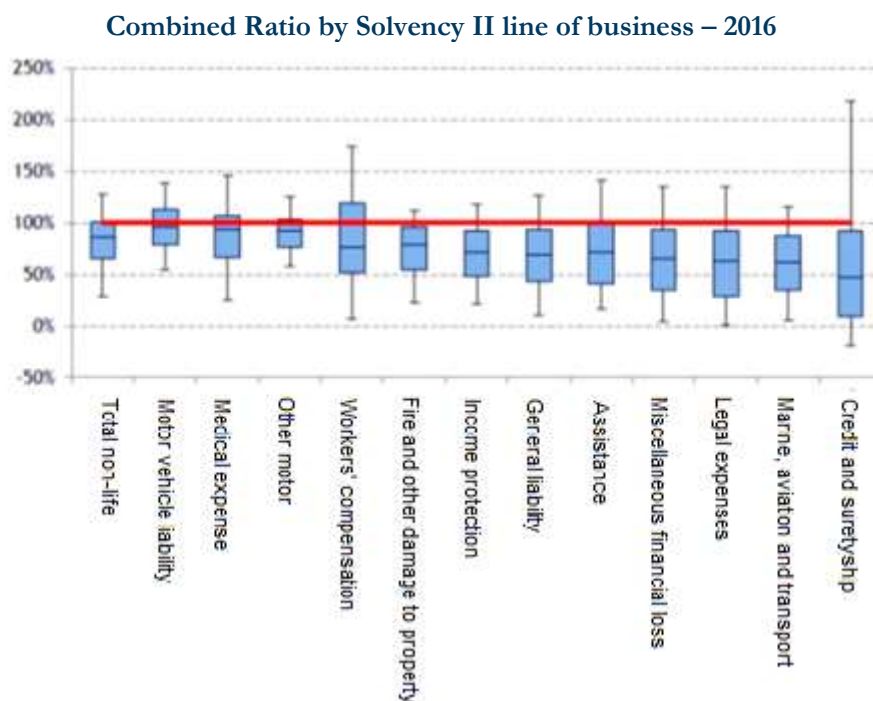
Source: EIOPA Financial Stability Report, June 2017

### 1.2.2. - Non-life insurance

*Non-life premiums* - The reduction of prices of motor liability coverage continues, also due to strong competition between the insurance undertakings through the offering of numerous types of products. In terms of insurance penetration for the whole non-life sector, Malta and Luxembourg stand out with 23% and 21% respectively (figure I.9).

*Investments and Profitability non-life business* - The combined ratio (figure I.12) does not show material variations in 2016, with average values below 100%. The 90th percentile is higher than 100% in several sectors, right to more than 150% in the workers' compensation sector and 200% in the credit and suretyship sector.

Figure I.12



The average solvency ratio, calculated according to Solvency II, shows a reduction in 2016, and amounts to 204% at the end of the year (figure I.12).

*Prospects in the non-life sector* - Low interest rates may determine the need to contain costs and increase the consolidation process of the sector; such processes are also favoured by the increase of capital requirements, a strong competitive pressure and weak economic growth.

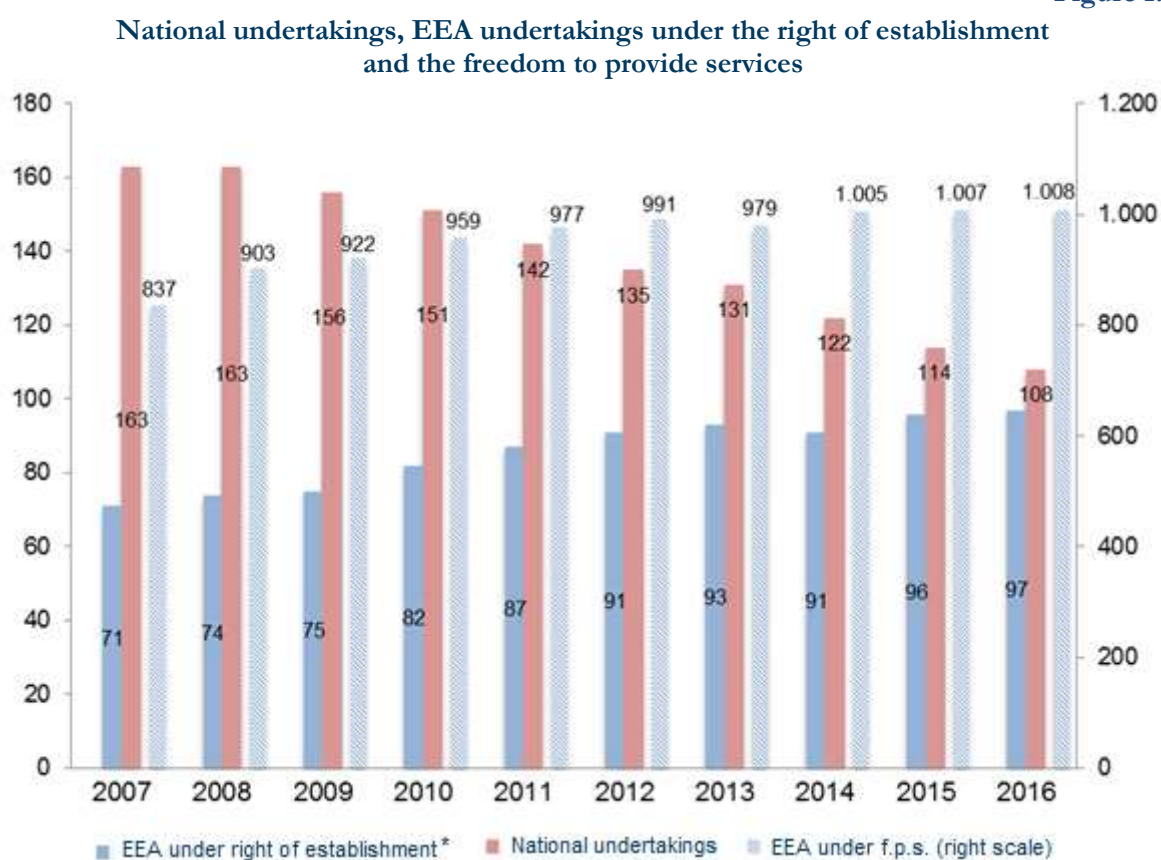
## 2. - THE ITALIAN INSURANCE MARKET: STRUCTURAL ASPECTS

### 2.1. - Market structure

As of 31 December 2016, the undertakings authorized to pursue insurance and reinsurance business in Italy, subject to the prudential supervision of IVASS, are 111 (117 in 2015), of which 108 national and 3 branches of foreign undertakings with head offices in countries outside the EEA (European Economic Area).

Between 2007 and 2016, the number of national undertakings has gradually reduced, from 163 to 108, with a contraction of -34% in the decade (figure I.13).

Figure I.13



\* excluding reinsurance undertakings.

Since 2009, there are no more national specialist reinsurers for both life and non-life business.

Of the 108 national undertakings, 12 are 'composite' insurers writing premiums in both life and non-life sectors, 55 are authorized only to non-life sectors and 41 only in the life sectors. The 3 foreign firms with head offices in non EEA countries 3 foreign branches operate in the non-life sectors.

In 2016, six undertakings ceased exercising the insurance business following the merging for incorporation (three life undertakings and three non-life undertakings). No additional authorisation have been granted to operate in insurance business.

As to the operations in Italy by undertakings with head offices in another EEA countries, subject to the prudential supervision by the authorities of their respective countries of origin, 97 branches carried out business under the right of establishment (20 in life businesses, 62 in non-life businesses and 15 composites) and 1,008 undertakings<sup>7</sup>, are allowed to do business under freedom to provide services (f.p.s.), of which 184 are life undertakings, 796 non-life undertakings and 55 composites undertakings.

EEA undertakings operating in Italy under the right of establishment and under f.p.s from 2007 to 2016 increased respectively by 36.6% (26 units) and 20.4% (171 units) (figure I.13).

**Table I.5**

| <b>Distribution of the insurance undertakings operating in Italy by business type – 2016</b> |                 |             |                   |              |
|----------------------------------------------------------------------------------------------|-----------------|-------------|-------------------|--------------|
|                                                                                              | <b>Non-life</b> | <b>Life</b> | <b>Composites</b> | <b>Total</b> |
|                                                                                              | <i>(unit)</i>   |             |                   |              |
| Italian undertakings                                                                         | 55              | 41          | 12                | 108          |
| Branches of non-EEA countries undertakings                                                   | 3               | -           | -                 | 3            |
| Branches of EEA countries undertakings                                                       | 62              | 20          | 15                | 97           |
| Branches of EEA countries reinsurance undertakings                                           | 1               | 1           | 5                 | 7            |
| Insurance undertakings of EEA countries under f.p.s.                                         | 769             | 184         | 55                | 1,008        |

30% of the branches allowed to operate in Italy have their head offices in the UK. French, Irish and German companies have also a strong presence (table I.6).

<sup>7</sup> The number of undertakings in f.p.s. is relative to the subjects that have communicated the intention to operate in Italy, some of which may not have concluded contracts in 2016 or have worked in a marginal volume (see table I.8 for premium income in Italy by f.p.s.).

Table I.6

| Geographic division, by country of head office, of EEA undertakings licensed to pursue business in Italy under the right of establishment by establishment by country of head office |                    |      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------|
|                                                                                                                                                                                      | (unit and % value) |      |
|                                                                                                                                                                                      | 2015               | 2016 |
| <b>Number of undertakings</b>                                                                                                                                                        | 96                 | 97   |
| <b>Head office country:</b>                                                                                                                                                          |                    |      |
| <b>United Kingdom</b>                                                                                                                                                                | 32%                | 30%  |
| <b>France</b>                                                                                                                                                                        | 18%                | 16%  |
| <b>Ireland</b>                                                                                                                                                                       | 13%                | 15%  |
| <b>Germany</b>                                                                                                                                                                       | 13%                | 13%  |
| <b>Belgium</b>                                                                                                                                                                       | 5%                 | 6%   |
| <b>Luxembourg</b>                                                                                                                                                                    | 6%                 | 6%   |
| <b>Austria</b>                                                                                                                                                                       | 4%                 | 4%   |
| <b>Spain</b>                                                                                                                                                                         | 4%                 | 4%   |
| <b>Others</b>                                                                                                                                                                        | 4%                 | 6%   |

In 2016, five EEA insurance undertakings were authorised to operate in Italy under the right of establishment: two from Ireland, one each from Belgium, Spain and Liechtenstein. The number of branches of specialist reinsurers with head offices in another EEA country remained at 7, as in 2013 (1 pursuing non-life business, one in life sector and 5 composites).

Table I.7

| Geographic division and by sector of the undertakings/EEA establishments operating by f.p.s. in Italy in 2016 |                    |       |            |
|---------------------------------------------------------------------------------------------------------------|--------------------|-------|------------|
|                                                                                                               | (unit and % value) |       |            |
|                                                                                                               | non-life           | life  | composites |
| <b>Number of undertakings / establishments</b>                                                                | 769                | 184   | 55         |
| <b>Country of undertaking / establishment:</b>                                                                |                    |       |            |
| <b>United Kingdom</b>                                                                                         | 16.1%              | 15.8% | 10.9%      |
| <b>Germany</b>                                                                                                | 13.3%              | 8.7%  | -          |
| <b>Ireland</b>                                                                                                | 10.7%              | 14.7% | -          |
| <b>France</b>                                                                                                 | 8.9%               | 11.4% | 9.1%       |
| <b>Netherlands</b>                                                                                            | 8.2%               | -     | -          |
| <b>Luxembourg</b>                                                                                             | -                  | 17.4% | -          |
| <b>Liechtenstein</b>                                                                                          | -                  | 9.8%  | -          |
| <b>Belgium</b>                                                                                                | -                  | -     | 7.3%       |
| <b>Malta</b>                                                                                                  | -                  | -     | 7.3%       |
| <b>Austria</b>                                                                                                | -                  | -     | 30.9%      |

In 2016, 76 new undertakings or establishments of undertakings with head offices in another EEA country were licensed to pursue insurance business by way of freedom to provide services, with head offices in another EEA country (45 in 2015), of which 21 from the Netherlands, 7 from the United Kingdom and 6 from France.

In 2011-2015, the most consistent portion of premium income in Italy collected by EEA establishments (table A1 of the Appendix) is relative to undertakings with head offices in



Ireland, UK, Luxembourg and France. For the free provision of service, the most important quotas refer to the undertakings with head offices in Ireland, the UK and Luxembourg (table A2 of the Appendix). A significant part of that income was realised by undertakings with Italian controlled capital.

Further details on the premium income made in Italy by EEA undertakings is provided in the Appendix. In terms of premiums acquired in Italy in 2014-2015 (table A3), the general liability and credit-suretyship is relevant in the non-life business, and class III in the life business (insurance contracts on the length of human life linked to investment funds, so-called linked policies; table A4). Tables A5-A8 report the division by EEA country of origin of premium income in Italy by establishment and f.p.s.

The table below provides a summary of the distribution of the premium income broken down between national or non-EEA undertakings on the one hand, subject to the supervision of IVASS, and EEA undertakings on the other.

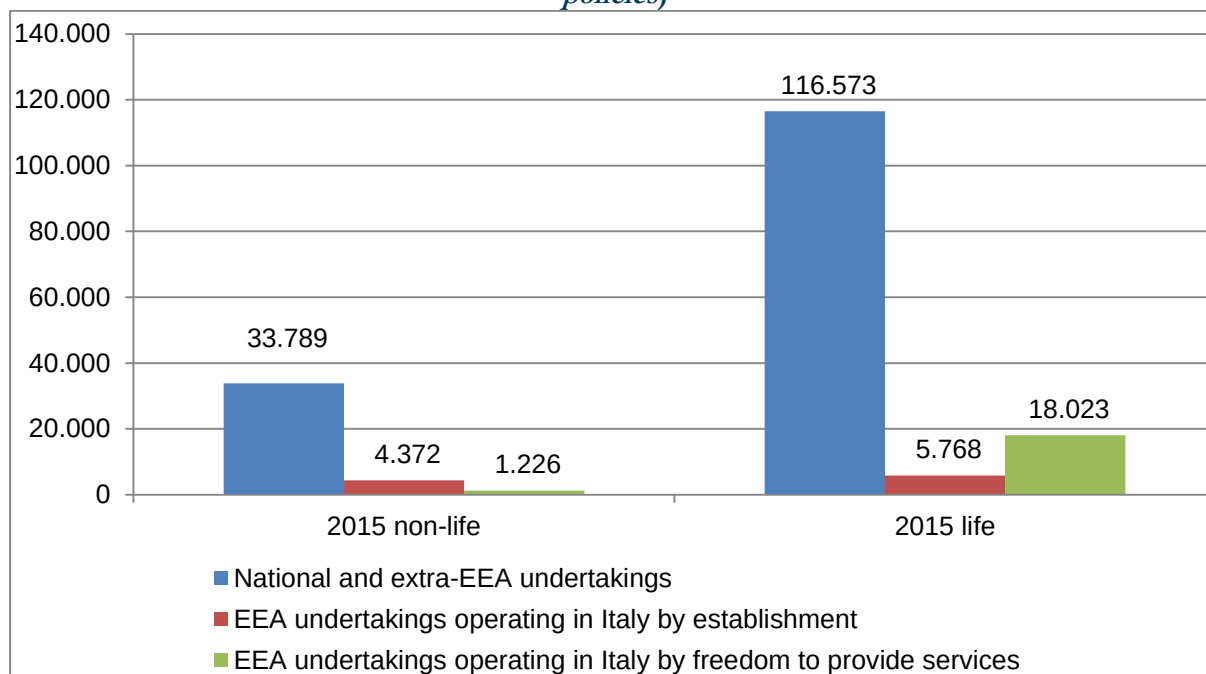


Table I.8

| Premium income in Italy divided between domestic undertakings/non-EEA and EEA undertakings |                            |                |                |                |                |
|--------------------------------------------------------------------------------------------|----------------------------|----------------|----------------|----------------|----------------|
| TOTAL                                                                                      |                            |                |                |                |                |
|                                                                                            | (million euro and % value) |                |                |                |                |
|                                                                                            | 2011                       | 2012           | 2013           | 2014           | 2015           |
| National and extra-EEA undertakings                                                        | 113,519                    | 108,362        | 122,180        | 146,525        | 150,362        |
| EEA undertakings operating in Italy by establishment                                       | 5,953                      | 6,677          | 8,269          | 9,315          | 10,140         |
| EEA undertakings operating in Italy by freedom to provide services                         | 11,824                     | 12,071         | 14,561         | 20,710         | 19,249         |
| <b>Total domestic and foreign undertakings</b>                                             | <b>131,296</b>             | <b>127,110</b> | <b>145,010</b> | <b>176,550</b> | <b>179,751</b> |
| Percentage                                                                                 |                            |                |                |                |                |
| National and extra-EEA undertakings                                                        | 86.5%                      | 85.3%          | 84.3%          | 83.0%          | 83.7%          |
| EEA undertakings operating in Italy by establishment                                       | 4.5%                       | 5.3%           | 5.7%           | 5.3%           | 5.6%           |
| EEA undertakings operating in Italy by freedom to provide services                         | 9.0%                       | 9.5%           | 10.0%          | 11.7%          | 10.7%          |
| <b>Total domestic and foreign undertakings</b>                                             | <b>100.0%</b>              | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |
| LIFE                                                                                       |                            |                |                |                |                |
|                                                                                            | 2011                       | 2012           | 2013           | 2014           | 2015           |
| National and extra-EEA undertakings                                                        | 75,767                     | 71,624         | 86,854         | 112,064        | 116,573        |
| EEA undertakings operating in Italy by establishment                                       | 2,181                      | 2,979          | 3,892          | 4,820          | 5,768          |
| EEA undertakings operating in Italy by freedom to provide services                         | 10,566                     | 11,067         | 13,279         | 18,196         | 18,023         |
| <b>Total domestic and foreign undertakings</b>                                             | <b>88,514</b>              | <b>85,670</b>  | <b>104,025</b> | <b>135,080</b> | <b>140,364</b> |
| Percentage                                                                                 |                            |                |                |                |                |
| National and extra-EEA undertakings                                                        | 85.6%                      | 83.6%          | 83.5%          | 83.0%          | 83.1%          |
| EEA undertakings operating in Italy by establishment                                       | 2.5%                       | 3.5%           | 3.7%           | 3.6%           | 4.1%           |
| EEA undertakings operating in Italy by freedom to provide services                         | 11.9%                      | 12.9%          | 12.8%          | 13.5%          | 12.8%          |
| <b>Total domestic and foreign undertakings</b>                                             | <b>100.0%</b>              | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |
| NON-LIFE                                                                                   |                            |                |                |                |                |
|                                                                                            | 2011                       | 2012           | 2013           | 2014           | 2015           |
| National and extra-EEA undertakings                                                        | 33,752                     | 36,738         | 35,326         | 34,460         | 33,789         |
| EEA undertakings operating in Italy by establishment                                       | 3,772                      | 3,698          | 4,376          | 4,495          | 4,372          |
| EEA undertakings operating in Italy by freedom to provide services                         | 1,258                      | 1,004          | 1,282          | 2,514          | 1,226          |
| <b>Total domestic and foreign undertakings</b>                                             | <b>38,782</b>              | <b>41,440</b>  | <b>40,984</b>  | <b>41,469</b>  | <b>39,387</b>  |
| Percentage                                                                                 |                            |                |                |                |                |
| National and extra-EEA undertakings                                                        | 87.0%                      | 88.7%          | 86.2%          | 83.1%          | 85.8%          |
| EEA undertakings operating in Italy by establishment                                       | 9.7%                       | 8.9%           | 10.7%          | 10.8%          | 11.1%          |
| EEA undertakings operating in Italy by freedom to provide services                         | 3.2%                       | 2.4%           | 3.1%           | 6.1%           | 3.1%           |
| <b>Total domestic and foreign undertakings</b>                                             | <b>100.0%</b>              | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |

Figure I.14

**Distribution of the Life and Non-Life income in Italy between national undertakings/non-EEA and EEA undertakings**  
(million euro; 2015; direct insurance and reinsurance work; including collective insurance policies)



## 2.2. - Market concentration

The Italian insurance market continues to show a high level of concentration. The concentration ratio for insurance groups<sup>8</sup>, valued separately for the life business and non-life business as the percentage of the income of the top five and top ten insurance groups on total income (table I.9), is summarized in the following table.

Table I.9

| Concentration ratio for the top 5 and 10 groups Life and Non-Life management 2007-2016 |            |       |       |       |       |       |       |       |       |       |
|----------------------------------------------------------------------------------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                                                                        | (% values) |       |       |       |       |       |       |       |       |       |
|                                                                                        | 2007       | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  |
| top 5 groups non-life                                                                  | 71.0%      | 70.1% | 68.3% | 70.1% | 68.8% | 73.0% | 72.5% | 71.7% | 70.7% | 69.2% |
| top 5 groups life                                                                      | 53.0%      | 56.4% | 56.2% | 53.2% | 62.6% | 66.1% | 65.3% | 58.6% | 60.0% | 59.8% |
| top 10 groups non-life                                                                 | 87.5%      | 87.2% | 85.7% | 67.1% | 85.3% | 87.4% | 87.1% | 86.5% | 77.0% | 83.3% |
| top 10 groups life                                                                     | 73.2%      | 75.9% | 79.2% | 55.5% | 80.2% | 84.3% | 81.6% | 80.0% | 86.0% | 73.3% |

<sup>8</sup> The total income includes all national insurance undertakings and branches of non- EEA countries, including undertakings not belonging to groups. The amount related to groups is obtained by adding the income of the national undertakings belonging to the insurance group.

With reference to the concentration of the premium income on an individual basis, the evolution of market shares is affected by mergers or portfolio transfers, often within the groups: the first five life undertakings collected, in 2016, 47.1% (47.6% in 2015) of the premiums; in the non-life market, the quota was 59.0% (59.8% in 2015).

### 2.3. - Production and investments by shareholders' sector and main activity of the parent group

The market profile with regard to the nationality and the economic sector of the controlling entity is presented in table I.10.

Table I.10

| Premium income and assets by ownership structure and parent group - 2016                            |                                       |              |                          |              |
|-----------------------------------------------------------------------------------------------------|---------------------------------------|--------------|--------------------------|--------------|
| (thousands of euro and % values)                                                                    |                                       |              |                          |              |
|                                                                                                     | Premiums<br>(Italian direct business) | %            | Class C invest-<br>ments | %            |
| <b>Foreign control:</b>                                                                             | 44,712,727                            | 33.3         | 164,269,469              | 27.3         |
| Undertakings controlled by foreign EU and non EU entities in the insurance sector + Non-EU branches | 34,263,736                            | 25.5         | 119,893,554              | 19.9         |
| Undertakings controlled by foreign EU and non-EU entities in the financial sector                   | 10,448,991                            | 7.8          | 44,375,915               | 7.4          |
| <b>Italian control:</b>                                                                             | 89,493,518                            | 66.7         | 437,417,184              | 72.7         |
| State and public entities control                                                                   | 20,705,945                            | 15.4         | 100,710,855              | 16.7         |
| Insurance sector control                                                                            | 48,410,081                            | 36.1         | 252,590,653              | 42.0         |
| Financial sector control                                                                            | 19,827,415                            | 14.8         | 83,873,276               | 13.9         |
| Other private sector control                                                                        | 550,077                               | 0.4          | 242,400                  | 0.1          |
| <b>Total</b>                                                                                        | <b>134,206,245</b>                    | <b>100.0</b> | <b>601,686,653</b>       | <b>100.0</b> |

As of 2016, 51.3% of the business and 56.0% of the class C investments were attributed to private Italian entities, with a decrease compared to 2015 (respectively 55.5% and 57.3%). For foreign entities, the quota was increased, in terms of production, from 31.6% to 33.3%, while the quota of class C investments remains stable at 27.3%. Among the private Italian entities, those owned by financial sector entities follows the insurance sector, with 14.8% of the production and 13.9% of the class C investments (19.7% and 15.2% respectively in 2015). The presence of parent companies from the manufacturing and service sectors is negligible.

### 2.4. - Insurance and reinsurance intermediaries

#### 2.4.1. - Intermediaries registered in the Single Register

As of 31 December 2016, there are 236,597 Italian intermediaries registered in the Single Register of Intermediaries (RUI), as well as 8,053 foreign intermediaries in the Enclosed List (at the end of 2015, 244,077 and 7,914 respectively).

Table I.11

| Number of intermediaries registered in the RUI by section as of end-2016 |                                                                                                                                                                                    |                 |               |                |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|----------------|
| (Number of registered intermediaries)                                    |                                                                                                                                                                                    |                 |               |                |
| Sections                                                                 | Type of intermediary                                                                                                                                                               | Natural persons | Company       | Total          |
| A                                                                        | Agents                                                                                                                                                                             | 20,568          | 9,263         | 29,831         |
| B                                                                        | Mediators (Brokers)                                                                                                                                                                | 4,017           | 1,706         | 5,723          |
| C                                                                        | Direct canvassers                                                                                                                                                                  | 5,115           |               | 5,115          |
| D                                                                        | Banks, financial intermediaries, SIM (stock brokerage companies) and Poste Italiane s.p.a. - Bancoposta services division                                                          |                 | 563           | 563            |
| 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 | 182,896         | 12,469        | 195,365        |
| Enclosed list                                                            | Intermediaries having their residence or head office in another EEA Member State                                                                                                   | 8,053           |               | 8,053          |
| <b>Total</b>                                                             |                                                                                                                                                                                    | <b>220,649</b>  | <b>24,001</b> | <b>244,650</b> |

There is a significant reduction in the number of agents and brokers compared to 2015, from 40,162 to 35,554, in large part due to massive cancellation for loss of the requirements of enrolment (non-operative or late paying subjects, see V.1.7.5).

Agents and brokers registered in the RUI at end-2016 are distributed across the national territory<sup>9</sup> according to the following distribution:

Table I.12

| National distribution of RUI registered agents and brokers |              |                   |              |                    |                                            |                                              |
|------------------------------------------------------------|--------------|-------------------|--------------|--------------------|--------------------------------------------|----------------------------------------------|
| (unit and % values)                                        |              |                   |              |                    |                                            |                                              |
| Region                                                     | Agents       | % on total Agents | Brokers      | % total on Brokers | Agents and Brokers per 10,000 inhabitants* | Agents and Brokers per billion Euro of GDP** |
| Aosta Valley                                               | 91           | 0.3               | 11           | 0.2                | 8.0                                        | 23.3                                         |
| Piedmont                                                   | 2,763        | 9.3               | 415          | 7.3                | 7.2                                        | 24.9                                         |
| Liguria                                                    | 1,022        | 3.4               | 302          | 5.3                | 8.4                                        | 27.6                                         |
| Lombardy                                                   | 5,519        | 18.5              | 1,357        | 23.7               | 6.9                                        | 19.2                                         |
| <b>North-West</b>                                          | <b>9,395</b> | <b>31.5</b>       | <b>2,085</b> | <b>36.4</b>        | <b>7.1</b>                                 | <b>21.3</b>                                  |
| Veneto                                                     | 2,691        | 9.0               | 428          | 7.5                | 6.3                                        | 20.5                                         |
| Trentino – South Tyrol                                     | 612          | 2.1               | 96           | 1.7                | 6.7                                        | 17.7                                         |
| Friuli - Venezia Giulia                                    | 630          | 2.1               | 127          | 2.2                | 6.2                                        | 21.2                                         |
| Emilia - Romagna                                           | 2,301        | 7.7               | 340          | 5.9                | 5.9                                        | 17.7                                         |
| <b>North-East</b>                                          | <b>6,234</b> | <b>20.9</b>       | <b>991</b>   | <b>17.3</b>        | <b>6.2</b>                                 | <b>19.2</b>                                  |

(continue)

<sup>9</sup> Data referring to the residence of natural persons and the head office of companies.

*continued: Table: 1.12*

| National distribution of RUI registered agents and brokers |               |                   |              |                    |                                            |                                              |
|------------------------------------------------------------|---------------|-------------------|--------------|--------------------|--------------------------------------------|----------------------------------------------|
| (unit and % values)                                        |               |                   |              |                    |                                            |                                              |
| Region                                                     | Agents        | % on total Agents | Brokers      | % total on Brokers | Agents and Brokers per 10,000 inhabitants* | Agents and Brokers per billion Euro of GDP** |
| Tuscany                                                    | 2,281         | 7.6               | 351          | 6.1                | 7.0                                        | 23.8                                         |
| Marches                                                    | 837           | 2.8               | 80           | 1.4                | 5.9                                        | 22.8                                         |
| Umbria                                                     | 554           | 1.9               | 70           | 1.2                | 7.0                                        | 29.4                                         |
| Lazio                                                      | 2,922         | 9.8               | 929          | 16.2               | 6.5                                        | 21.1                                         |
| <b>Centre</b>                                              | <b>6,594</b>  | <b>22.1</b>       | <b>1,430</b> | <b>25.0</b>        | <b>6.6</b>                                 | <b>22.7</b>                                  |
| Abruzzo                                                    | 733           | 2.5               | 65           | 1.1                | 6.0                                        | 24.9                                         |
| Molise                                                     | 146           | 0.5               | 16           | 0.3                | 5.2                                        | 27.4                                         |
| Apulia                                                     | 1,508         | 5.1               | 193          | 3.4                | 4.2                                        | 24.3                                         |
| Basilicata                                                 | 284           | 1.0               | 31           | 0.5                | 5.5                                        | 28.1                                         |
| Campania                                                   | 1,542         | 5.2               | 519          | 9.1                | 3.5                                        | 20.5                                         |
| Calabria                                                   | 824           | 2.8               | 52           | 0.9                | 4.4                                        | 27.0                                         |
| <b>South</b>                                               | <b>5,037</b>  | <b>16.9</b>       | <b>876</b>   | <b>15.3</b>        | <b>4.2</b>                                 | <b>23.4</b>                                  |
| Sicily                                                     | 1,828         | 6.1               | 290          | 5.1                | 4.2                                        | 24.4                                         |
| Sardinia                                                   | 743           | 2.5               | 51           | 0.9                | 4.8                                        | 24.8                                         |
| <b>Islands</b>                                             | <b>2,571</b>  | <b>8.6</b>        | <b>341</b>   | <b>6.0</b>         | <b>4.3</b>                                 | <b>24.5</b>                                  |
| <b>Italy total</b>                                         | <b>29,831</b> | <b>100</b>        | <b>5,723</b> | <b>100</b>         | <b>5.9</b>                                 | <b>21.7</b>                                  |

\*Source: ISTAT, Population resident in Italy on 1 January 2016.

\*\*Source: ISTAT, regional GDP 2015, production side, December 2016

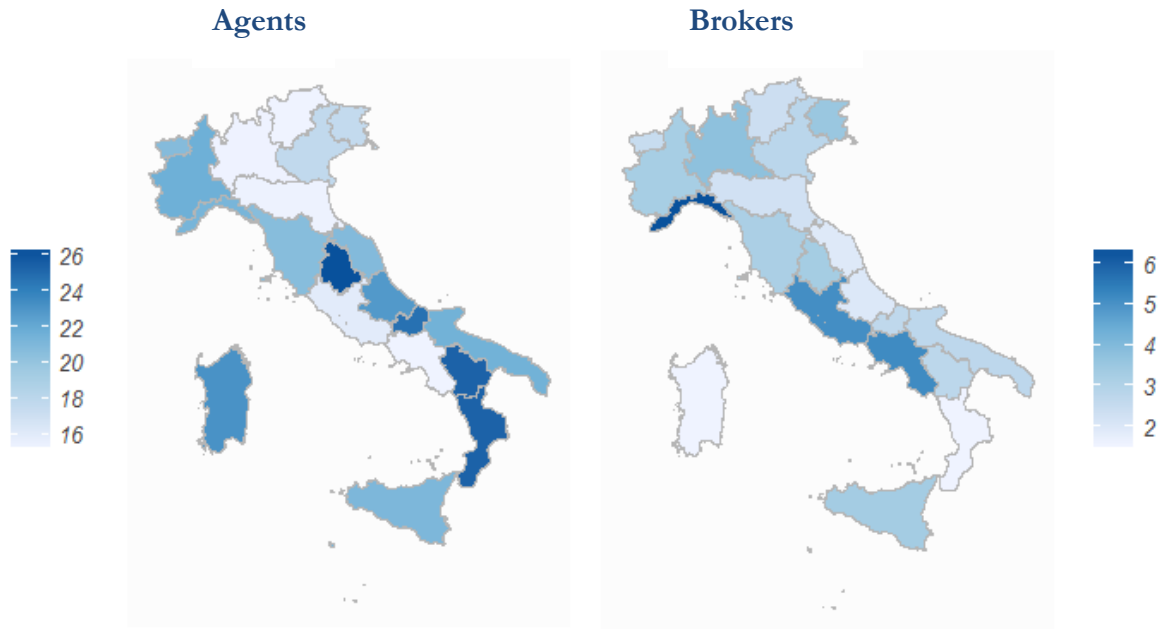
The region with the highest number of intermediaries (agents and brokers) is Lombardy, followed by Lazio, Piedmont, Veneto, Emilia Romagna, Tuscany and Sicily. There is an important presence of brokers in Campania.

The territorial dispersion of the intermediaries, evaluated with respect to the GDP, is lower than that compared to the number of inhabitants (table I.12).

Figure I.15 represents the distribution in the Italian region of the number of intermediaries per billion Euro of GDP, with the distinction between agents and brokers.

Figure I.15

**National distribution of RUI registered agents and brokers  
(number per billion Euro of GDP\*)**



\*Source: ISTAT, regional GDP 2015, production side, December 2016.

Intermediaries (natural persons) registered on 31 December 2016 in sections A and B of the RUI, distinguished by gender and age (table I.13), are still characterised by a strong prevalence (78%) of men.

Table I.13

| Intermediaries registered in sections A and B of the RUI, by gender and age range |               |                |              |                |
|-----------------------------------------------------------------------------------|---------------|----------------|--------------|----------------|
| (unit and % values)                                                               |               |                |              |                |
| MALES                                                                             |               |                | FEMALES      |                |
| Age range                                                                         | Number        | % on total M+F | Number       | % on total M+F |
| Up to 40                                                                          | 1,931         | 7.9            | 869          | 3.5            |
| From 41 to 55                                                                     | 9,926         | 40.4           | 2,903        | 11.8           |
| From 56 to 65                                                                     | 4,779         | 19.4           | 1,198        | 4.9            |
| Over 66                                                                           | 2,544         | 10.3           | 435          | 1.8            |
| <b>Total</b>                                                                      | <b>19,180</b> | <b>78.0</b>    | <b>5,405</b> | <b>22.0</b>    |

#### 2.4.2. - Investigations managed

Table I.14 reports the movements of the RUI, incoming and outgoing, divided by type of investigation concluded in 2016.

Table I.14

| Procedures concluded in 2016, by investigation type           |              |              |              |            |               |                |               |
|---------------------------------------------------------------|--------------|--------------|--------------|------------|---------------|----------------|---------------|
|                                                               | Sect. A      | Sect. B      | Sect. C      | Sect. D    | Sect. E       | En-closed list | Total         |
| Registrations                                                 | 551          | 184          | 6,715        | 11         | 35,420*       | 297            | 43,178        |
| Removals                                                      | 954          | 185          | 3            | 60         | 169**         | 144            | 1,515         |
| Reinstatements                                                | 94           | 18           | 300          |            |               | 1              | 413           |
| Moving from one section to another                            | 558          | 88           | 2,057        |            | 707           |                | 3,410         |
| Extension of business abroad                                  | 108          | 694          |              |            |               |                | 802           |
| Implementation provisions of activity or inactivity           | 584          | 140          |              | 14         |               |                | 738           |
| Entries on the register for effect of disciplinary procedures | 48           | 49           |              |            | 129           |                | 226           |
| Changes in personal data                                      | 3,057        | 946          |              | 64         | 1,242         |                | 5,309         |
| <b>Total</b>                                                  | <b>5,954</b> | <b>2,304</b> | <b>9,075</b> | <b>149</b> | <b>37,667</b> | <b>442</b>     | <b>55,591</b> |

\* Registration proceedings in section E include the starts and terminations of the collaboration relations. For each proceeding, an average of 6 move of members are carried out, for a total of more than 200,000 persons concerned in the year.

\*\* Cancellation proceedings from section E determine the removal of the record of intermediaries registered in the following cases: ending of the last collaboration relation, loss of the enrolment requirements and striking off from the register.

### 3. - PREMIUM INCOME AND DISTRIBUTION COSTS

In 2016 gross premiums written of the Italian and foreign portfolio were 138.2 billion euro, with a decrease of 8.1% compared to 2015 (150.4 billion euro).

Table I.15

| <b>Premium income of the Italian and foreign portfolio, insurance and reinsurance business</b> |                |                |                |                |                |
|------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <i>(million euro and % values)</i>                                                             |                |                |                |                |                |
|                                                                                                | 2007           | 2008           | 2009           | 2010           | 2011           |
| Life - insurance (A)                                                                           | 61,464         | 54,593         | 81,146         | 90,146         | 73,911         |
| % var.                                                                                         | -11.4%         | -11.2%         | 48.6%          | 11.1%          | -18.0%         |
| Life - reinsurance (B)                                                                         | 1,925          | 1,857          | 1,785          | 1,915          | 1,856          |
| % var.                                                                                         | -43.1%         | -3.5%          | -3.8%          | 7.2%           | -3.0%          |
| <b>LIFE TOTAL (C)= (A) + (B)</b>                                                               | <b>63,389</b>  | <b>56,450</b>  | <b>82,931</b>  | <b>92,061</b>  | <b>75,767</b>  |
|                                                                                                | <b>-12.9%</b>  | <b>-10.9%</b>  | <b>46.9%</b>   | <b>11.0%</b>   | <b>-17.7%</b>  |
| Non-life - insurance (D)                                                                       | 37,730         | 37,542         | 36,779         | 35,718         | 36,485         |
| % var.                                                                                         | 1.5%           | -0.5%          | -2.0%          | -2.9%          | 2.1%           |
| Non-life - reinsurance (E)                                                                     | 1,037          | 1,001          | 1,017          | 1,076          | 1,267          |
| % var.                                                                                         | -23.1%         | -3.5%          | 1.5%           | 5.8%           | 17.8%          |
| <b>TOTAL NON LIFE (F)= (D) + (E)</b>                                                           | <b>38,768</b>  | <b>38,543</b>  | <b>37,796</b>  | <b>36,794</b>  | <b>37,752</b>  |
| % var.                                                                                         | <b>0.6%</b>    | <b>-0.6%</b>   | <b>-1.9%</b>   | <b>-2.7%</b>   | <b>2.6%</b>    |
| <b>TOTAL LIFE AND NON-LIFE (G)= (C) + (F)</b>                                                  | <b>102,157</b> | <b>94,993</b>  | <b>120,727</b> | <b>128,854</b> | <b>113,519</b> |
| % var.                                                                                         | <b>-8.2%</b>   | <b>-7.0%</b>   | <b>27.1%</b>   | <b>6.7%</b>    | <b>-11.9%</b>  |
|                                                                                                | 2012           | 2013           | 2014           | 2015           | 2016           |
| Life - insurance (A)                                                                           | 69,765         | 85,164         | 110,599        | 115,078        | 102,633        |
| % var.                                                                                         | -5.6%          | 22.1%          | 29.9%          | 4.0%           | -10.8%         |
| Life - reinsurance (B)                                                                         | 1,859          | 1,690          | 1,465          | 1,496          | 1,540          |
| % var.                                                                                         | 0.1%           | -9.1%          | -13.3%         | 2.1%           | 3.0%           |
| <b>LIFE TOTAL (C)= (A) + (B)</b>                                                               | <b>71,624</b>  | <b>86,854</b>  | <b>112,064</b> | <b>116,573</b> | <b>104,174</b> |
| % var.                                                                                         | <b>-5.5%</b>   | <b>21.3%</b>   | <b>29.0%</b>   | <b>4.0%</b>    | <b>-10.6%</b>  |
| Non-life - insurance (D)                                                                       | 35,546         | 33,857         | 33,009         | 32,231         | 32,202         |
| % var.                                                                                         | -2.6%          | -4.8%          | -2.5%          | -2.4%          | -0.1%          |
| Non-life - reinsurance (E)                                                                     | 1,192          | 1,469          | 1,451          | 1,558          | 1,814          |
| % var.                                                                                         | -5.9%          | 23.2%          | -1.2%          | 7.4%           | 16.4%          |
| <b>TOTAL NON LIFE (F)= (D) + (E)</b>                                                           | <b>36,738</b>  | <b>35,326</b>  | <b>34,460</b>  | <b>33,789</b>  | <b>34,015</b>  |
| % var.                                                                                         | <b>-2.7%</b>   | <b>-3.8%</b>   | <b>-2.5%</b>   | <b>-1.9%</b>   | <b>0.7%</b>    |
| <b>TOTAL LIFE AND NON-LIFE (G)= (C) + (F)</b>                                                  | <b>108,362</b> | <b>122,180</b> | <b>146,525</b> | <b>150,362</b> | <b>138,189</b> |
| % var.                                                                                         | <b>-4.5%</b>   | <b>12.8%</b>   | <b>19.9%</b>   | <b>2.6%</b>    | <b>-8.1%</b>   |

Premiums of the Italian insurance and reinsurance portfolio amounted to 134.8 billion euro (-8.8% compared to 2015).



Table I.16

| Premium income of the Italian business, direct and reinsurance |                |                |                |                |                |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (million euro and % values)                                    |                |                |                |                |                |
|                                                                | 2007           | 2008           | 2009           | 2010           | 2011           |
| Life - insurance (A)                                           | 61,439         | 54,565         | 81,116         | 90,114         | 73,869         |
| % var.                                                         | -11.4%         | -11.2%         | 48.7%          | 11.1%          | -18.0%         |
| Life - indirect (B)                                            | 999            | 876            | 779            | 711            | 641            |
| % var.                                                         | -48.9%         | -12.3%         | -11.0%         | -8.7%          | -9.9%          |
| <b>LIFE TOTAL (C)= (A) + (B)</b>                               | <b>62,438</b>  | <b>55,440</b>  | <b>81,895</b>  | <b>90,825</b>  | <b>74,510</b>  |
|                                                                | <b>-12.5%</b>  | <b>-11.2%</b>  | <b>47.7%</b>   | <b>10.9%</b>   | <b>-18.0%</b>  |
| Non-life - insurance (D)                                       | 37,655         | 37,453         | 36,685         | 35,606         | 36,358         |
| % var.                                                         | -12.9%         | -0.5%          | -2.1%          | -2.9%          | 2.1%           |
| Non-life - reinsurance (E)                                     | 495            | 500            | 551            | 560            | 700            |
| % var.                                                         | -22.0%         | 0.9%           | 10.3%          | 1.5%           | 25.1%          |
| <b>TOTAL NON LIFE (F)= (D) + (E)</b>                           | <b>38,151</b>  | <b>37,953</b>  | <b>37,236</b>  | <b>36,165</b>  | <b>37,058</b>  |
| % var.                                                         | <b>1.0%</b>    | <b>-0.5%</b>   | <b>-1.9%</b>   | <b>-2.9%</b>   | <b>2.5%</b>    |
| <b>TOTAL LIFE AND NON-LIFE (G)= (C) + (F)</b>                  | <b>100,589</b> | <b>93,393</b>  | <b>119,132</b> | <b>126,990</b> | <b>111,568</b> |
| % var.                                                         | <b>-7.8%</b>   | <b>-7.2%</b>   | <b>27.6%</b>   | <b>6.6%</b>    | <b>-12.1%</b>  |
|                                                                | 2012           | 2013           | 2014           | 2015           | 2016           |
| Life - insurance (A)                                           | 69,715         | 85,100         | 110,518        | 114,947        | 102,252        |
| % var.                                                         | -5.6%          | 22.1%          | 29.9%          | 4.0%           | -11.0%         |
| Life - reinsurance (B)                                         | 536            | 464            | 400            | 342            | 381            |
| % var.                                                         | -16.5%         | -13.4%         | -13.7%         | -14.6%         | 11.5%          |
| <b>LIFE TOTAL (C)= (A) + (B)</b>                               | <b>70,251</b>  | <b>85,563</b>  | <b>110,918</b> | <b>115,289</b> | <b>102,633</b> |
|                                                                | <b>-5.7%</b>   | <b>21.8%</b>   | <b>29.6%</b>   | <b>3.9%</b>    | <b>-11.0%</b>  |
| Non-life - insurance (D)                                       | 35,413         | 33,687         | 32,800         | 32,007         | 31,954         |
| % var.                                                         | -2.6%          | -4.9%          | -2.6%          | -2.4%          | -0.2%          |
| Non-life - reinsurance (E)                                     | 462            | 546            | 524            | 600            | 248            |
| % var.                                                         | -34.0%         | 18.2%          | -4.0%          | 14.5%          | -58.7%         |
| <b>TOTAL NON LIFE (F)= (D) + (E)</b>                           | <b>35,875</b>  | <b>34,233</b>  | <b>33,324</b>  | <b>32,606</b>  | <b>32,202</b>  |
| % var.                                                         | <b>-3.2%</b>   | <b>-4.6%</b>   | <b>-2.7%</b>   | <b>-2.2%</b>   | <b>-1.2%</b>   |
| <b>TOTAL LIFE AND NON-LIFE (G)= (C) + (F)</b>                  | <b>106,126</b> | <b>119,796</b> | <b>144,242</b> | <b>147,895</b> | <b>134,835</b> |
| % var.                                                         | <b>-4.9%</b>   | <b>12.9%</b>   | <b>20.4%</b>   | <b>2.5%</b>    | <b>-8.8%</b>   |

Premiums from the Italian direct business alone amounted to 134.2 billion euro (-8.7% compared to 2015<sup>10</sup>): of this, 76.2% concerned the life sector, equal to 102.3 billion euro (-11%), while 23.8% concerned the non-life sector, equal to 32 billion euro (-0.2%<sup>11</sup>).

The incidence of Italian direct business in the motor insurance sector (motor vehicle liability and land vehicles liability) was 12% of the total market, and 50.5% of the non-life sector (respectively 11.3% and 52% in 2015).

<sup>10</sup> Considering homogeneous undertakings, compared to 2015, the variation in life and non-life premiums was -8.8%. This variation takes into account the acquisition, on 1 January 2016, by a national undertaking of the portfolio of two branches in Italy of undertakings with head offices in another EEA country operating in the non-life sector until 31 December 2015.

<sup>11</sup> Considering homogeneous undertakings, compared to 2015, the variation of non-life premiums was -1%.

Table I.17

| <b>Premiums of the Italian insurance portfolio</b> |                |                |                |                |                |
|----------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <i>(million euro and % values)</i>                 |                |                |                |                |                |
|                                                    | <b>2007</b>    | <b>2008</b>    | <b>2009</b>    | <b>2010</b>    | <b>2011</b>    |
| Life                                               | 61,439         | 54,565         | 81,116         | 90,114         | 73,869         |
| % var.                                             | -11.4%         | -11.2%         | 48.7%          | 11.1%          | -18.0%         |
| Non-life                                           | 37,656         | 37,453         | 36,685         | 35,606         | 36,358         |
| % var.                                             | 1.4%           | -0.5%          | -2.1%          | -2.9%          | 2.1%           |
| of which: motor liability sector                   | 21,492         | 20,814         | 20,094         | 19,831         | 20,652         |
| % var.                                             | -0.4%          | -3.2%          | -3.5%          | -1.3%          | 4.1%           |
| of which: other non-life insurance classes         | 16,164         | 16,639         | 16,591         | 15,775         | 15,706         |
| % var.                                             | 4.0%           | 2.9%           | -0.3%          | -4.9%          | -0.4%          |
| <b>Life and non-life Total</b>                     | <b>99,095</b>  | <b>92,018</b>  | <b>117,801</b> | <b>125,719</b> | <b>110,227</b> |
| % var.                                             | -7.0%          | -7.1%          | 28.0%          | 6.7%           | -12.3%         |
|                                                    | <b>2012</b>    | <b>2013</b>    | <b>2014</b>    | <b>2015</b>    | <b>2016</b>    |
| Life                                               | 69,715         | 85,100         | 110,518        | 114,947        | 102,252        |
| % var.                                             | -5.6%          | 22.1%          | 29.9%          | 4.0%           | -11.0%         |
| Non-life                                           | 35,413         | 33,687         | 32,800         | 32,007         | 31,954         |
| % var.                                             | -2.6%          | -4.9%          | -2.6%          | -2.4%          | -0.2%          |
| of which: motor liability sector                   | 20,190         | 18,644         | 17,566         | 16,642         | 16,128         |
| % var.                                             | -2.2%          | -7.7%          | -5.8%          | -5.3%          | -3.1%          |
| of which: other non-life insurance classes         | 15,223         | 15,043         | 15,234         | 15,365         | 15,826         |
| % var.                                             | -3.1%          | -1.2%          | 1.3%           | 0.9%           | 3.0%           |
| <b>Life and non-life Total</b>                     | <b>105,128</b> | <b>118,787</b> | <b>143,318</b> | <b>146,954</b> | <b>134,206</b> |
| % var.                                             | -4.6%          | 13.0%          | 20.7%          | 2.5%           | -8.7%          |

The ratio between the premiums of the Italian insurance portfolio and the GDP decreased slightly from 8.9% in 2015 to 8% in 2016<sup>12</sup>.

Table I.18

| <b>Index of insurance penetration (Premium impact of Italian insurance portfolio on Gross Domestic Product)</b> |             |             |             |             |             |
|-----------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <i>(% values)</i>                                                                                               |             |             |             |             |             |
|                                                                                                                 | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> |
| Life premiums                                                                                                   | 3.8%        | 3.3%        | 5.2%        | 5.6%        | 4.5%        |
| Non-life premiums                                                                                               | 2.3%        | 2.3%        | 2.3%        | 2.2%        | 2.2%        |
| <b>Life and non-life total</b>                                                                                  | <b>6.2%</b> | <b>5.6%</b> | <b>7.5%</b> | <b>7.8%</b> | <b>6.7%</b> |
|                                                                                                                 | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
| Life premiums                                                                                                   | 4.3%        | 5.3%        | 6.8%        | 7.0%        | 6.1%        |
| Non-life premiums                                                                                               | 2.2%        | 2.1%        | 2.0%        | 1.9%        | 1.9%        |
| <b>Life and non-life total</b>                                                                                  | <b>6.5%</b> | <b>7.4%</b> | <b>8.8%</b> | <b>8.9%</b> | <b>8.0%</b> |

<sup>12</sup> The GDP at market price is published by ISTAT, data as of end-2016 updated in March 2017.

### 3.1. - Life premiums

The class I products (assurance on the human life length) have registered a decrease of -5.4%, in continuity with the prior year, while class III products (unit or index linked), have fallen by 24.5% after the positive performance of the prior four years. For the second consecutive year, class V products (capitalisation capital redemptions operations policies) showed a strong reduction, while other sectors have much lower market shares (class VI – pension funds and IV – health insurance and insurance against the risk of dependency).

Table I.19

| Life assurance* – Premium income by insurance classes (direct Italian portfolio) |                             |               |               |               |               |               |               |                |                |                |
|----------------------------------------------------------------------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
|                                                                                  | (million euro and % values) |               |               |               |               |               |               |                |                |                |
|                                                                                  | 2007                        | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014           | 2015           | 2016           |
| class I                                                                          | 27,166                      | 31,430        | 64,741        | 67,844        | 56,698        | 51,191        | 64,959        | 82,578         | 77,875         | 73,635         |
| % var.                                                                           | -17.0%                      | 15.7%         | 106.0%        | 4.8%          | -16.4%        | -9.7%         | 26.9%         | 27.1%          | -5.7%          | -5.4%          |
| class III                                                                        | 29,053                      | 18,558        | 9,732         | 15,409        | 12,496        | 13,800        | 15,514        | 21,837         | 31,838         | 24,031         |
| % var.                                                                           | 6.1%                        | -36.1%        | -47.6%        | 58.3%         | -18.9%        | 10.4%         | 12.4%         | 40.8%          | 45.8%          | -24.5%         |
| class IV                                                                         | 30                          | 25            | 26            | 27            | 32            | 44            | 52            | 67             | 74             | 79             |
| % var.                                                                           | 32.8%                       | -17.1%        | 4.3%          | 4.1%          | 16.6%         | 36.8%         | 19.0%         | 28.9%          | 9.7%           | 7.3%           |
| class V                                                                          | 4,469                       | 3,196         | 5,078         | 5,154         | 3,131         | 2,815         | 3,282         | 4,622          | 3,508          | 2,741          |
| % var.                                                                           | -50.0%                      | -28.5%        | 58.9%         | 1.5%          | -39.3%        | -10.1%        | 16.6%         | 40.8%          | -24.1%         | -21.9%         |
| class VI                                                                         | 720                         | 1,356         | 1,539         | 1,679         | 1,512         | 1,866         | 1,292         | 1,413          | 1,652          | 1,766          |
| % var.                                                                           | 152.5%                      | 88.3%         | 13.5%         | 9.1%          | -9.9%         | 23.4%         | -30.7%        | 9.3%           | 17.0%          | 6.9%           |
| <b>total</b>                                                                     | <b>61,439</b>               | <b>54,565</b> | <b>81,116</b> | <b>90,114</b> | <b>73,869</b> | <b>69,715</b> | <b>85,100</b> | <b>110,518</b> | <b>114,947</b> | <b>102,252</b> |
| % var.                                                                           | -11.4%                      | -11.2%        | 48.7%         | 11.1%         | -18.0%        | -5.6%         | 22.1%         | 29.9%          | 4.0%           | -11.0%         |

\* Class II is not reported because the relative premium income was nothing.

The net premium income has shown a decrease compared to 2015, due to the fall in the premium income not counterbalanced by a reduction in the expenses related to claims.

Table I.20

| Charges (surrenders, accrued capital and annuities) and Premiums from life business 2007-2016 - Italian insurance portfolio |                             |         |         |         |         |           |         |         |         |         |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------|---------|---------|---------|-----------|---------|---------|---------|---------|
|                                                                                                                             | (million euro and % values) |         |         |         |         |           |         |         |         |         |
|                                                                                                                             | 2007                        | 2008    | 2009    | 2010    | 2011    | 2012      | 2013    | 2014    | 2015    | 2016    |
| total premiums                                                                                                              | 61,439                      | 54,565  | 81,116  | 90,114  | 73,869  | 69,715    | 85,100  | 110,518 | 114,947 | 102,252 |
| claims incurred                                                                                                             | -74,316                     | -65,547 | -57,198 | -66,801 | -73,971 | -75,022   | -66,788 | -64,577 | -71,196 | -62,932 |
| of which surrenders                                                                                                         | -48,765                     | -41,765 | -32,053 | -36,494 | -46,496 | -47,198   | -40,353 | -37,633 | -42,811 | -39,906 |
| of which accrued capital and annuities                                                                                      | -22,447                     | -20,551 | -21,563 | -26,062 | -22,945 | -22,567   | -21,031 | -20,735 | -20,940 | -15,199 |
| net income                                                                                                                  | -12,877                     | -10,982 | 23,918  | 23,313  | -102    | -5,306    | 18,312  | 45,941  | 43,751  | 39,321  |
| % var.                                                                                                                      | -211.3%                     | 14.7%   | 317.8%  | -2.5%   | -100.4% | -5,102.0% | 445.1%  | 150.9%  | -4.8%   | -10.1%  |

The ratios of expenses for claims and surrenders compared to premiums in 2016 is half of those in the 2007/2008 period, affected by the financial market crisis (table I.21). These indicators stand at lower values even in comparison to the 2011/2012 period, when they were influenced by the crisis of public debt securities in some countries of the Euro area.

Table I.21

| Charges and surrenders compared to premiums from life business 2007-2016 - Italian direct portfolio |        |        |       |       |        |        |       |       |       |       |
|-----------------------------------------------------------------------------------------------------|--------|--------|-------|-------|--------|--------|-------|-------|-------|-------|
|                                                                                                     | 2007   | 2008   | 2009  | 2010  | 2011   | 2012   | 2013  | 2014  | 2015  | 2016  |
| Expenses relating to claims/premiums                                                                | 121.0% | 120.1% | 70.5% | 74.1% | 100.1% | 107.6% | 78.5% | 58.4% | 61.9% | 61.5% |
| of which: redemptions / premiums                                                                    | 79.4%  | 76.5%  | 39.5% | 40.5% | 62.9%  | 67.7%  | 47.4% | 34.1% | 37.2% | 39.0% |

*Life assurance premiums*

In 2016, the reallocation of life products among the traditional class I (assurance on the human life length ) and V (capital redemption operations) products, on one hand, and class III products (linked policies) on the other, continued. Due to the sharp decline of linked policies, that amounts to 24.8% of the total of individual products (29% in 2015), the traditional with-profit policies at the end of 2016 had an incidence of 73.6% (69.6% in 2015). The linked policies, since 2013, consist almost exclusively of unit linked products (99.3% of the total linked policies in 2016).

Table I.22

| Life individual policies - Premium income by type of product* (direct Italian portfolio) |        |        |        |        |        |
|------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
|                                                                                          | 2007   | 2008   | 2009   | 2010   | 2011   |
| (million euro and % values)                                                              |        |        |        |        |        |
| With- profits policies                                                                   |        |        |        |        |        |
| class I                                                                                  | 23,494 | 26,445 | 60,562 | 63,646 | 52,518 |
| class V                                                                                  | 2,283  | 1,468  | 3,062  | 3,713  | 1,793  |
| total increasing benefitwith-profits                                                     | 25,777 | 27,913 | 63,624 | 67,359 | 54,311 |
| annual % variation                                                                       | -26.2% | 8.3%   | 127.9% | 5.9%   | -19.4% |
| with-profit policies on total individuals                                                | 46.2%  | 57.8%  | 85.3%  | 79.8%  | 79.5%  |
| Unit-linked policies                                                                     |        |        |        |        |        |
| class III                                                                                | 14,964 | 10,439 | 7,925  | 12,339 | 10,097 |
| class V                                                                                  | 17     | 3      | 12     | 3      | 5      |
| Index-linked policies                                                                    |        |        |        |        |        |
| class III                                                                                | 14,075 | 8,060  | 1,773  | 3,058  | 2,385  |
| class V                                                                                  | -      | -      | -      | 0.01   | -      |
| total linked policies                                                                    | 29,056 | 18,501 | 9,710  | 15,399 | 12,487 |
| annual % variation                                                                       | 6.1%   | -36.3% | -47.5% | 58.6%  | -18.9% |
| linked policies on total individual                                                      | 52.1%  | 38.3%  | 13.0%  | 18.2%  | 18.3%  |
| Temporary pure risk policies (class I)                                                   | 555    | 593    | 656    | 773    | 764    |
| Sickness and insurance against the risk of dependency policies** (class IV)              | 2      | 2      | 3      | 3      | 7      |
| Management of group pension funds (class VI)***                                          | n.a.   | n.a.   | n.a.   | 664    | 570    |
| Other types of class I policies                                                          | 364    | 1,306  | 555    | 243    | 158    |
| TOTAL INDIVIDUALS                                                                        | 55,754 | 48,315 | 74,548 | 84,440 | 68,297 |
| annual % variation                                                                       | -11.9% | -13.3% | 54.3%  | 13.3%  | -19.1% |
| With-profits policies                                                                    |        |        |        |        |        |
| class I                                                                                  | 47,307 | 61,157 | 78,478 | 73,772 | 69,337 |
| class V                                                                                  | 1,336  | 1,736  | 3,311  | 2,505  | 1,865  |
| total with-profits                                                                       | 48,643 | 62,893 | 81,789 | 76,277 | 71,202 |
| annual % variation                                                                       | -10.4% | 29.3%  | 30.0%  | -6.7%  | -6.7%  |
| with profits policies on total individual                                                | 76.2%  | 79.0%  | 78.0%  | 69.6%  | 73.6%  |
| Unit-linked policies                                                                     |        |        |        |        |        |
| class III                                                                                | 12,496 | 15,383 | 21,802 | 31,782 | 23,846 |
| class V                                                                                  | 2      | 1      | 1      | 1      | 2      |
| Index-linked policies                                                                    |        |        |        |        |        |
| class III                                                                                | 1,291  | 120    | 24     | 48     | 176    |
| class V                                                                                  | 67     | -      | -      | -      | -      |
| total linked policies                                                                    | 13,789 | 15,505 | 21,827 | 31,831 | 24,023 |
| annual % variation                                                                       | 10.4%  | 12.4%  | 40.8%  | 45.8%  | -24.5% |
| linked policies on total individuals                                                     | 21.6%  | 19.5%  | 20.8%  | 29.0%  | 24.8%  |

(continue)

continued: Table I.22

| Life assurance - individual policies - Premium income by product type* (Italian insurance business) |                             |               |                |                |               |
|-----------------------------------------------------------------------------------------------------|-----------------------------|---------------|----------------|----------------|---------------|
|                                                                                                     | (million euro and % values) |               |                |                |               |
|                                                                                                     | 2012                        | 2013          | 2014           | 2015           | 2016          |
| Temporary pure risk policies (class I)                                                              | 628                         | 627           | 650            | 711            | 742           |
| Sickness and insurance against the risk of dependency policies** (class IV)                         | 14                          | 21            | 27             | 32             | 33            |
| Management of group pension funds (class VI)***                                                     | 494                         | 507           | 510            | 679            | 741           |
| Other types of class I policies                                                                     | 244                         | 40            | 17             | 45             | 66            |
| <b>TOTAL INDIVIDUAL</b>                                                                             | <b>63,812</b>               | <b>79,592</b> | <b>104,820</b> | <b>109,575</b> | <b>96,807</b> |
| annual % variation                                                                                  | -6.6%                       | 24.7%         | 31.7%          | 4.5%           | -11.7%        |

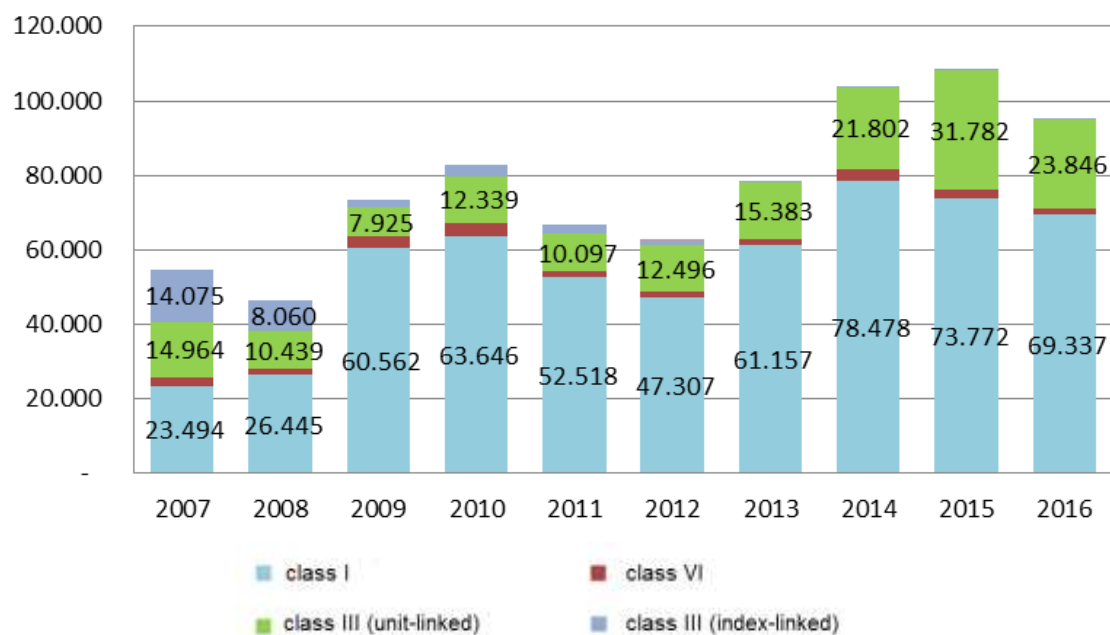
\* Up to 2009, the "total individual" total did not contain class VI policies, as they were not significant; since 2010 the data also includes that class. Supplementary Insurance premiums are excluded from the entire historical series.

\*\* Long term policies, not subject to cancellation, for risk of serious disability resulting from accident or sickness or longevity (Class IV).

\*\*\* Group pension funds that effect payments on death, or survival, or in the event of discontinuance or curtailment of work activity (Class VI).

Figure I.16

Composition of individual policies  
(million euro)



### 3.2. - Non-life premiums

The production of the non-life market (Italian direct portfolio) has fallen by -0.2%<sup>13</sup> and, therefore, the tendency of decline in recent years is fading (-2.4% in 2015, -2.6% in 2014, -4.9% in 2013 and -2.6% in 2012). The decline in premium income is mainly due to motor insurance<sup>14</sup> (-3.1%), which represents 50.6% of premium income in the non-life segment of Italian direct portfolio (52.1% in 2015). All the other sectors are, however, growing compared with 2015; the increase in the health sector is significant (+4.9%) as well as in the legal expenses and assistance (+6%) and in the credit and suretyship sector (+7.6%).

Table I.23

| Non-life premium income (premiums written of Italian direct business) |                          |               |               |              |               |               |              |
|-----------------------------------------------------------------------|--------------------------|---------------|---------------|--------------|---------------|---------------|--------------|
| (million euro and % values)                                           |                          |               |               |              |               |               |              |
| Sector                                                                | Line of business         | 2015          | %             | Var. %       | 2016          | %             | Var. %       |
| Health                                                                | Accident                 | 2,963         | 9.3%          | -0.4%        | 3,009         | 9.4%          | 1.6%         |
|                                                                       | Sickness                 | 2,143         | 6.7%          | 4.2%         | 2,349         | 7.4%          | 9.6%         |
|                                                                       | <b>Total</b>             | <b>5,105</b>  | <b>16.0%</b>  | <b>1.5%</b>  | <b>5,357</b>  | <b>16.8%</b>  | <b>4.9%</b>  |
| Motor insurance                                                       | Motor liability          | 14,187        | 44.3%         | -6.5%        | 13,494        | 42.2%         | -4.9%        |
|                                                                       | Liability for ships      | 31            | 0.1%          | -0.3%        | 32            | 0.1%          | 0.7%         |
|                                                                       | Land vehicles            | 2,455         | 7.7%          | 2.9%         | 2,634         | 8.2%          | 7.3%         |
|                                                                       | <b>Total</b>             | <b>16,674</b> | <b>52.1%</b>  | <b>-5.3%</b> | <b>16,160</b> | <b>50.6%</b>  | <b>-3.1%</b> |
| Transport                                                             | Railway rolling stock    | 4             | 0.0%          | -0.3%        | 6             | 0.0%          | 56.2%        |
|                                                                       | Aircraft                 | 18            | 0.1%          | 2.4%         | 18            | 0.1%          | 0.1%         |
|                                                                       | Ships                    | 230           | 0.7%          | -3.9%        | 232           | 0.7%          | 1.0%         |
|                                                                       | Goods in transit         | 167           | 0.5%          | -2.6%        | 166           | 0.5%          | -0.8%        |
|                                                                       | Aircraft liability       | 10            | 0.0%          | -28.5%       | 11            | 0.0%          | 10.0%        |
|                                                                       | <b>Total</b>             | <b>430</b>    | <b>1.3%</b>   | <b>-3.9%</b> | <b>434</b>    | <b>1.4%</b>   | <b>1.0%</b>  |
| Property                                                              | Fire and natural forces  | 2,291         | 7.2%          | -0.2%        | 2,377         | 7.4%          | 3.8%         |
|                                                                       | Other damage to property | 2,725         | 8.5%          | -1.9%        | 2,759         | 8.6%          | 1.2%         |
|                                                                       | Financial loss           | 551           | 1.7%          | 7.4%         | 527           | 1.6%          | -4.3%        |
|                                                                       | <b>Total</b>             | <b>5,567</b>  | <b>17.4%</b>  | <b>-0.3%</b> | <b>5,663</b>  | <b>17.7%</b>  | <b>1.7%</b>  |
| General liability                                                     |                          | <b>2,878</b>  | <b>9.0%</b>   | <b>1.7%</b>  | <b>2,899</b>  | <b>9.1%</b>   | <b>0.7%</b>  |
| Credit and Suretyship                                                 | Credit                   | 60            | 0.2%          | 3.1%         | 67            | 0.2%          | 12.1%        |
|                                                                       | Suretyship               | 363           | 1.1%          | -8.8%        | 387           | 1.2%          | 6.9%         |
|                                                                       | <b>Total</b>             | <b>423</b>    | <b>1.3%</b>   | <b>-7.0%</b> | <b>455</b>    | <b>1.4%</b>   | <b>7.6%</b>  |
| Legal expenses and assistance                                         | Legal expenses           | 327           | 1.0%          | 6.3%         | 341           | 1.1%          | 4.3%         |
|                                                                       | Assistance               | 603           | 1.9%          | 10.2%        | 645           | 2.0%          | 6.9%         |
|                                                                       | <b>Total</b>             | <b>930</b>    | <b>2.9%</b>   | <b>8.8%</b>  | <b>986</b>    | <b>3.1%</b>   | <b>6.0%</b>  |
| <b>Total Non-life</b>                                                 |                          | <b>32,007</b> | <b>100.0%</b> | <b>-2.4%</b> | <b>31,954</b> | <b>100.0%</b> | <b>-0.2%</b> |

Figure I.17 shows, for the main insurance businesses (auto, health and property<sup>15</sup>), their quota in terms of premium income on the total non-life business from 2007 to 2016. In Table I.24 it is observed how in the decade, the incidence of motor insurance has diminished by nearly 7 percent, the quota absorbed by the health and property sectors, both of which have increased by 3% each.

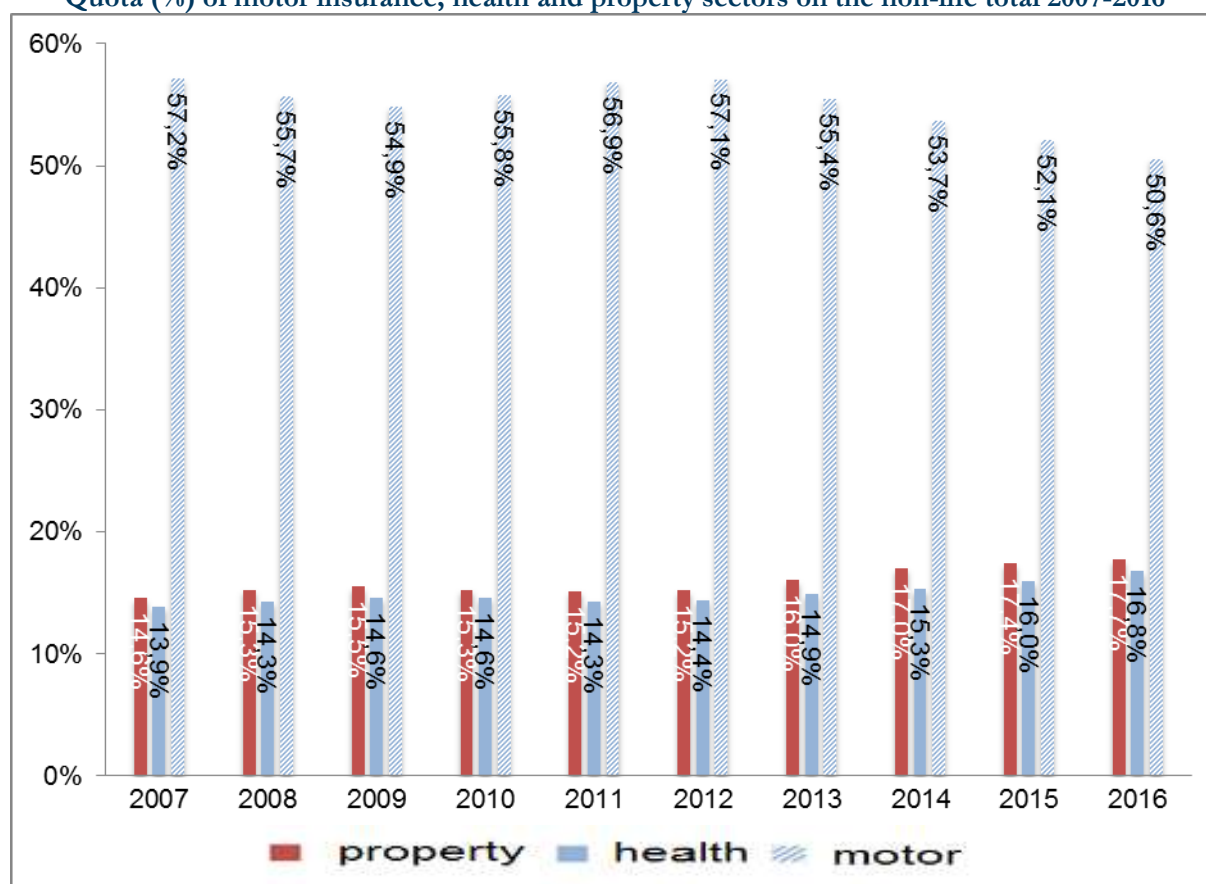
<sup>13</sup> Considering homogeneous undertakings, the decrease compared with 2015 is -1%.

<sup>14</sup> The auto sector includes motor liability (auto), motor liability vessels and land vehicles.

<sup>15</sup> The respective sectors include the lines of business indicated in table I.19.

Figure I.17

Quota (%) of motor insurance, health and property sectors on the non-life total 2007-2016



### 3.3. - Distribution channels and costs

#### 3.3.1. - Distribution channels and costs of life business

Banks and post offices continued to be the most used distribution channel in the life sector, with a slightly decreasing incidence compared to the previous year (62.3% of premiums collected in 2016; 63.1% in 2015).

For class I products (68.7%; 69.9% in 2015) and class III products (54.5%; 55% in 2015) the banking channel remains prevalent, confirming that the production in this sector is linked to bancassurance.

The percentage of life assurance products distributed by financial promoters declined slightly<sup>16</sup> (15.6%; 16.3% in 2015). The importance is also confirmed, after banks and post

<sup>16</sup> Hereafter, reference is made to “Financial Promoters”, regardless of the fact that the name of this type of intermediary has been formally changed to “Financial consultants licensed for off-site offer” by Law no. 208 of 28 December 2015, (so called Stability Law for 2016), in force since 1 January 2016.



offices, of financial promoters in the distribution of class III products, with a quote of 36.8% (38.5% in 2015).

The share of the agency channel went from 19.7% in 2015 to 22.1% in 2016; the variation is due to the fall in absolute value of the other channels. In particular, the increase is due to the portfolio collected by the agencies with brief (+0.1% in absolute value compared with 2015) while the portfolio of the tied agents has decreased (-1.7%).

Table I.24

| Distribution channels in life sectors |              |              |              |              |              |              |              |              |              |              |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                       | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         |
|                                       | (% values)   |              |              |              |              |              |              |              |              |              |
| <b>Banks and post offices</b>         | 58.0         | 53.7         | 58.8         | 60.3         | 54.7         | 48.6         | 59.1         | 62.0         | 63.1         | 62.3         |
| <b>Agencies</b>                       | 31.0         | 34.3         | 23.7         | 22.6         | 25.6         | 26.6         | 23.0         | 20.2         | 19.8         | 22.1         |
| <b>Financial promoters</b>            | 9.0          | 10.1         | 16.3         | 15.8         | 18.3         | 23.3         | 16.7         | 16.8         | 16.3         | 14.4         |
| <b>Direct sales and brokers</b>       | 2.0          | 1.9          | 1.2          | 1.3          | 1.4          | 1.5          | 1.2          | 1.0          | 0.8          | 1.2          |
| <b>Total channels</b>                 | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |

With reference to the costs of the Italian direct insurance portfolio, in 2016, a reversal was found in the containment of acquisition commissions, related to premiums written, started in 2012 (table I.25; see paragraph 4.5.3 for details of the report of commissions on premiums by type of undertaking). Last year, the decline of the other acquisition costs related to premiums written, stopped after the index between 2012 and 2015 was cut in half. This indicator includes the costs of drawing up the insurance policies, medical visits if paid by the undertakings, advertising and incentive bonuses for achieving sales goals. Expenses for the collection of successive instalments of annual premium products diminished in 2016, after reaching the maximum in 2015.

Table I.25<sup>17</sup>

| Cost/life premium Indicators                                                |            |      |      |      |      |
|-----------------------------------------------------------------------------|------------|------|------|------|------|
|                                                                             | (% values) |      |      |      |      |
|                                                                             | 2012       | 2013 | 2014 | 2015 | 2016 |
| <b>Acquisition commissions (First year instalments and single premiums)</b> | 2.76       | 2.45 | 2.12 | 2.16 | 2.33 |
| <b>Other acquisition costs (First year instalments and single premiums)</b> | 1.18       | 0.94 | 0.70 | 0.63 | 0.77 |
| <b>Collection commissions (subsequent years instalments)</b>                | 1.80       | 1.98 | 1.89 | 2.28 | 1.58 |

<sup>17</sup> Taking into account that the income collected is, in large part, composed of single premiums characterised by the annual recurrence of the payment (approximately 70% of the premium income 2016), indicators “acquisition commissions/premiums” and “other acquisition costs/premiums” have been modified with respect to the 2015 Report (Table I.21 in I.3.3.1), relating the acquisition commissions and the other acquisition costs to the sum of premiums for the first year and the single written premiums.



Table I.26

| % Costs life business   |            |       |       |       |       |
|-------------------------|------------|-------|-------|-------|-------|
|                         | (% values) |       |       |       |       |
|                         | 2012       | 2013  | 2014  | 2015  | 2016  |
| Acquisition commissions | 63.8       | 65.9  | 69.2  | 69.3  | 69.6  |
| Other acquisition costs | 27.4       | 25.2  | 22.9  | 21.9  | 23.1  |
| Collection commissions  | 8.8        | 9.0   | 8.0   | 8.8   | 7.3   |
|                         | 100.0      | 100.0 | 100.0 | 100.0 | 100.0 |

The other acquisition costs related to premiums are normally higher for traditional policies compared with unit linked policies. Compared to 2015, these expenses increased slightly for traditional policies and for class III policies (also due to the reduction in denominator premiums compared with 2015), after a reduction was documented in the past for years.

Table I.27

| Costs/premiums* - main life business |            |      |      |      |      |
|--------------------------------------|------------|------|------|------|------|
|                                      | (% values) |      |      |      |      |
|                                      | 2012       | 2013 | 2014 | 2015 | 2016 |
| Acquisition commissions              |            |      |      |      |      |
| Class I                              | 3.1        | 2.7  | 2.3  | 2.4  | 2.6  |
| Class III                            | 2.1        | 1.7  | 1.7  | 1.8  | 1.9  |
| Other acquisition costs              |            |      |      |      |      |
| Class I                              | 1.4        | 1    | 0.8  | 0.8  | 0.9  |
| Class III                            | 0.6        | 0.4  | 0.3  | 0.3  | 0.5  |

\* Collection commissions are not included because they are very low in the two life businesses considered.

### 3.3.2. - Distribution channels and costs of non-life business

During the ten-year period 2007-2016, the progressive albeit slow growth of the direct sales channels, of bank branches and of financial promoters was seen, eroding the share of the agency channel.

The composition of the distribution channels for non-life businesses (table I.28) shows the portion intermediated by the agency channel decreasing compared with 2015 by slightly more than one percentage point, from 81.1% to 79.9% respect to an increase of the share collected through brokers (from 8.2% to 9.2%), and banks and financial promoters, reaching 5,7% from 4.9%.

Table I.28

| Distribution channels for non-life business |              |              |              |              |              |              |              |              |              |              |
|---------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                             | (% values)   |              |              |              |              |              |              |              |              |              |
|                                             | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         |
| <b>Agencies</b>                             | 87.0         | 86.4         | 85.0         | 84.4         | 83.7         | 84.1         | 83.2         | 81.7         | 81.1         | 79.9         |
| <b>Brokers</b>                              | 7.0          | 7.5          | 8.4          | 8.0          | 8.0          | 7.4          | 7.6          | 8.5          | 8.2          | 9.2          |
| <b>Direct sale</b>                          | 4.0          | 3.8          | 3.9          | 4.1          | 4.7          | 5.2          | 5.5          | 5.7          | 5.8          | 5.3          |
| <b>Banks and financial promoters</b>        | 2.0          | 2.3          | 2.7          | 3.5          | 3.6          | 3.3          | 3.7          | 4.1          | 4.9          | 5.7          |
| <b>Total channels</b>                       | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |

The division of distribution costs for the Italian direct insurance portfolio (table I.29), shows the continuous increase of the ratio between the acquisition commissions on premiums written, with growth of more than two percentage points between 2012 and 2016. The other acquisition costs (expenses for advertising, incentives connected to achieving sales goals and remuneration of personnel not commensurate to the acquisition of contracts) have, however, registered a slight reduction in the past year, after the constant increase of the five year period. Finally, a modest decrease in the incidence of the collection commissions continues, in line with the performance registered since 2011.

Table I.29

| Cost indicators/premiums non-life classes          |            |      |      |      |      |
|----------------------------------------------------|------------|------|------|------|------|
|                                                    | (% values) |      |      |      |      |
|                                                    | 2012       | 2013 | 2014 | 2015 | 2016 |
| <b>Acquisition commissions / non-life premiums</b> | 12.8       | 13.2 | 13.5 | 14.3 | 14.9 |
| <b>Other acquisition costs / non-life premiums</b> | 4.0        | 4.4  | 4.9  | 5.0  | 4.7  |
| <b>Collection commissions / non-life premiums</b>  | 2.7        | 2.8  | 2.7  | 2.5  | 2.4  |

Table I.30 reports the incidence of the costs of premiums for the main lines of business for the 2012-2016 period (premium income 2016 greater than 2 billion euro). In all the main non-life policies, there has been an increase of withdrawals on costs, except for the motor liability sector, which reported a modest reduction (from 14.8 in 2015 to 14.6 in 2016). In the accidents and sickness insurance, the withdrawal has increased by more than one percentage point, although the business written increased compared with 2015.

Table I.30

| Incidence of the commissions and other expenses for the main non-life line of business |            |      |      |      |      |
|----------------------------------------------------------------------------------------|------------|------|------|------|------|
|                                                                                        | (% values) |      |      |      |      |
|                                                                                        | 2012       | 2013 | 2014 | 2015 | 2016 |
| Accident                                                                               | 22.9       | 23.9 | 24.5 | 25.2 | 26.2 |
| Sickness                                                                               | 16.9       | 16.4 | 16.7 | 16.9 | 18.0 |
| Motor liability                                                                        | 12.8       | 13.7 | 14.7 | 14.8 | 14.6 |
| Land vehicles                                                                          | 20.2       | 20.8 | 22.4 | 23.0 | 23.5 |
| Fire                                                                                   | 20.6       | 21.5 | 21.8 | 23.3 | 24.0 |
| Other damage to property                                                               | 19.7       | 20.3 | 20.2 | 22.9 | 23.5 |
| General liability                                                                      | 20.2       | 20.7 | 21.3 | 22.6 | 23.1 |

#### 4. - STATUTORY FINANCIAL ACCOUNTS (LOCAL GAAP)

The Solvency II regime entered into force on 1 January 2016. It is very innovative, both in terms of evaluation of the assets and liabilities (market consistent, therefore, with values updated on the basis of the market prices) and of scope and classification of the accounting items. In Italy, the IAS/IFRS accounting principles are not yet in force for the insurance statutory accounts and therefore, a “double track” information exists on the financial statement line items, for civil law (local gaap) and solvency purposes.

The introduction of the Solvency II metrics for the purpose of supervision has a relevant impact on the structure of this Annual Report, also taking into account that Solvency II does not include a detailed profit and loss account, which is present in the local gaap financial statement. The latter is based on the historical cost principle for the assets, while the liabilities, above all the technical provisions, are determined also on the basis of prudential assessments (ultimate cost for the non-life provisions and I order technical bases for the life provisions, with the exception of linked policies, already assessed at market value).

In the following text, the data extracted from the statutory accounts are presented in section 4, and Solvency II data in section 5, allowing understanding of the impact of the two different metrics on the most important assets and liabilities in the financial statement of the insurance undertakings, without proposing a direct, non significant comparison, due to the difference indicated.

##### 4.1. - Investments

At the end of 2016, the investments<sup>18</sup> of the Italian insurance undertakings amounted to 741.2 billion euro, of which 88.6% (656.8 billion euro) in the life business, and the remaining 11.4% (84.4 billion euro) in non-life business. The investments were up by 7% compared to 2015 (table I.31).

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<sup>18</sup> Legislative Decree No. 173 of 26 May 1997, and subsequent amendments and supplements, put into effects the Directive 91/674/EEC regarding annual and consolidated accounts of the insurance undertakings and governs, by art. 16, the evaluation criteria of the investments and the other assets. Differently from *Solvency II*, in which the investments are evaluated, in general, on the basis of prices quoted in active markets or, when not available, on the basis of prices quoted in active markets for similar business, the investments and other assets, including securities, are written in the local gaap financial statement at the historical cost, or rather the acquisition cost or production cost, while the investments for the benefit of life policy holders which support the risk, and investments deriving from pension fund management are, in principle, written at current value. Investments not evaluated at the current value are divided into investments and other long term assets, and investments and other assets that are not intended to remain among the assets of the undertaking in the long term. In principle, the long term assets that, at the end of the financial year, are permanently of lower value of the purchase or production cost, must be written at this lower value; this cannot be maintained in the subsequent financial statements if the reasons for the correction no longer exist. The investments and other assets that are not intended to remain among the assets of the undertaking in the long term are written to the acquisition cost or production cost, rather, if lower, the realizable value inferable from the market performance; the lesser value cannot be maintained in the subsequent financial statements if the reasons for the corrections no longer exist.

Table I.31

| Life and non-life business investments                 |                             |                |                |                |                |
|--------------------------------------------------------|-----------------------------|----------------|----------------|----------------|----------------|
|                                                        | (million euro and % values) |                |                |                |                |
|                                                        | 2007                        | 2008           | 2009           | 2010           | 2011           |
| Life investments Class C (a)                           | 251,185                     | 241,225        | 293,616        | 330,429        | 338,436        |
| % var.                                                 | -3.0%                       | -4.0%          | 21.7%          | 12.5%          | 2.4%           |
| incidence %                                            | 53.9%                       | 55.5%          | 60.0%          | 63.9%          | 66.2%          |
| Life investments Class D (b)                           | 137,322                     | 116,980        | 117,211        | 112,144        | 98,911         |
| % var.                                                 | -1.8%                       | -14.8%         | 0.2%           | -4.3%          | -11.8%         |
| incidence %                                            | 29.4%                       | 26.9%          | 23.9%          | 21.7%          | 19.3%          |
| <b>Total Investments life (a + b)</b>                  | <b>388,507</b>              | <b>358,205</b> | <b>410,827</b> | <b>442,573</b> | <b>437,347</b> |
| % var.                                                 | -2.6%                       | -7.8%          | 14.7%          | 7.7%           | -1.2%          |
| incidence %                                            | 83.3%                       | 82.4%          | 83.9%          | 85.6%          | 85.5%          |
| Non-life investments Class C (c)                       | 77,890                      | 76,471         | 78,652         | 74,441         | 74,037         |
| % var.                                                 | -1.2%                       | -1.8%          | 2.9%           | -5.4%          | -0.5%          |
| incidence %                                            | 16.7%                       | 17.6%          | 16.1%          | 14.4%          | 14.5%          |
| <b>Total life and non-life investments (a+b+c)</b>     | <b>466,398</b>              | <b>434,676</b> | <b>489,479</b> | <b>517,014</b> | <b>511,384</b> |
| % var.                                                 | 0.0%                        | -6.8%          | 12.6%          | 5.6%           | -1.1%          |
| incidence %                                            | 100.0%                      | 100.0%         | 100.0%         | 100.0%         | 100.0%         |
|                                                        | 2012                        | 2013           | 2014           | 2015           | 2016           |
| Life investments Class C (a)                           | 353,734                     | 387,087        | 441,090        | 480,159        | 517,326        |
| % var.                                                 | 4.5%                        | 9.4%           | 14.0%          | 8.9%           | 7.7%           |
| incidence %                                            | 67.1%                       | 68.8%          | 70.1%          | 69.3%          | 69.8%          |
| Life investments Class D (b)                           | 97,521                      | 96,814         | 108,771        | 128,252        | 139,521        |
| % var.                                                 | -1.4%                       | -0.7%          | 12.4%          | 17.9%          | 8.8%           |
| incidence %                                            | 18.5%                       | 17.2%          | 17.3%          | 18.5%          | 18.8%          |
| <b>Total Investments life (a + b)</b>                  | <b>451,255</b>              | <b>483,901</b> | <b>549,861</b> | <b>608,411</b> | <b>656,847</b> |
| % var.                                                 | 3.2%                        | 7.2%           | 13.6%          | 10.6%          | 8.0%           |
| incidence %                                            | 85.6%                       | 86.0%          | 87.3%          | 87.8%          | 88.6%          |
| Non-life investments Class C (c)                       | 75,720                      | 79,059         | 79,705         | 84,234         | 84,361         |
| % var.                                                 | 2.3%                        | 4.4%           | 0.8%           | 5.7%           | 0.2%           |
| incidence %                                            | 14.4%                       | 14.0%          | 12.7%          | 12.2%          | 11.4%          |
| <b>Life and non-life investments Total (a + b + c)</b> | <b>526,975</b>              | <b>562,960</b> | <b>629,566</b> | <b>692,646</b> | <b>741,208</b> |
| % var.                                                 | 3.0%                        | 6.8%           | 11.8%          | 10.0%          | 7.0%           |
| incidence %                                            | 100.0%                      | 100.0%         | 100.0%         | 100.0%         | 100.0%         |

The composition of class C life investments (i.e. excluding those for which risk is assumed borne by the policyholders - class D) and the non-life business of the years from 2007 to 2016 (table I.32) shows the constant prevalence of investments in bonds and other fixed-income securities, that impact for 77.2% at the end of the period, with an increase in equivalent value of 6.2% compared with the prior year. The shares in the portfolio decreased by -0.4% compared to the previous year (+1.1% in 2015); the related incidence on the total investments fell to 9.4% in 2016.

Investments in unit trusts and SICAVs continued to grow, following the trend of previous years, up to 10.3%, while investments in real estate experienced a further slight reduction, amounting to 1%.

Table I.32

| Composition of life (class C) and non-life investments |                             |                |                |                |                |                |                |                |                |                |
|--------------------------------------------------------|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                                        | (million euro and % values) |                |                |                |                |                |                |                |                |                |
|                                                        | 2007                        | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           |
| Real estate                                            | 1.8%                        | 2.0%           | 1.8%           | 1.6%           | 1.7%           | 1.6%           | 1.4%           | 1.2%           | 1.2%           | 1.0%           |
| Equities                                               | 17.1%                       | 17.3%          | 16.0%          | 14.0%          | 13.2%          | 11.7%          | 12.3%          | 10.8%          | 10.1%          | 9.4%           |
| Bonds                                                  | 72.1%                       | 71.4%          | 73.5%          | 75.8%          | 76.6%          | 78.2%          | 78.0%          | 78.8%          | 77.5%          | 77.2%          |
| of which: government securities                        | 49.8%                       | 44.9%          | 46.9%          | 50.9%          | 54.5%          | 56.7%          | 57.8%          | 56.9%          | 54.3%          | 52.4%          |
| Units trusts and SICAVs                                | 4.6%                        | 4.6%           | 4.6%           | 4.8%           | 5.2%           | 5.3%           | 5.6%           | 6.8%           | 8.9%           | 10.3%          |
| Other investments                                      | 4.5%                        | 4.7%           | 4.1%           | 3.8%           | 3.4%           | 3.3%           | 2.7%           | 2.5%           | 2.3%           | 2.0%           |
| <b>Total investments</b>                               | <b>329,075</b>              | <b>317,696</b> | <b>372,268</b> | <b>404,870</b> | <b>412,472</b> | <b>429,454</b> | <b>466,147</b> | <b>520,795</b> | <b>564,393</b> | <b>601,687</b> |

The following tables describe in detail the investments in the statutory financial accounts, distinguishing between class C life portfolio (table I.33), class D life, including pension funds (table I.34) and non-life (table I.35). The incidence of equities fell from 6.1% in 2015 to 5.6% in 2016, while a significant growth of investments in unit trusts and SICAVs continued (from 9.2% to 10.7%).

Table I.33

| Composition of life (class C) investments |                             |                |                |                |                |                |                |                |                |                |
|-------------------------------------------|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                           | (million euro and % values) |                |                |                |                |                |                |                |                |                |
|                                           | 2007                        | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           |
| Real estate                               | 0.4%                        | 0.5%           | 0.4%           | 0.3%           | 0.3%           | 0.2%           | 0.1%           | 0.1%           | 0.1%           | 0.1%           |
| Equities                                  | 11.0%                       | 10.5%          | 10.1%          | 8.8%           | 8.0%           | 7.2%           | 7.7%           | 6.8%           | 6.1%           | 5.6%           |
| Bonds                                     | 79.0%                       | 78.5%          | 79.8%          | 81.6%          | 82.4%          | 83.7%          | 83.4%          | 83.5%          | 82.3%          | 81.7%          |
| of which: government securities           | 54.6%                       | 49.5%          | 51.2%          | 55.4%          | 59.5%          | 61.6%          | 62.6%          | 61.6%          | 58.9%          | 56.6%          |
| Units in unit trusts and SICAVs           | 4.5%                        | 4.8%           | 4.8%           | 4.9%           | 5.3%           | 5.4%           | 5.7%           | 6.9%           | 9.2%           | 10.7%          |
| Other investments                         | 5.0%                        | 5.7%           | 4.9%           | 4.4%           | 3.8%           | 3.5%           | 3.1%           | 2.7%           | 2.2%           | 2.0%           |
| <b>Total investments</b>                  | <b>251,185</b>              | <b>241,225</b> | <b>293,616</b> | <b>330,429</b> | <b>338,436</b> | <b>353,734</b> | <b>387,087</b> | <b>441,090</b> | <b>480,159</b> | <b>517,326</b> |

Table I.34

| Life investments class D                    |                             |                |                |                |                |
|---------------------------------------------|-----------------------------|----------------|----------------|----------------|----------------|
|                                             | (million euro and % values) |                |                |                |                |
|                                             | 2007                        | 2008           | 2009           | 2010           | 2011           |
| Life investments Class D.I (a)*             | 135,004                     | 113,517        | 112,026        | 105,786        | 91,580         |
| % var.                                      | -2.4%                       | -15.9%         | -1.3%          | -5.6%          | -13.4%         |
| incidence %                                 | 98.3%                       | 97.0%          | 95.6%          | 94.3%          | 92.6%          |
| Life investments Class D.II (b)**           | 2,319                       | 3,463          | 5,185          | 6,358          | 7,331          |
| % var.                                      | 54.5%                       | 49.3%          | 49.7%          | 22.6%          | 15.3%          |
| incidence %                                 | 1.7%                        | 3.0%           | 4.4%           | 5.7%           | 7.4%           |
| <b>Life investments class D = (a) + (b)</b> | <b>137,322</b>              | <b>116,980</b> | <b>117,211</b> | <b>112,144</b> | <b>98,911</b>  |
| % var.                                      | -1.8%                       | -14.8%         | 0.2%           | -4.3%          | -11.8%         |
| incidence %                                 | 100.0%                      | 100.0%         | 100.0%         | 100.0%         | 100.0%         |
|                                             | 2012                        | 2013           | 2014           | 2015           | 2016           |
| Life investments Class D.I (a)*             | 89,056                      | 87,434         | 96,244         | 114,693        | 124,743        |
| % var.                                      | -2.8%                       | -1.8%          | 10.1%          | 19.2%          | 8.8%           |
| incidence %                                 | 91.3%                       | 90.3%          | 88.5%          | 89.4%          | 89.4%          |
| Life investments Class D.II (b)**           | 8,465                       | 9,380          | 12,527         | 13,559         | 14,778         |
| % var.                                      | 15.5%                       | 10.8%          | 33.6%          | 8.2%           | 9.0%           |
| incidence %                                 | 8.7%                        | 9.7%           | 11.5%          | 10.6%          | 10.6%          |
| <b>Life investments class D = (a) + (b)</b> | <b>97,521</b>               | <b>96,814</b>  | <b>108,771</b> | <b>128,252</b> | <b>139,521</b> |
| % var.                                      | -1.4%                       | -0.7%          | 12.4%          | 17.9%          | 8.8%           |
| incidence %                                 | 100.0%                      | 100.0%         | 100.0%         | 100.0%         | 100.0%         |

\* Investments pertaining to unit - and index-linked benefits

\*\* Investments arising from pension fund management

Table I.35

| Composition of non-life investments |                             |               |               |               |               |               |               |               |               |               |
|-------------------------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                     | (million euro and % values) |               |               |               |               |               |               |               |               |               |
|                                     | 2007                        | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          |
| Real estate                         | 6.1%                        | 6.7%          | 6.8%          | 7.6%          | 8.0%          | 8.2%          | 7.5%          | 6.9%          | 7.3%          | 6.8%          |
| Equities                            | 36.5%                       | 38.4%         | 38.2%         | 37.2%         | 35.8%         | 32.4%         | 35.0%         | 33.1%         | 32.7%         | 33.0%         |
| Bonds                               | 49.7%                       | 48.9%         | 50.0%         | 49.9%         | 50.4%         | 52.0%         | 51.7%         | 52.4%         | 50.2%         | 49.9%         |
| of which: government securities     | 34.0%                       | 30.4%         | 30.9%         | 30.7%         | 31.9%         | 33.8%         | 34.3%         | 30.9%         | 27.9%         | 26.4%         |
| Units in unit trusts and SICAVs     | 5.0%                        | 4.1%          | 4.0%          | 4.2%          | 4.6%          | 4.7%          | 4.8%          | 6.3%          | 7.5%          | 8.2%          |
| Other investments                   | 2.8%                        | 1.8%          | 1.0%          | 1.3%          | 1.2%          | 2.7%          | 1.0%          | 1.2%          | 2.3%          | 2.2%          |
| <b>Total investments</b>            | <b>77,890</b>               | <b>76,471</b> | <b>78,652</b> | <b>74,441</b> | <b>74,037</b> | <b>75,720</b> | <b>79,059</b> | <b>79,705</b> | <b>84,234</b> | <b>84,361</b> |

## 4.2. - Technical provisions

As at 31 December 2016, the overall life and non-life technical provisions amounted to 693.9 billion euro in comparison with 647.5 billion euro at the end of 2015. In life business the total technical provisions are equal to 632.5 billion euro (585.5 billion euro in 2015), with an incidence of traditional provisions equal to 78% (the remaining 22% included provisions for unit- and index-linked contracts and provisions to pension fund management).

Table I.36

| Technical provisions Italian and foreign portfolio – insurance and reinsurance business* |                |                |                |                |                |
|------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                                                          | (million euro) |                |                |                |                |
|                                                                                          | 2007           | 2008           | 2009           | 2010           | 2011           |
| Traditional life insurance - Class C (a)                                                 | 237,967        | 234,915        | 276,151        | 314,441        | 329,099        |
| Life - Class D (b)                                                                       | 137,001        | 116,837        | 116,910        | 111,852        | 98,651         |
| <i>of which class D.I (unit- and index-linked)</i>                                       | 134,682        | 113,375        | 111,725        | 105,494        | 91,320         |
| <i>of which class D.II (pension funds)</i>                                               | 2,319          | 3,463          | 5,185          | 6,358          | 7,331          |
| <b>Total life (c) = (a) + (b)</b>                                                        | <b>374,968</b> | <b>351,753</b> | <b>393,061</b> | <b>426,293</b> | <b>427,751</b> |
| <b>Total non-life (d)</b>                                                                | <b>68,316</b>  | <b>68,194</b>  | <b>68,701</b>  | <b>65,859</b>  | <b>66,697</b>  |
| <b>Total = (c) + (d)</b>                                                                 | <b>443,283</b> | <b>419,947</b> | <b>461,762</b> | <b>492,151</b> | <b>494,448</b> |
|                                                                                          | 2012           | 2013           | 2014           | 2015           | 2016           |
| Traditional life insurance - Class C (a)                                                 | 339,880        | 369,555        | 419,805        | 457,495        | 493,289        |
| Life - Class D (b)                                                                       | 97,349         | 96,585         | 108,573        | 128,023        | 139,237        |
| <i>of which class D.I (unit- and index-linked)</i>                                       | 88,885         | 87,205         | 96,046         | 114,464        | 124,459        |
| <i>of which class D.II (pension funds)</i>                                               | 8,464          | 9,380          | 12,527         | 13,559         | 14,778         |
| <b>Total life (c) = (a) + (b)</b>                                                        | <b>437,229</b> | <b>466,141</b> | <b>528,378</b> | <b>585,518</b> | <b>632,525</b> |
| <b>Total non-life (d)</b>                                                                | <b>66,838</b>  | <b>64,764</b>  | <b>63,368</b>  | <b>62,005</b>  | <b>61,384</b>  |
| <b>Total = (c) + (d)</b>                                                                 | <b>504,067</b> | <b>530,905</b> | <b>591,746</b> | <b>647,523</b> | <b>693,910</b> |

\* specialist reinsurers excluded.

The following tables report the breakdown of the class C life (I.37) and non-life (I.38) technical provisions.



Table I.37

| Life technical provisions Class C - Italian and foreign portfolio, insurance and reinsurance business* |                |                |                |                |                |
|--------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                                                                        | (million euro) |                |                |                |                |
|                                                                                                        | 2007           | 2008           | 2009           | 2010           | 2011           |
| Mathematical provisions                                                                                | 231,081        | 228,800        | 269,639        | 306,530        | 322,463        |
| Ancillary risks - Provision for unearned premiums                                                      | 68             | 66             | 65             | 74             | 87             |
| Provision for amounts payable                                                                          | 4,503          | 3,930          | 4,447          | 5,952          | 4,730          |
| Provision for bonuses and rebates                                                                      | 111            | 134            | 134            | 128            | 152            |
| Other technical provisions                                                                             | 2,204          | 1,986          | 1,865          | 1,757          | 1,667          |
| <b>Total life sector</b>                                                                               | <b>237,967</b> | <b>234,915</b> | <b>276,151</b> | <b>314,441</b> | <b>329,099</b> |
|                                                                                                        | 2012           | 2013           | 2014           | 2015           | 2016           |
| Mathematical provisions                                                                                | 333,174        | 362,681        | 412,639        | 448,675        | 485,708        |
| Ancillary risks - Provision for unearned premiums                                                      | 98             | 93             | 94             | 110            | 108            |
| Provision for amounts payable                                                                          | 4,854          | 5,087          | 5,401          | 7,075          | 5,851          |
| Provision for bonuses and rebates                                                                      | 151            | 152            | 141            | 145            | 153            |
| Other technical provisions                                                                             | 1,603          | 1,543          | 1,531          | 1,490          | 1,468          |
| <b>Total life sector</b>                                                                               | <b>339,880</b> | <b>369,555</b> | <b>419,805</b> | <b>457,495</b> | <b>493,289</b> |

\* specialist reinsurers excluded.

Table I.38

| Non life Ttechnical provisions non-life – Italian and foreign portfolio – insurance and reinsurance business |                |               |               |               |               |
|--------------------------------------------------------------------------------------------------------------|----------------|---------------|---------------|---------------|---------------|
|                                                                                                              | (million euro) |               |               |               |               |
|                                                                                                              | 2007           | 2008          | 2009          | 2010          | 2011          |
| Provisions for unearned premium reserve                                                                      | 15,698         | 15,981        | 15,994        | 15,748        | 16,197        |
| Provisions for outstanding claims reserve                                                                    | 52,308         | 51,937        | 52,413        | 49,821        | 50,217        |
| Provision for bonuses and rebates                                                                            | 36             | 64            | 66            | 47            | 26            |
| Other technical provisions                                                                                   | 78             | 77            | 78            | 71            | 70            |
| Equalisation provisions                                                                                      | 197            | 135           | 150           | 172           | 188           |
| <b>Total non-life sector</b>                                                                                 | <b>68,316</b>  | <b>68,194</b> | <b>68,701</b> | <b>65,859</b> | <b>66,697</b> |
|                                                                                                              | 2012           | 2013          | 2014          | 2015          | 2016          |
| Unearned provisions for unearned premium reserve                                                             | 15,532         | 14,751        | 14,412        | 14,278        | 14,605        |
| Provisions for outstanding claims reserve                                                                    | 51,017         | 49,720        | 48,649        | 47,373        | 46,404        |
| Provision for bonuses and rebates                                                                            | 29             | 23            | 24            | 57            | 63            |
| Other technical provisions                                                                                   | 68             | 65            | 64            | 65            | 66            |
| Equalisation provisions                                                                                      | 191            | 205           | 218           | 233           | 246           |
| <b>Total non-life sector</b>                                                                                 | <b>66,838</b>  | <b>64,764</b> | <b>63,368</b> | <b>62,005</b> | <b>61,384</b> |

\* specialist reinsurers excluded.

Further details on the technical provisions for life and non-life classes (Italian direct insurance business) for 2015-2016 are provided in tables A9-A12 of the Appendix.

### 4.3. - Shareholders' equity

At the end of 2016, the total shareholders' equity for life and non-life business amounted to 66.4 billion euro (66.2 billion euro in 2015)<sup>19</sup>. Undertakings' own funds amounted to 57.7 billion euro. Capital reserves represent 73.4% of undertakings' own funds, while the remaining 26.6% consists of corporate capital and endowment and guarantee funds.

Table I.39

| Equity and Subordinated liabilities - Life and non-life sectors* |                |               |               |               |               |
|------------------------------------------------------------------|----------------|---------------|---------------|---------------|---------------|
|                                                                  | (million euro) |               |               |               |               |
|                                                                  | 2007           | 2008          | 2009          | 2010          | 2011          |
| Subscribed capital or equivalent funds                           | 11,198         | 11,472        | 11,935        | 11,949        | 12,463        |
| Capital reserves                                                 | 28,564         | 30,467        | 36,625        | 37,808        | 38,484        |
| Retained earnings (losses) carried forward                       | 628            | 973           | -617          | 1,183         | 958           |
| Profit or loss for the financial year                            | 5,292          | -1,980        | 3,870         | -703          | -3,653        |
| <b>Total shareholders' equity</b>                                | <b>45,683</b>  | <b>40,932</b> | <b>51,803</b> | <b>50,260</b> | <b>48,252</b> |
| <b>Subordinated liabilities</b>                                  | <b>5,881</b>   | <b>6,924</b>  | <b>8,374</b>  | <b>8,753</b>  | <b>8,751</b>  |
|                                                                  | 2012           | 2013          | 2014          | 2015          | 2016          |
| Subscribed capital or equivalent funds                           | 13,345         | 14,828        | 14,567        | 15,320        | 15,350        |
| Capital reserves**                                               | 35,732         | 42,179        | 41,668        | 41,739        | 42,355        |
| Retained earnings (losses) carried forward                       | -547           | 1,669         | 2,230         | 3,455         | 3,047         |
| Profit or loss for the financial year                            | 5,770          | 5,231         | 5,945         | 5,709         | 5,701         |
| <b>Total shareholders' equity</b>                                | <b>54,299</b>  | <b>63,906</b> | <b>64,410</b> | <b>66,223</b> | <b>66,362</b> |
| <b>Subordinated liabilities</b>                                  | <b>10,070</b>  | <b>10,475</b> | <b>12,709</b> | <b>14,861</b> | <b>15,061</b> |

\* specialist reinsurers excluded.

\*\* In 2016, the capital reserves include the reserve for shares of the parent company and the negative reserve for own shares in portfolio. Until 2015, reserves for own shares and for shares of the parent company were included.

Table I.40

| Equity and subordinated liabilities - life sector* |                |               |               |               |               |
|----------------------------------------------------|----------------|---------------|---------------|---------------|---------------|
|                                                    | (million euro) |               |               |               |               |
|                                                    | 2007           | 2008          | 2009          | 2010          | 2011          |
| Subscribed capital or equivalent funds             | 7,249          | 7,477         | 7,646         | 8,209         | 8,572         |
| Capital reserves                                   | 14,996         | 15,627        | 19,173        | 19,731        | 21,609        |
| Retained earnings (losses) carried forward         | 543            | 694           | -586          | 1,066         | 687           |
| Profit or loss for the financial year              | 2,490          | -1,813        | 3,807         | 296           | -2,636        |
| <b>Total shareholders' equity</b>                  | <b>25,277</b>  | <b>21,986</b> | <b>30,040</b> | <b>29,302</b> | <b>28,232</b> |
| <b>Subordinated liabilities</b>                    | <b>3,296</b>   | <b>3,468</b>  | <b>3,740</b>  | <b>4,191</b>  | <b>4,142</b>  |

(continue)

<sup>19</sup> The considerable increase in shareholders' equity reported by the market in 2013 (equal to 9.6 billion euro) was essentially due to the revaluation of assets originating within the scope of a corporate reorganisation of the Generali Group.

continued: Table I.40

| Equity and subordinated liabilities - life sector* |               |               |               |               |               |
|----------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                    | 2012          | 2013          | 2014          | 2015          | 2016          |
| (million euro)                                     |               |               |               |               |               |
| Subscribed capital or equivalent funds             | 8,910         | 9,410         | 9,168         | 9,411         | 9,343         |
| Capital reserves**                                 | 20,640        | 24,242        | 23,585        | 23,716        | 24,203        |
| Retained earnings (losses) carried forward         | -1,026        | 1,313         | 1,587         | 2,033         | 1,952         |
| Profit or loss for the financial year              | 5,129         | 3,105         | 3,498         | 3,753         | 3,587         |
| <b>Total shareholders' equity</b>                  | <b>33,653</b> | <b>38,070</b> | <b>37,839</b> | <b>38,913</b> | <b>39,085</b> |
| <b>Subordinated liabilities</b>                    | <b>4,193</b>  | <b>5,420</b>  | <b>6,991</b>  | <b>6,938</b>  | <b>7,058</b>  |

\* specialist reinsurers excluded.

\*\* In 2016, the capital reserves include the reserve for shares of the parent company and the negative reserve for own shares in portfolio. Until 2015, reserves for own shares and for shares of the parent company were included.

Table I.41

| Equity and subordinated liabilities- non-life sector* |               |               |               |               |               |
|-------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                       | 2007          | 2008          | 2009          | 2010          | 2011          |
| (million euro)                                        |               |               |               |               |               |
| Subscribed capital or equivalent funds                | 3,949         | 3,995         | 4,289         | 3,739         | 3,891         |
| Capital reserves                                      | 13,569        | 14,839        | 17,442        | 18,100        | 16,874        |
| Retained earnings (loss carried forward)              | 85            | 279           | -31           | 117           | 271           |
| Profit or loss for the financial year                 | 2,802         | -167          | 63            | -998          | -1,016        |
| <b>Total shareholders' equity</b>                     | <b>20,406</b> | <b>18,946</b> | <b>21,763</b> | <b>20,957</b> | <b>20,019</b> |
| <b>Subordinated liabilities</b>                       | <b>2,584</b>  | <b>3,456</b>  | <b>4,634</b>  | <b>4,562</b>  | <b>4,609</b>  |

|                                          | 2012          | 2013          | 2014          | 2015          | 2016          |
|------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Subscribed capital or equivalent funds   | 4,435         | 5,419         | 5,399         | 5,909         | 6,007         |
| Capital reserves**                       | 15,092        | 17,937        | 18,083        | 18,023        | 18,060        |
| Retained earnings (loss carried forward) | 479           | 356           | 643           | 1,422         | 1,095         |
| Profit or loss for the financial year    | 640           | 2,125         | 2,446         | 1,956         | 2,115         |
| <b>Total shareholders' equity</b>        | <b>20,646</b> | <b>25,836</b> | <b>26,571</b> | <b>27,310</b> | <b>27,276</b> |
| <b>Subordinated liabilities</b>          | <b>5,876</b>  | <b>5,055</b>  | <b>5,718</b>  | <b>7,924</b>  | <b>8,003</b>  |

\* specialist reinsurers excluded.

\*\* In 2016, the capital reserves include the reserve for shares of the parent company and the negative reserve for own shares in portfolio. Until 2015, reserves for own shares and for shares of the parent company were included.

#### 4.4. - Economic and financial performance

In 2016 insurance undertakings recorded a positive economic result, equal to 5.7 million euro, stable compared with the prior year, amounting to 4.1% of gross premiums written (3.8% in 2015).

Both sectors finished the year in profit. In particular:

- in the life sector, a profit of 3.6 billion euro was reported in 2016, lower than the previous year, when it came to 3.8 billion euro, equal to 3.4% of gross premiums written (3.2% in 2015);
- the non-life sector showed a result of 2.1 billion euro, also stable compared to the previous year (2 billion euro) and equal to 6.2% of the gross premiums written (5.8% in 2015).

Table I.42

| Profit/loss for the financial year - life and non-life business |              |               |              |             |               |              |              |              |              |              |
|-----------------------------------------------------------------|--------------|---------------|--------------|-------------|---------------|--------------|--------------|--------------|--------------|--------------|
| (million euro and % values)                                     |              |               |              |             |               |              |              |              |              |              |
|                                                                 | 2007         | 2008          | 2009         | 2010        | 2011          | 2012         | 2013         | 2014         | 2015         | 2016         |
| Life business                                                   | 2,490        | -1,813        | 3,807        | 296         | -2,636        | 5,129        | 3,105        | 3,498        | 3,753        | 3,587        |
| as % of premiums                                                | 4.1%         | -3.3%         | 4.7%         | 0.3%        | -3.5%         | 7.2%         | 3.6%         | 3.1%         | 3.2%         | 3.4%         |
| Non-life business                                               | 2,802        | -167          | 63           | -998        | -1,016        | 640          | 2,125        | 2,446        | 1,956        | 2,115        |
| as % of premiums                                                | 7.4%         | -0.4%         | 0.2%         | -2.7%       | -2.7%         | 1.7%         | 6.0%         | 7.1%         | 5.8%         | 6.2%         |
| <b>Life and non-life business</b>                               | <b>5,292</b> | <b>-1,980</b> | <b>3,870</b> | <b>-703</b> | <b>-3,652</b> | <b>5,770</b> | <b>5,231</b> | <b>5,945</b> | <b>5,709</b> | <b>5,701</b> |
| as % of premiums                                                | 5.2%         | -2.1%         | 3.2%         | -0.5%       | -3.2%         | 5.3%         | 4.3%         | 4.1%         | 3.8%         | 4.1%         |

Table I.43

| ROE - life and non-life business |              |              |             |              |              |              |             |             |             |             |
|----------------------------------|--------------|--------------|-------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| (% values)                       |              |              |             |              |              |              |             |             |             |             |
|                                  | 2007         | 2008         | 2009        | 2010         | 2011         | 2012         | 2013        | 2014        | 2015        | 2016        |
| Life business                    | 9.9%         | -8.2%        | 12.7%       | 1.0%         | -9.3%        | 15.2%        | 8.2%        | 9.2%        | 9.6%        | 9.2%        |
| Non-life business                | 13.7%        | -0.9%        | 0.3%        | -4.8%        | -5.1%        | 3.1%         | 8.2%        | 9.2%        | 7.2%        | 7.8%        |
| <b>Total</b>                     | <b>11.6%</b> | <b>-4.8%</b> | <b>7.5%</b> | <b>-1.4%</b> | <b>-7.6%</b> | <b>10.6%</b> | <b>8.2%</b> | <b>9.2%</b> | <b>8.6%</b> | <b>8.6%</b> |

The ROE (life and non-life) in 2016 is equal to 8.6%, stable compared to the prior year, and in slight decline compared to 9.2% in 2014 (see par. 4.5.3 for the breakdown of ROE by undertaking type). In life business, the ROE is equal to 9.2%, decreasing compared with 2015 (9.6%), reaching the same levels as 2014. The non-life business shows an increase to 7.8% (7.2% in 2015).

#### 4.5. - Added value, profitability and efficiency by ownership structure and size of insurance undertaking.

##### 4.5.1. - *The measurement of insurance added value and sector employees in the National Accounts*

The added value of the insurance income sector at basic prices amounted on average to 0.82% of the total for all economic sectors in the 2005-2014 period, the last year made available by ISTAT.

In the National Accounts, the quantification of the value added at basic prices<sup>20</sup> takes on particular importance since it allows the determination of the Gross Domestic Product at market prices of a country (GDP), obtained as: value added at basic prices of the various sectors + taxes on products - subsidies on products.

In the case of insurance undertakings<sup>21</sup>, the value of the production at basic prices is obtained by subtracting the compensations and the variation of the reserves to the premiums earned in the financial year and to the net yields of the reserves. Earnings in net capital account are added for the life sector (both realised and unrealised).

Employees in the insurance sector, numbering 45,000 in 2014, do not show important variations across the period, while those of the financial sector have fallen by 10% between 2005 and 2014 (from 401,000 to 362,000)<sup>22</sup>.

During the decade, the insurance and financial sectors<sup>23</sup> produced an added value per employee much higher than that of manufacturing, of the auxiliary activities of financial and insurance services, as well as of non-financial private services (figure I.18). In the same period, the added value per professional employee of the insurance sector amounted on average to 170,000 euro, against the 140,000 for the financial sector. Only in 2009 and 2010 did the added value per financial professional employee exceed that of insurance.

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<sup>20</sup> The value added evaluated at basic prices is obtained as the difference between the value of the production evaluated at the basic prices (net of the taxes on products and gross of the subsidies on products) and the intermediate costs on purchase (net of depreciation).

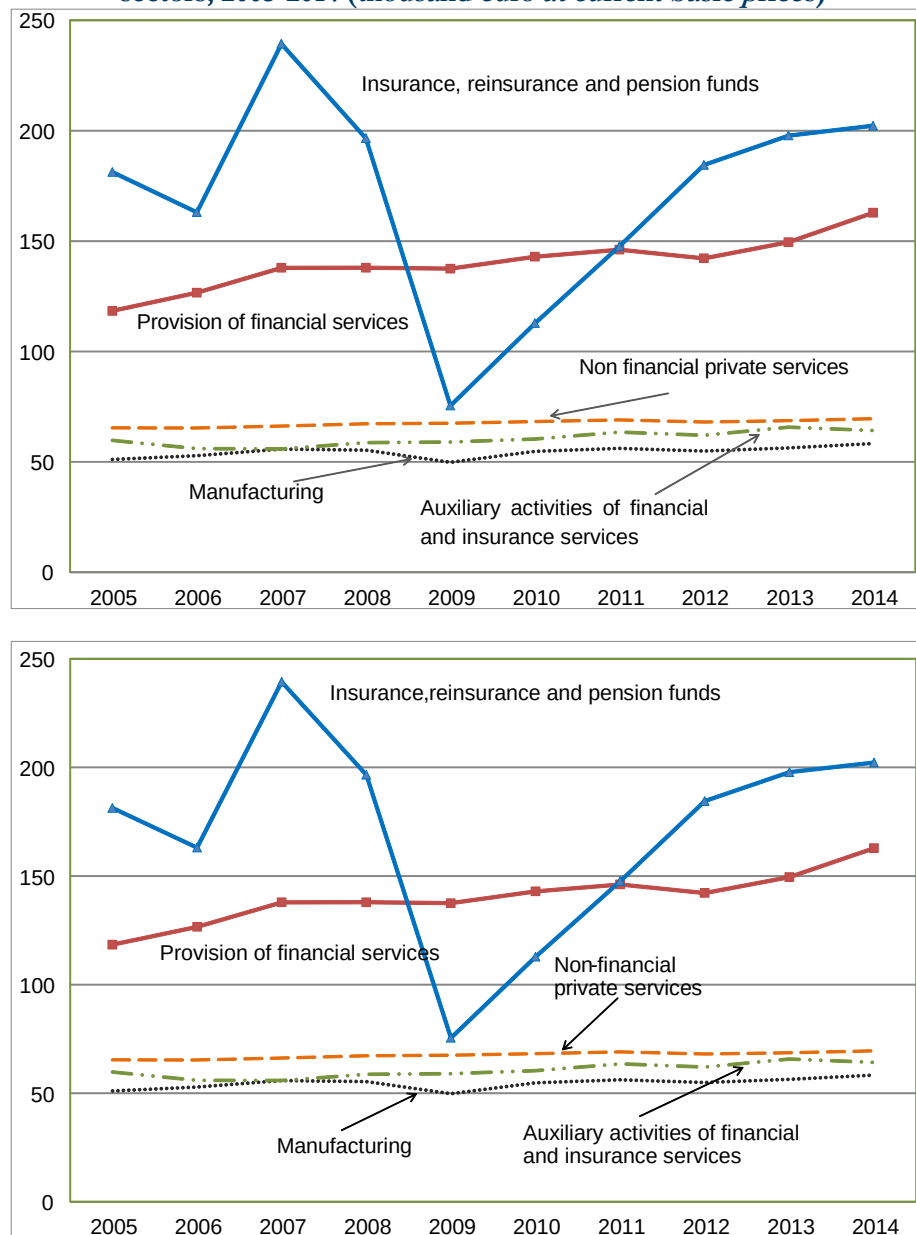
<sup>21</sup> The insurance undertakings are part of the “Insurance, reinsurance and pension fund” statistical branch. The contribution of pension funds to the formation of added value is marginal.

<sup>22</sup> The distribution of the insurance products is also made by professional employees not belonging to the insurance sector, but classified in the National Accounts as “auxiliaries to insurance services (agents and brokers)” or in the financial sector (for products distributed through the banking network, see I.3.3).

<sup>23</sup> The branch of the financial sector is “Provision of financial services (excluding insurance and pension funds)”.

Figure I.18

**Added value per employee at basic prices - Comparison between institutional sectors, 2005-2014 (thousand euro at current basic prices)**



Source: Istat

Collectively, the financial sector shows a progressive, albeit slow, increase in added value per professional employee, from 118,000 euro in 2005 to 162,000 in 2014. The level in the insurance sector has been rather unstable, making the identification of a trend difficult. In particular, in conjunction with the occurrence of the 2009 economic crisis, the value reached its minimum (75,000 euro) for the observation period.

The fluctuation of the insurance added value per professional employee is best explained, for the life sector, by the size and volatility of the mathematical reserves and the balance of the

portfolio movements, and for the non-life sector, by the variability of the premiums and the compensations.

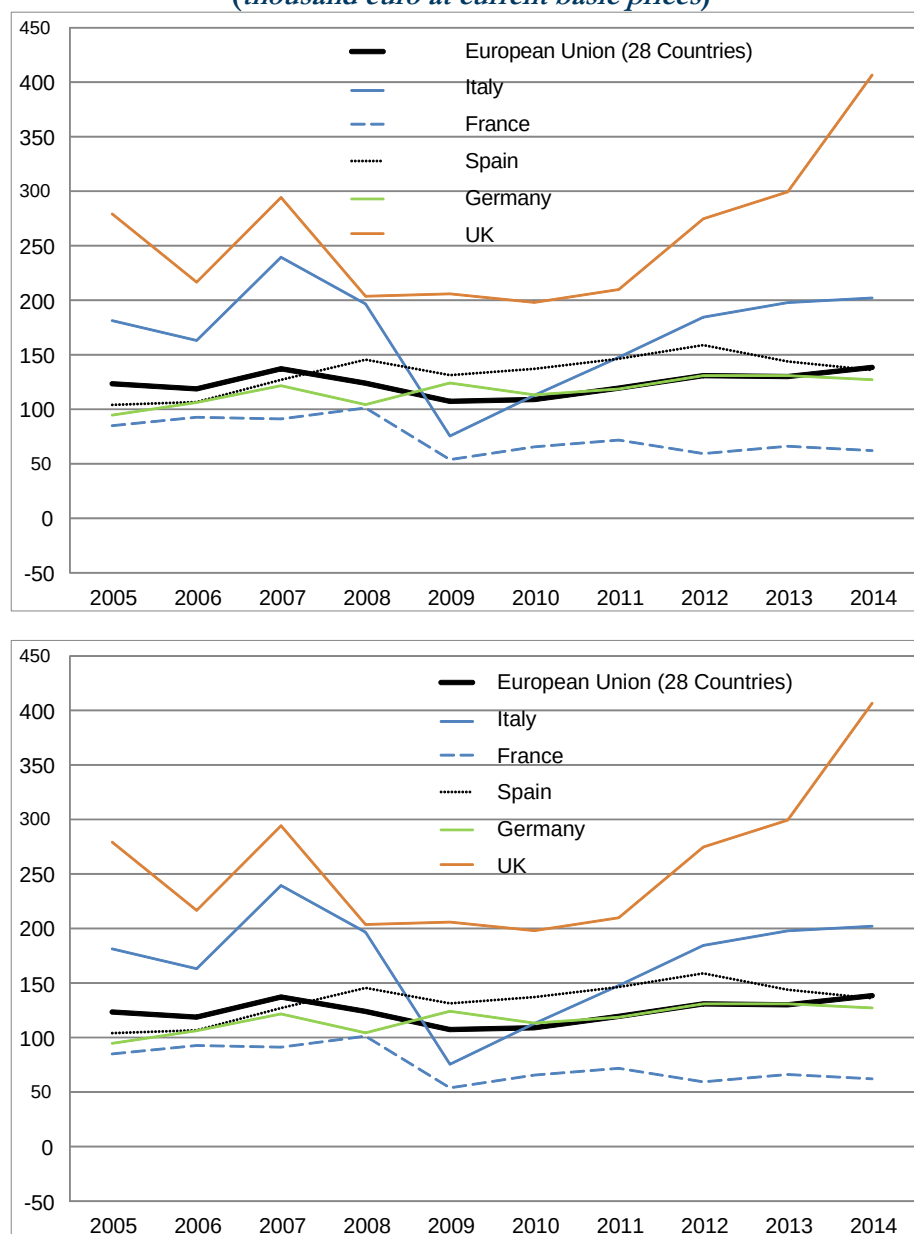
In the European comparison, in 2005-2014, the professionals employees of the insurance sector in Italy are less than in other main countries: the number of professionals employees in France, Germany and the UK is between 3 and 4.5 times than in Italy, and even Spain is 28% higher. Employment in the sector is falling in Germany and the UK (-20% in both cases), while it is stable for the other countries.

Comparing the added value per insurance professional employee with a homogeneous methodology SEC2010 (figure I.19), in the period 2004-2014, the added value in Italy (170,000 euro) was higher than the European Union average (123,000 euro) and second only to the UK (258,000 euro). The country with the lowest average added value per professional employee was France (74,000 euro).

Italy was the country with the highest variability of added value per professional employee (average variation coefficient for 2005-2014 was 28%), followed by the UK (25.5%) and France (21.8%).

Figure I.19

**Added value per professional employee in the insurance sector:  
comparison with EU countries 2005-2014  
(thousand euro at current basic prices)**



Source: Eurostat

4.5.2. - Added insurance value by ownership and size of undertaking

The insurance undertakings have been classified on the basis of the ownership in:

- insurance ownership (controlled by insurance undertakings or groups);
- financial ownership (controlled by financial companies, prevalently banks);



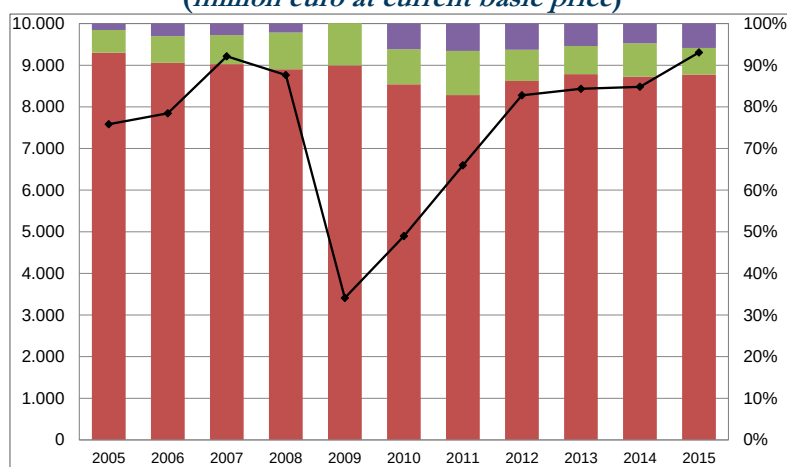
- other types of control.

The size classification, separately for life and non-life, aggregates the undertakings on the basis of premiums volume.

The added value of the sector was mainly realised by insurance-owned undertakings (on average 88.2% of the total in 2005-2015, figure I.20); the quota of the financially-owned undertakings is modest (7.8%), while the contribution of the residuals category is just 4%<sup>24</sup>.

Figure I.20

**Total added value (life and non-life) of Italian insurance undertakings by ownership, (2005-2015)**  
(million euro at current basic price)



In the life sector, financially-owned undertakings (figure I.21) present a higher average added value per professional employee (363,000 euro), over the decade, compared with insurance-owned undertakings (225,000). Considering size, very large undertakings have an added value per professional employee (755,000 euro) higher than the smaller undertakings, although featuring a greater variability .

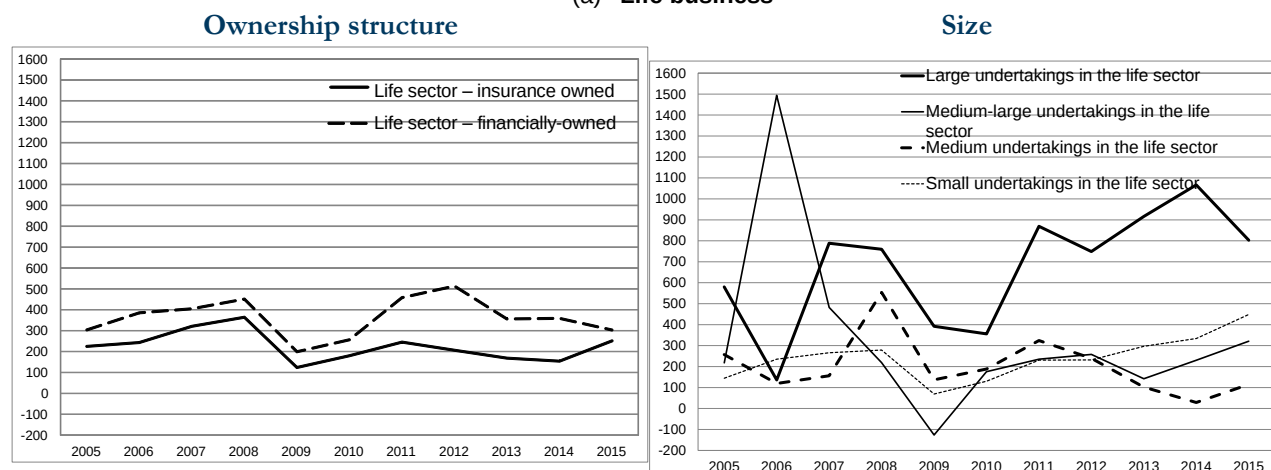
In the non-life sector, too, the added value per professional employee grows with the size of the undertakings. In fact, for the large undertakings, the indicator average is 188,000 euro, against the 97,000 of the small undertakings over the period of 2005-2015.

<sup>24</sup> The following analyses do not consider the undertakings of this residual category.

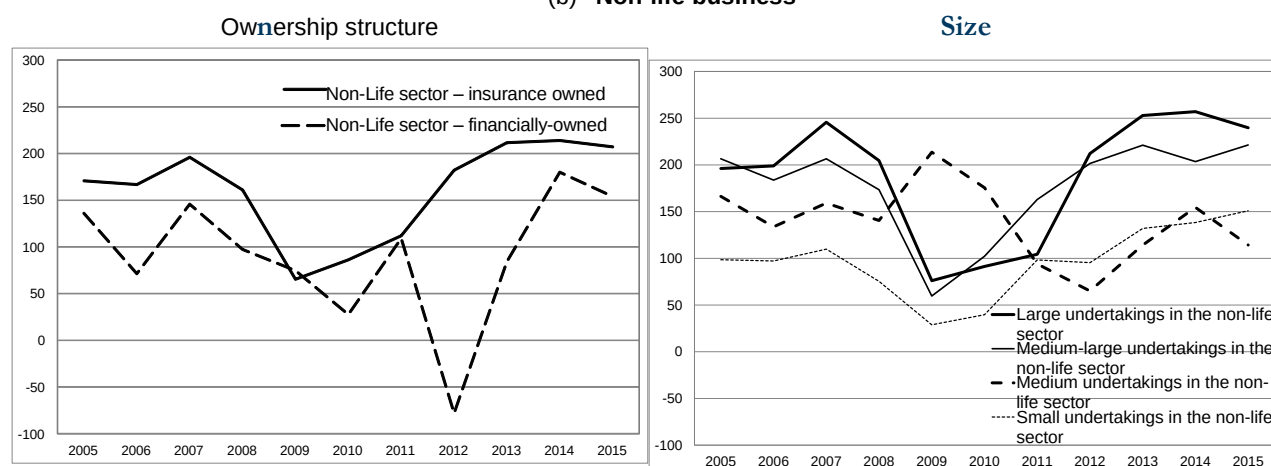
Figure I.21

**Added value per professional employee of Italian insurance undertakings, 2005-2015**  
**Insurance and financially controlled undertakings**  
*(thousand euro at current basic prices)*

(a) Life business



(b) Non-life business



#### 4.5.3. - Structure, profitability and efficiency of Italian insurance undertakings, 2005-2016

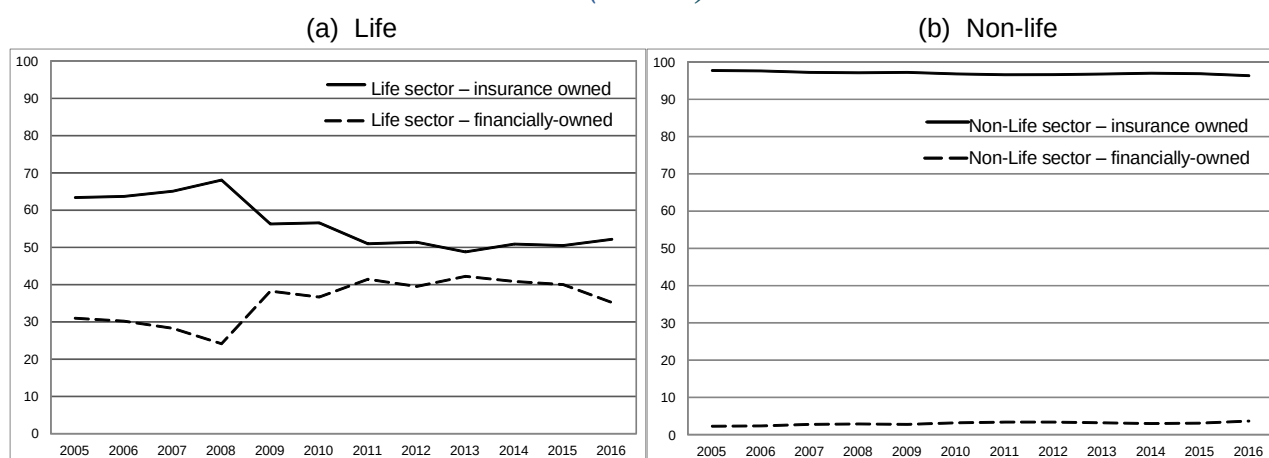
##### Premium distribution

In the life sector, the insurance-owned undertakings collected, on average, 64.3% of the premiums, against 35.7% of the financially-owned undertakings. The quota of the latter grew significantly in 2009, thereafter stayed stable (figure I.22a).

In the non-life sector, the insurance-owned undertakings collected most of the premiums (average 97% figure I.22b). Even if the market share of the financially-owned undertakings grew in the 2005-2016 period, their role remains marginal.

Figure I.22

Distribution of premiums by ownership structure, 2005-2016  
(% values)



*Profitability and efficiency indicators*

For the purposes of analysing undertaking performance, the ROE was considered as a measure of profitability, obtained as the ratio of economic returns of the financial year by the amount of net assets; to evaluate the efficiency, the expense ratio is used and, as a measure of the costs of the distribution of the insurance products, the relationship between commissions costs and premiums.

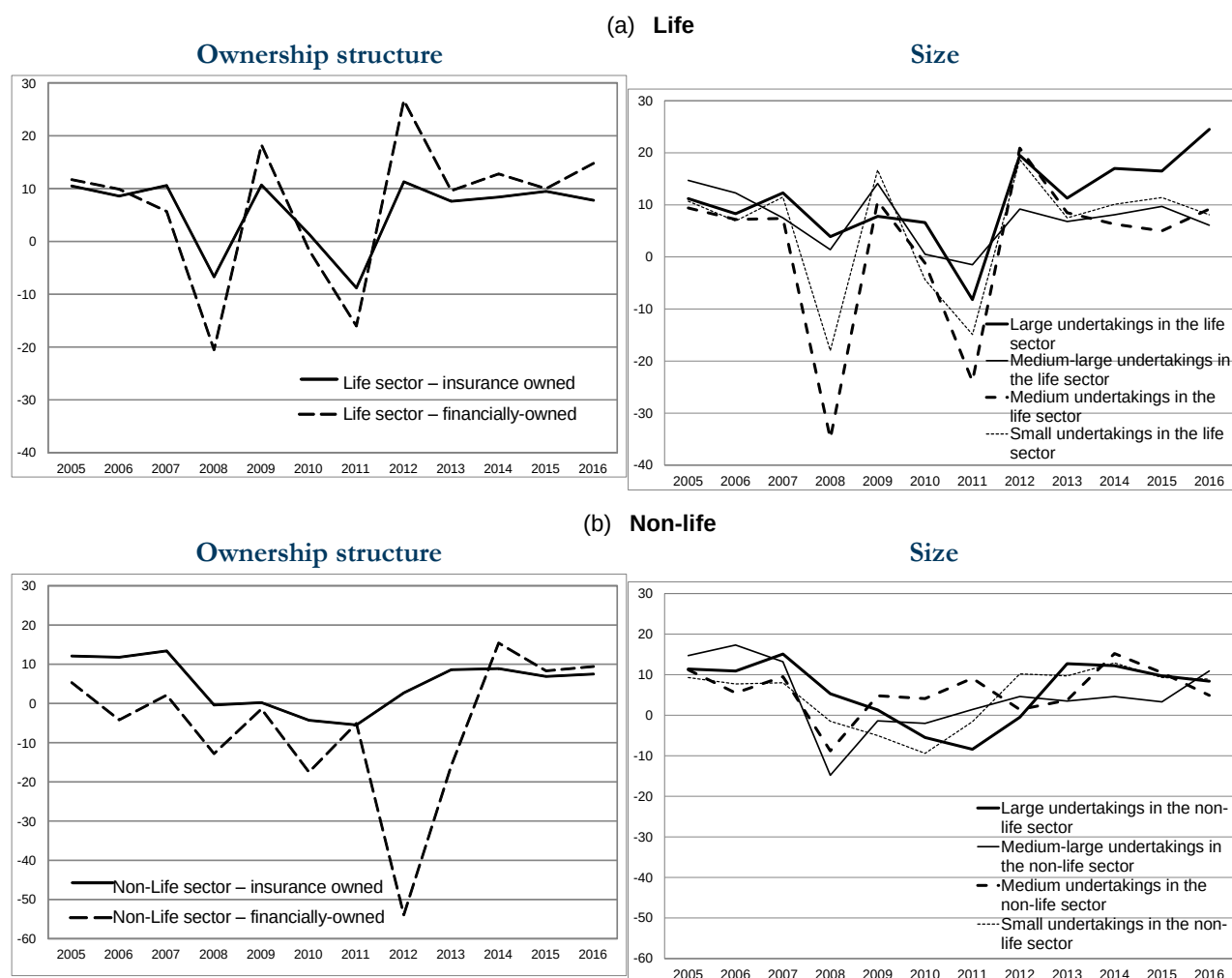
*ROE*

The ROE of the life sector, equal to an average of 6.7% over the decade, shows an extremely variable performance, especially in 2005-2012; since 2013, the indicator stabilised at around 8-9% (figure I.23.a). Since 2012, the profitability of financially-owned undertakings is greater than that of insurance owned undertakings. The large sized undertakings generated, in 2005-2016, ROE levels equal to two times (10.8%) than that of small sized undertakings (5.3%). The correlation between ROE and undertaking size presents non-linear characteristics, given that the lowest values of ROE are registered by medium sized undertakings (2.1%, value strongly influenced by negative ROE for some undertakings in 2008-2011). The volatility of the index seems to diminish with size .

The profitability of the equity capital of the non-life sector equals on average to 5.4% in the whole period (figure I.23.b), It does not present evident correlations with the size of the undertaking and is characterised by a lower variability compared to the ROE of the life sector.

Figure I.23

**ROE of Italian insurance undertakings, 2005-2016**  
**Insurance and financially controlled undertakings**  
 (% values)



### Expense ratio

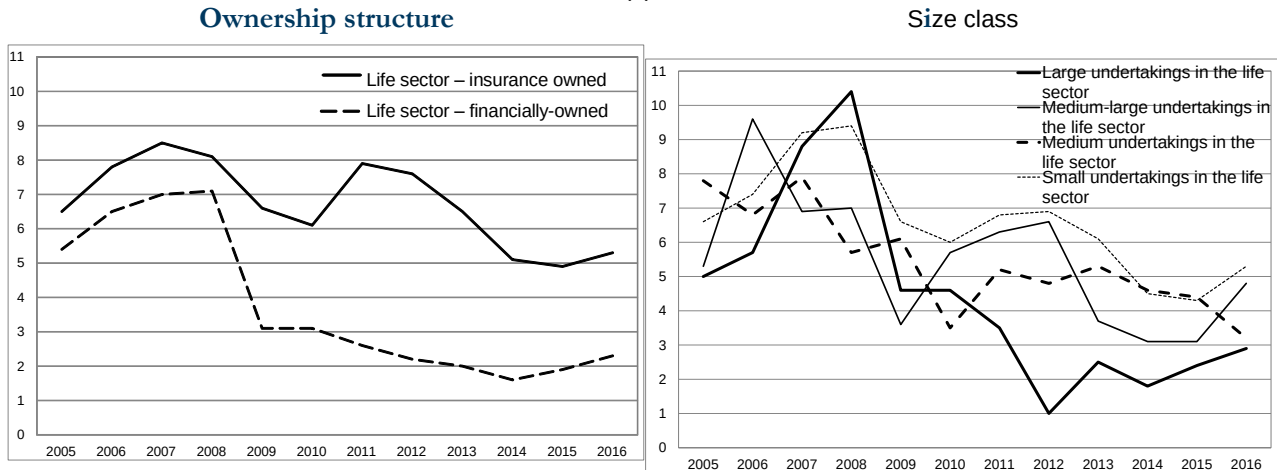
For the life sector, the indicator is on average 5.3%, decreasing since 2011 (figure I.24.a). The values are on average double (6.6%) for insurance owned undertakings compared with that of financially-owned (3.2%), with the deviation increasing notably since 2009, and seeming to stabilise in 2014-2016. Considering size, the lowest average is registered for the large undertakings (4.4%, against a total average of 5.3%), decreasing with the growth of the size of the undertaking.

In the non-life sector, the weight of the expenses on the premiums averages to 25% and increases to 31.3% for the smaller undertakings (figure I.24.b). As in the life sector, a trend is detected with the decrease of the expense ratio to the growth of the size of the undertaking (for large undertakings, the indicator averages 23.4%).

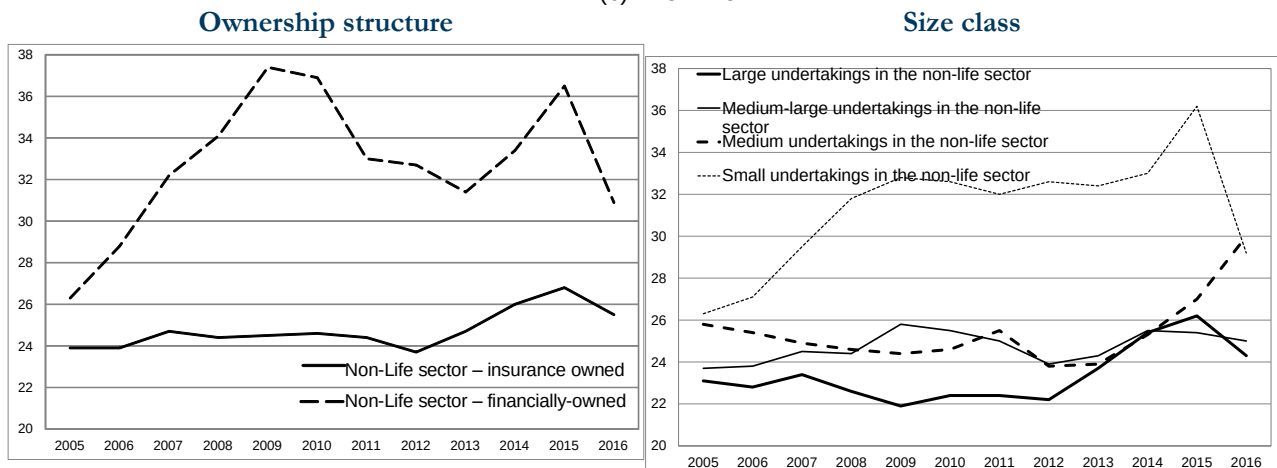
Figure I.24

**Expense Ratio of Italian insurance undertakings, 2005-2016**  
**Insurance and financially controlled undertakings**  
 (% values)

(a) Life



(b) Non-life



*Ratio between commissions and premiums*

In the life sector, the ratio has decreased since 2011, with a moderate rise in 2016. The commission costs represent an average of 3.7% of the value of the premiums in 2005-2016 (figure I.25.a), but are much higher for the insurance owned undertakings compared with financially-owned (4.6% against 3.1%). With growth in size, the undertakings are able to contain the commission costs (which represent 2.8% of the premiums for large sized undertakings, 3.9% for medium-large, 4.2% for medium and 4.5% for small).

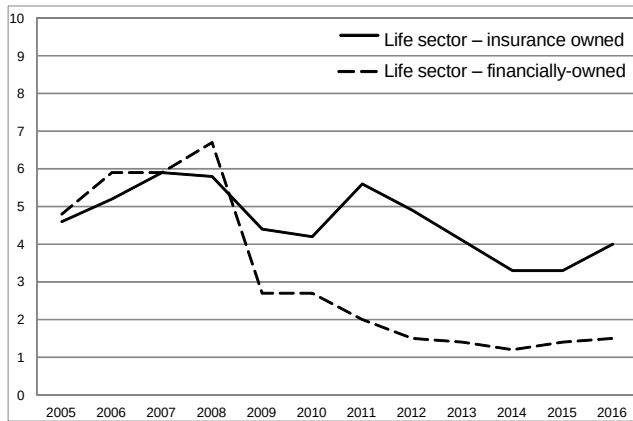
The ratio of commissions to premiums is higher in the non-life sector (17.1% on average) and is quite similar for undertakings of medium or larger size (figure I.25.b). For small undertakings, the ratio (20.2%) is higher than the average, in particular, since 2009.

Figure I.25

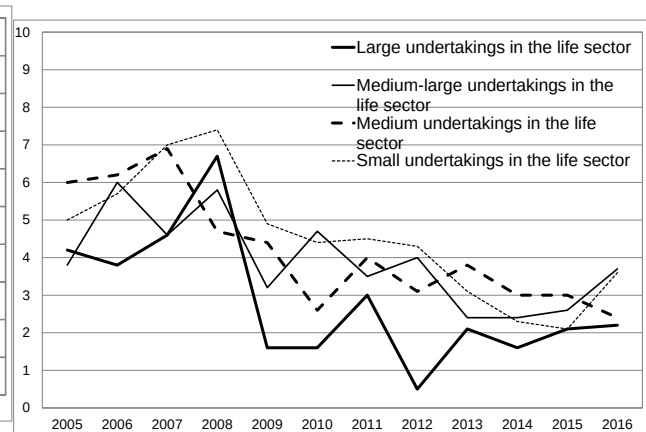
**Commissions on premiums of Italian insurance undertakings, 2005-2016**  
**Insurance and financially controlled undertakings**  
*(% of premiums)*

(a) Life

**Ownership structure**

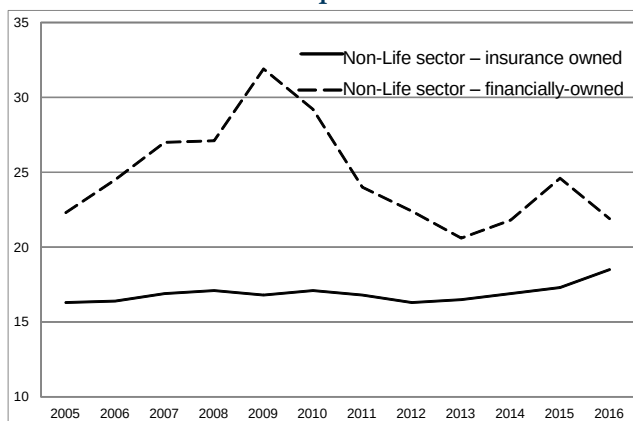


**Size**

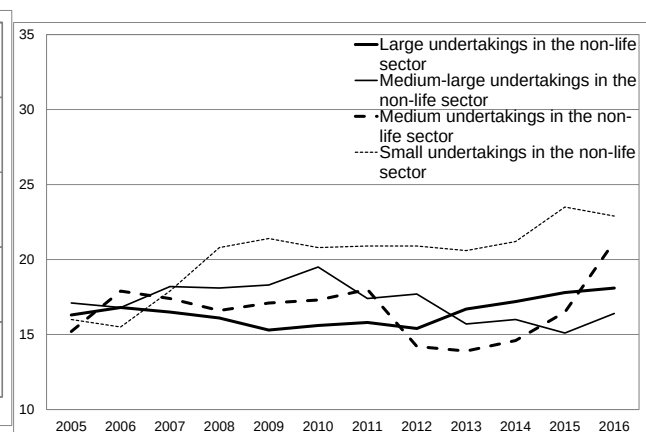


(b) Non-life

**Ownership structure**



**Size**



#### 4.6. - Life business

The life business (Italian and foreign portfolio, insurance and reinsurance business) disclosed a positive balance on the technical account of 3.7 billion euro (2015: 2.8 billion euro). This balance represents 64.9% of the total operating profit or loss result for the life and non-life sectors (48.4% in 2015).

Table I.44

| <b>Profit and loss account - life business - (domestic undertakings and branches of non-EU undertakings)*</b><br>(Italian and foreign portfolio – insurance and reinsurance business) |              |               |              |             |               |              |              |              |              |              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|--------------|-------------|---------------|--------------|--------------|--------------|--------------|--------------|
|                                                                                                                                                                                       | 2007         | 2008          | 2009         | 2010        | 2011          | 2012         | 2013         | 2014         | 2015         | 2016         |
| <i>(million euro)</i>                                                                                                                                                                 |              |               |              |             |               |              |              |              |              |              |
| Premiums for the financial year (net of premiums ceded)                                                                                                                               | 61,554       | 54,829        | 81,409       | 90,592      | 74,368        | 70,376       | 85,756       | 110,963      | 115,504      | 103,177      |
| Investment income (a)                                                                                                                                                                 | 14,523       | 14,164        | 16,496       | 15,853      | 16,242        | 21,930       | 19,199       | 20,225       | 21,314       | 21,192       |
| Investment charges (b)                                                                                                                                                                | -4,492       | -9,378        | -3,942       | -6,573      | -9,838        | -3,683       | -3,809       | -3,508       | -4,759       | -4,316       |
| Investment income net of charges (a) + (b)                                                                                                                                            | 10,030       | 4,785         | 12,554       | 9,279       | 6,404         | 18,248       | 15,390       | 16,717       | 16,556       | 16,876       |
| Income and capital gains unrealised net of charges and unrealised capital losses (Invest. Cl. D)                                                                                      | -346         | -14,965       | 13,029       | 4,574       | -2,801        | 9,197        | 4,860        | 6,366        | 1,748        | 2,079        |
| Other technical items                                                                                                                                                                 | 438          | 154           | -88          | -146        | -240          | -322         | -391         | -443         | -403         | -381         |
| Claims costs                                                                                                                                                                          | -74,376      | -65,684       | -57,342      | -66,999     | -74,177       | -75,296      | -66,999      | -64,651      | -71,239      | -63,383      |
| Change in technical provisions - item C                                                                                                                                               | 7,362        | 2,038         | -40,865      | -37,359     | -15,794       | -9,996       | -30,426      | -49,913      | -37,087      | -38,057      |
| Change in technical provisions - item D                                                                                                                                               | 2,735        | 20,468        | -109         | 5,030       | 13,150        | -129         | 283          | -10,374      | -16,429      | -10,792      |
| Operating expenses                                                                                                                                                                    | -4,744       | -4,111        | -4,169       | -4,399      | -3,961        | -3,521       | -3,684       | -3,884       | -4,064       | -3,994       |
| Profit transferred to the non-technical account                                                                                                                                       | -981         | -462          | -1,177       | -839        | -265          | -1,626       | -1,444       | -1,917       | -1,821       | -1,824       |
| <b>BALANCE ON THE TECHNICAL ACCOUNT</b>                                                                                                                                               | <b>1,672</b> | <b>-2,948</b> | <b>3,242</b> | <b>-266</b> | <b>-3,316</b> | <b>6,931</b> | <b>3,344</b> | <b>2,864</b> | <b>2,765</b> | <b>3,701</b> |
| Profit transferred from the technical account                                                                                                                                         | 981          | 462           | 1,177        | 839         | 265           | 1,626        | 1,444        | 1,917        | 1,821        | 1,824        |
| Other income (net of charges)                                                                                                                                                         | -395         | -913          | -83          | -578        | -603          | -627         | -828         | -563         | -636         | -814         |
| <b>RESULT ON ORDINARY OPERATIONS</b>                                                                                                                                                  | <b>2,258</b> | <b>-3,399</b> | <b>4,336</b> | <b>-5</b>   | <b>-3,654</b> | <b>7,930</b> | <b>3,960</b> | <b>4,219</b> | <b>3,951</b> | <b>4,711</b> |
| Extraordinary income (net of charges)                                                                                                                                                 | 650          | 427           | 807          | 396         | 93            | -29          | 841          | 511          | 939          | 87           |
| Income tax                                                                                                                                                                            | -417         | 1,160         | -1,336       | -96         | 925           | -2,772       | -1,696       | -1,231       | -1,136       | -1,211       |
| <b>PROFIT/LOSS FOR THE FINANCIAL YEAR</b>                                                                                                                                             | <b>2,490</b> | <b>-1,813</b> | <b>3,807</b> | <b>296</b>  | <b>-2,636</b> | <b>5,129</b> | <b>3,105</b> | <b>3,498</b> | <b>3,753</b> | <b>3,587</b> |

\* specialist reinsurers excluded

The negative symbol in front of the variation of the provisions indicates its their increase; vice versa, the positive symbol indicates its their decrease.

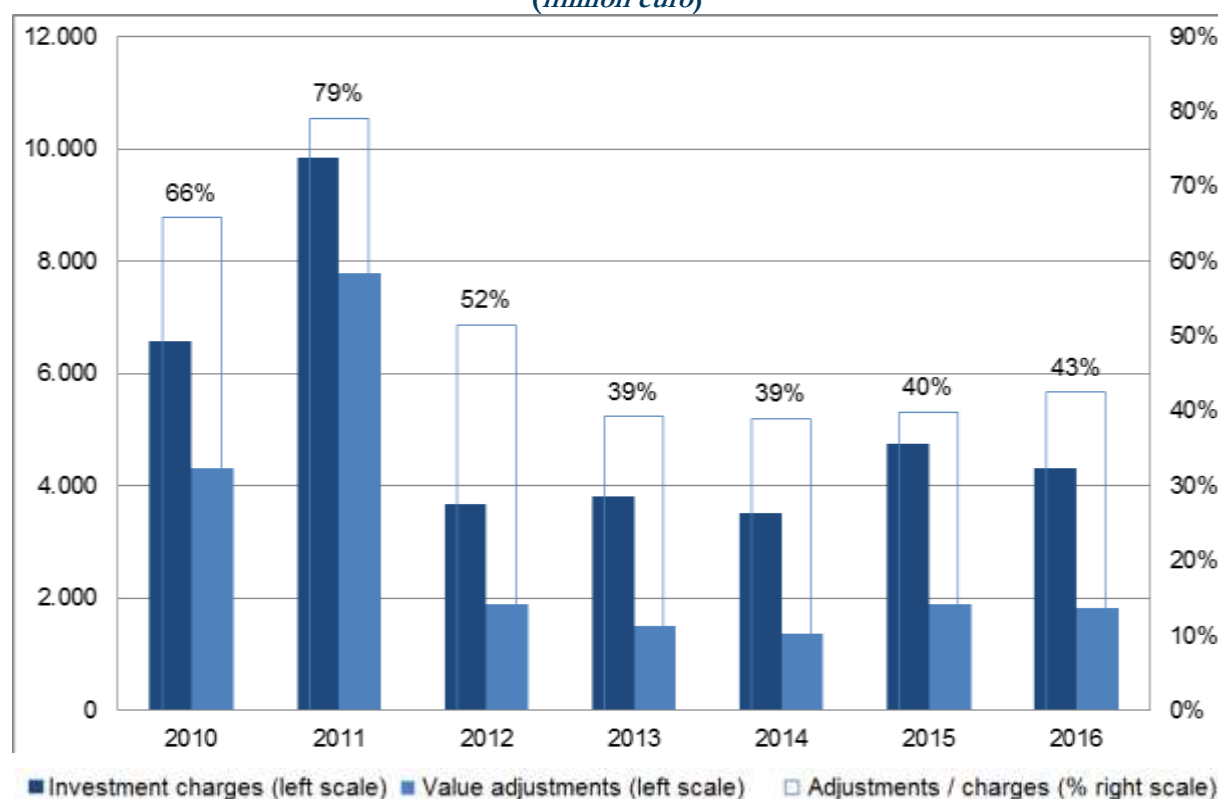
It is noted, in particular, that:

- the income of the ordinary financial management, net of the capital and financial charges, was slightly above the levels of the prior year (16.9 billion euro in 2016; 16.6 billion euro in 2015);
- the capital and financial charges have decreased by -9.3% (4.3 billion euro in 2016 compared to 4.8 billion in 2015);

- the value adjustments on the investments have decreased by -3.6%, to 1.8 billion euro (42.5% of the investment charges) from 1.9 billion euro in 2015 (39.9% of expenses).

Figure I.26

**Life business - financial charges and value adjustments**  
(million euro)



Claims-related charges, amounting to 63.4 billion euro, saw a fall of -11% compared with the previous year, with an incidence of around 61.8% on gross premiums written (61.1% in 2015). The claims-related charges of the Italian direct portfolio alone was attributable for 63.4%, to surrenders (60.1% in 2015) and 24.2% to capital and annuities accrued (29.4% in 2015).

In 2016, the expense ratio grew to 3.9% (3.5% in 2015). In particular, acquisition commissions had a 58.7% incidence over operating expenses (60.3% in 2015), while the incidence of the other acquisition costs and of the collection commission were respectively of 17.5% (17.6% in 2015) and 5.4% (6.9% in 2015).

The mathematical reserves provisions and other class C reserves showed an increase compared with the prior year of 38.1 billion euro (37.1 billion of growth in 2015).

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. In 2014 there was growth of 10.4 billion euro;



the trend also continued in 2015 with an increase of 16.4 billion euro and in 2016 with an increase of 10.8 billion euro.

The profit result from ordinary operations, positive for 4 billion euro in 2015, grew further in 2016, arriving at 4.7 billion euro. The ratio between the profit from ordinary operations and premiums reached 4.6% in 2016 (3.4% in 2015).

The extraordinary income, net of charges, recorded a positive balance of 87 million euro (939 in 2015).

With reference to the technical accounts of the life sector:

- during the periods characterised by the financial markets and sovereign debt crisis (2007-2008 and 2011), the class I results fell sharply, whereas in the following periods (2012-2016) they were very positive, consistent to the recovery of the financial markets which led to substantial profits generated by investments into the technical account;
- for class III, a decreasing balance on the technical account is shown in 2016 (-24.5%) compared with the prior year, which had registered high growth (+45.8%);
- class V shows a slightly negative result in 2016, also considering the strong decline of the premium income of the previous year (-24.1% in 2015 and -21.9% in 2016); the technical account shows positive results in 2005, 2009 and in the 2012-2015 period, i.e. in periods of economic recovery from the financial and sovereign debt crisis.

#### *4.6.1. - Segregated funds*

The life policies managed with segregate funds (with profit), constitute the main component of the life sector, together with the class III index and unit-linked policies. Table I.45 shows the evolution of the composition of the assets managed ad segregate funds (in euro):

Table I.45

| Composition of the assets assigned to segregate funds in euro - book values<br>Market total |                             |              |              |              |              |              |              |              |              |              |              |
|---------------------------------------------------------------------------------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                                                             | (million euro and % values) |              |              |              |              |              |              |              |              |              |              |
|                                                                                             | 2006                        | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013*        | 2014*        | 2015*        | 2016         |
| Fixed-income securities and bonds                                                           | 196.6                       | 188.9        | 179.2        | 214.7        | 252.6        | 267.9        | 280.7        | 290.7        | 340.9        | 370.8        | 401.4        |
| of which: euro-denominated corporate bonds                                                  | 46.4                        | 50.1         | 58.9         | 70.2         | 73.7         | 67           | 64.4         | 84.2         | 87.7         | 108          | 112.4        |
| Equities                                                                                    | 11.9                        | 13.6         | 13.3         | 10.9         | 10.9         | 10.2         | 11.3         | 12.8         | 13.8         | 8.1          | 8.2          |
| Other assets                                                                                | 13.3                        | 14.6         | 19.4         | 22.5         | 22.1         | 27.3         | 29.2         | 28.5         | 33.3         | 51.7         | 61.8         |
| of which: units of UCITS                                                                    | 7.2                         | 9.5          | 10.1         | 12.6         | 14.3         | 16.4         | 17.3         | 17.1         | 20.4         | 41.7         | 52.6         |
| <b>Total Assets</b>                                                                         | <b>221.8</b>                | <b>217.1</b> | <b>211.9</b> | <b>248.1</b> | <b>285.5</b> | <b>305.3</b> | <b>321.2</b> | <b>331.9</b> | <b>388.0</b> | <b>430.6</b> | <b>471.4</b> |
| Variation percent of total assets (loading values)                                          | 8.4%                        | -2.1%        | -2.4%        | 17.1%        | 15.1%        | 6.9%         | 5.2%         | 3.3%         | 16.9%        | 11.0%        | 9.5%         |
| % of fixed-income securities and bonds                                                      | 88.6%                       | 87.0%        | 84.6%        | 86.5%        | 88.5%        | 87.7%        | 87.4%        | 87.6%        | 87.9%        | 86.1%        | 85.2%        |

\*estimated data.

The increase of the book value of assets in the segregate funds has suffered a slowdown from +11% in 2015 to +9.5% in 2016. There is still a consistent presence of bonds that recognise sufficient yields to reach the minimum guaranteed rate, taking into account that the technical provisions (mathematical reserves) move on a multi-year timeline, with a process of gradual surfacing of the realised capital gains.

Table I.46

| Return on segregated funds - 2008-2016               |            |       |       |       |       |       |       |       |        |
|------------------------------------------------------|------------|-------|-------|-------|-------|-------|-------|-------|--------|
|                                                      | (% values) |       |       |       |       |       |       |       |        |
|                                                      | 2008       | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016   |
| Gross average return                                 | 4.34%      | 4.03% | 3.87% | 3.84% | 3.87% | 3.91% | 3.77% | 3.56% | 3.24%  |
| 10-year benchmark return (long-term Treasury bonds)* | 4.47%      | 4.01% | 4.60% | 6.81% | 4.54% | 4.11% | 1.99% | 1.58% | 1.89%  |
| Average rate of return on government bonds           | 4.47%      | 4.01% | 4.04% | 5.42% | 4.54% | 4.16% | 1.99% | 1.58% | n.a.** |
| Maximum guaranteed interest rate                     | 3.25%      | 3.25% | 3.25% | 4.00% | 4.00% | 2.75% | 1.50% | 1.00% | n.a.** |
| Managerial Discretion Index (MDI)                    | n.a.       | 1.052 | 1.054 | 1.11  | 1.063 | 1.059 | 1.137 | 1.117 | 1.072  |

\* Statistical Bulletin, Financial Market, Series [BMK0100] Government Securities guide: gross maturity return rate.

\*\* The average rate of return on government bonds and the guaranteed maximum interest rate were calculated as at 31 December 2015. Since 1 January 2016, the guaranteed maximum interest rate from the undertakings is no longer in force.

Source: IVASS and the Bank of Italy.

The with-profit insurance products sold from 2013 to 2016, for which the undertakings acquire new premiums, are shown in table I.47, according to premium type. Both individual

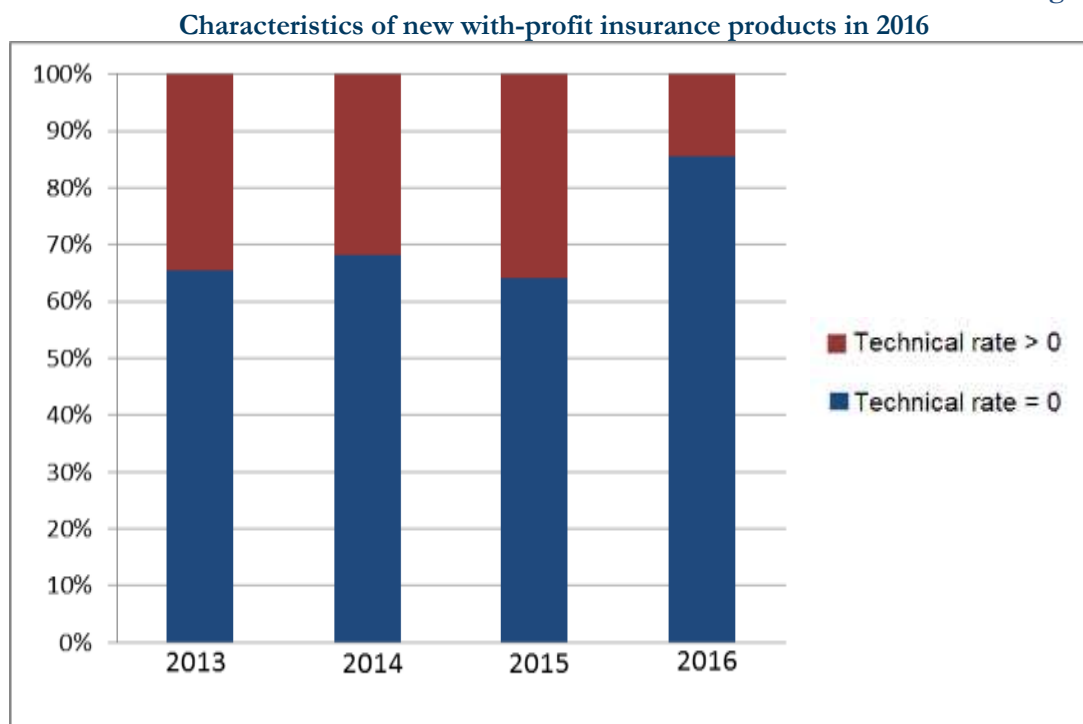
and collective tariffs are included, as are the individual social security programmes under art. 13 of Legislative Decree 252/2005.

Table I.47

| With-profit insurance products marketed |            |            |            |            |
|-----------------------------------------|------------|------------|------------|------------|
|                                         | 2013       | 2014       | 2015       | 2016       |
| <i>(unit)</i>                           |            |            |            |            |
| Annual premium products                 | 40         | 20         | 76         | 19         |
| Single premium products                 | 208        | 238        | 338        | 253        |
| Recurring premium products              | 34         | 38         | 63         | 62         |
| <b>Total</b>                            | <b>282</b> | <b>296</b> | <b>477</b> | <b>334</b> |

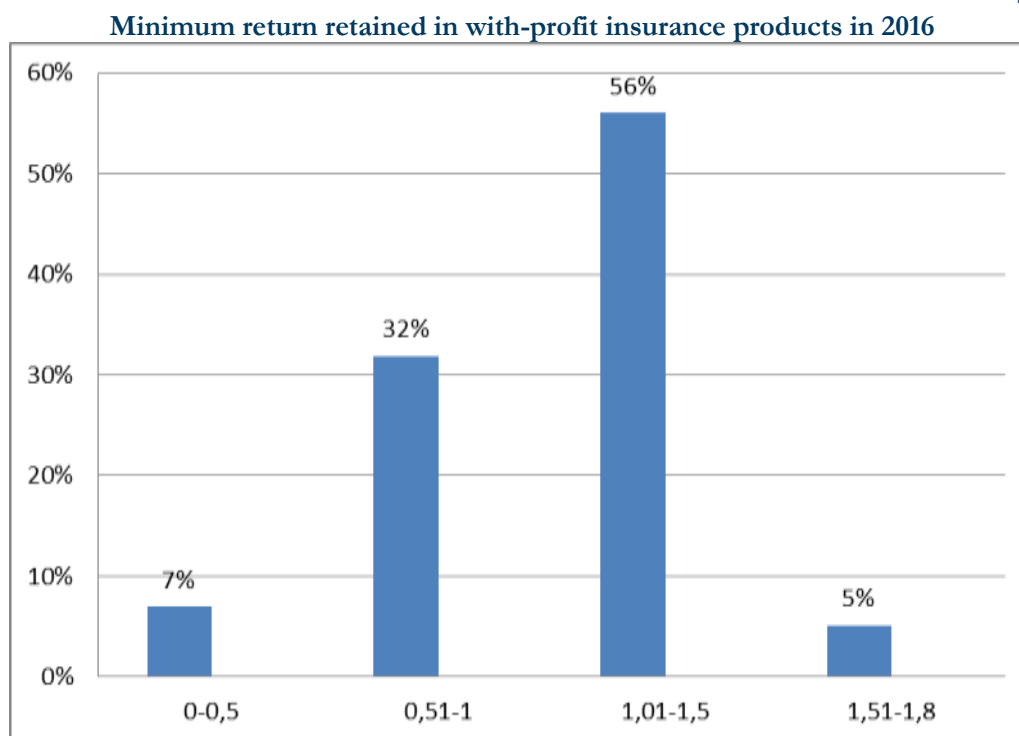
Considering with-profit insurance products sold in the four years, it shows, in the first place, the reduction of the annual premium contracts from 2013 to 2016 (except for 2015), in favour of the single and recurring premiums, which are now prevalent. Moreover, examining the technical characteristics of the new policies sold, it is identified that the use of a technical rate of 0% (figure I.27) is ever more frequent (86% of new products). In 2016, between the new tariffs marketed with the use of rate equal to 0,94% provides the recognition of the entire reassessment, net of a minimum return held, while the remaining 6% provides the use of minimum retrocession rate to apply to the variable rate of return between 80% and 98%.

Figure I.27



The analysis of the minimum return held for the new with-profit insurance products sold in 2016 at a 0% technical rate, reported in figure I.28, shows that undertakings retain a minimum return from the realised revaluation rate greater than 0.5% for 93% of the cases and greater than 1% in 61% of cases.

Figure I.28



#### 4.7. - Non-life business

The non-life sector (Italian and foreign portfolio, insurance and reinsurance) has registered an aggregated financial year profit for the fifth consecutive year (table I.48). In particular, in 2016, the financial year profit was 2.1 billion euro (2 billion in 2015), compared with a positive result of the technical account for 3.1 billion euro (3.8 in 2015). The technical account result for the non-life sector represents 54.2% of the total operating result for the life and non-life businesses (65.7% in 2015).

Table I.48

| Profit and loss account - non-life sector - (domestic undertakings and branches of non-EU undertakings)*<br>(Italian and foreign portfolio – insurance and reinsurance business) |              |             |            |               |               |              |              |              |              |              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| (million euro and % values)                                                                                                                                                      |              |             |            |               |               |              |              |              |              |              |
|                                                                                                                                                                                  | 2007         | 2008        | 2009       | 2010          | 2011          | 2012         | 2013         | 2014         | 2015         | 2016         |
| Premiums earned                                                                                                                                                                  | 33,993       | 34,063      | 33,811     | 32,458        | 33,590        | 33,257       | 32,241       | 31,353       | 30,675       | 29,587       |
| Var. %                                                                                                                                                                           | 0.4%         | 0.2%        | -0.7%      | -4.0%         | 3.5%          | -1.0%        | -3.1%        | -2.8%        | -2.2%        | -3.5%        |
| Profit transferred from the non-technical account                                                                                                                                | 2,015        | 829         | 2,439      | 1,095         | 640           | 1,660        | 1,262        | 1,346        | 1,288        | 1,161        |
| Claims costs                                                                                                                                                                     | -24,217      | -25,403     | -26,865    | -25,106       | -25,199       | -23,480      | -21,323      | -20,187      | -19,291      | -18,826      |
| Other technical items                                                                                                                                                            | -633         | -723        | -680       | -662          | -588          | -651         | -581         | -509         | -588         | -599         |
| Changes in other technical provisions                                                                                                                                            | -4           | 0.4         | 3          | 5             | 0.2           | 0.5          | 2            | 1            | 0            | -1           |
| Operating expenses                                                                                                                                                               | -8,456       | -8,462      | -8,465     | -8,141        | -8,322        | -8,018       | -8,041       | -8,245       | -8,318       | -8,219       |
| Changes in the equalisation provisions                                                                                                                                           | 6            | 61          | -16        | -23           | -18           | -4           | -14          | -12          | -15          | -14          |
| <b>BALANCE ON THE TECHNICAL ACCOUNT</b>                                                                                                                                          | <b>2,702</b> | <b>365</b>  | <b>228</b> | <b>-375</b>   | <b>106</b>    | <b>2,765</b> | <b>3,546</b> | <b>3,747</b> | <b>3,751</b> | <b>3,089</b> |
| Investment income (net of expenses)                                                                                                                                              | 2,914        | 413         | 3,378      | 1,296         | -93           | 1,754        | 2,087        | 2,270        | 2,149        | 2,283        |
| Profit transferred to the technical account                                                                                                                                      | -2,015       | -829        | -2,439     | -1,095        | -640          | -1,660       | -1,262       | -1,346       | -1,288       | -1,161       |
| Other net income                                                                                                                                                                 | -522         | -688        | -1,161     | -1,185        | -948          | -1,295       | -1,354       | -1,502       | -1,469       | -1,437       |
| <b>RESULT ON ORDINARY OPERATIONS</b>                                                                                                                                             | <b>3,080</b> | <b>-739</b> | <b>6</b>   | <b>-1,359</b> | <b>-1,576</b> | <b>1,563</b> | <b>3,018</b> | <b>3,170</b> | <b>3,143</b> | <b>2,774</b> |
| Extraordinary income (net of charges)                                                                                                                                            | 823          | 324         | 33         | 218           | 386           | 1            | 473          | 450          | 72           | 137          |
| Income tax                                                                                                                                                                       | -1,101       | 248         | -24        | 143           | 174           | -924         | -1,365       | -1,173       | -1,259       | -796         |
| <b>PROFIT/LOSS FOR THE FINANCIAL YEAR</b>                                                                                                                                        | <b>2,802</b> | <b>-167</b> | <b>63</b>  | <b>-998</b>   | <b>-1,016</b> | <b>640</b>   | <b>2,125</b> | <b>2,446</b> | <b>1,956</b> | <b>2,115</b> |
| Loss ratio                                                                                                                                                                       | 71.2%        | 74.6%       | 79.5%      | 77.3%         | 75.0%         | 70.6%        | 66.1%        | 64.4%        | 62.9%        | 63.6%        |
| Expense ratio                                                                                                                                                                    | 24.9%        | 24.8%       | 25.0%      | 25.1%         | 24.8%         | 24.1%        | 24.9%        | 26.3%        | 27.1%        | 27.8%        |

\* specialist reinsurers excluded.

Ordinary financial operations, thanks to the positive performance of the financial markets, reported an investment income (net of expenses) of 2.3 billion euro (2.1 in 2015).

The result of ordinary operations in 2016 is 2.8 billion euro, down compared with 3.1 billion euro in 2015.

The loss ratio has started growing after six consecutive years of fall, rising to 63.6% (62.9 in 2015).

Operating expenses remained substantially stable (8.2 billion euro compared to 8.3 billion in 2015) while their incidence on premiums earned grew for the fourth consecutive year,

reaching 27.8% (27.1% in 2015), substantially due to the reduction of premiums collected income.

Also the contribution to the profit or loss for the financial year from extraordinary income, net of charges, was positive and amounted to 137 million euro (72 in 2015).

#### 4.7.1. - Motor vehicle and marine liability insurance

The premiums written in the compulsory liability insurance sectors (auto and ships), of 13.5 billion euro, show declines for the fifth consecutive year (-4.9%<sup>25</sup> compared to 2015).

Table I.49

| Technical account - Motor vehicle and marine liability insurance-<br>(National undertakings and branches of non-EU undertakings)*<br>(Italian portfolio – insurance and reinsurance business) |            |             |               |               |             |              |              |              |              |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------|---------------|---------------|-------------|--------------|--------------|--------------|--------------|------------|
| (million euro and % values)                                                                                                                                                                   |            |             |               |               |             |              |              |              |              |            |
|                                                                                                                                                                                               | 2007       | 2008        | 2009          | 2010          | 2011        | 2012         | 2013         | 2014         | 2015         | 2016       |
| Premiums earned                                                                                                                                                                               | 18,250     | 17,804      | 16,999        | 16,607        | 17,495      | 17,697       | 16,835       | 15,559       | 14,450       | 13,689     |
| Var. %                                                                                                                                                                                        | -0.5%      | -2.4%       | -4.5%         | -2.3%         | 5.3%        | 1.2%         | -4.9%        | -7.6%        | -7.1%        | -5.3%      |
| Claims incurred costs                                                                                                                                                                         | -14,732    | -14,672     | -15,106       | -14,467       | -14,791     | -13,110      | -11,563      | -10,818      | -10,421      | -10,421    |
| (of which claims incurred in the financial year):                                                                                                                                             | -14,794    | -14,761     | -14,912       | -13,865       | -13,444     | -12,108      | -11,539      | -11,176      | -11,032      | -11,022    |
| Other technical items                                                                                                                                                                         | -226       | -290        | -267          | -244          | -202        | -272         | -248         | -143         | -127         | -172       |
| Operating expenses                                                                                                                                                                            | -3,346     | -3,275      | -3,208        | -3,116        | -3,236      | -3,233       | -3,167       | -3,187       | -3,060       | -2,900     |
| <b>Technical balance on direct insurance business</b>                                                                                                                                         | <b>-55</b> | <b>-433</b> | <b>-1,583</b> | <b>-1,221</b> | <b>-735</b> | <b>1,083</b> | <b>1,857</b> | <b>1,410</b> | <b>842</b>   | <b>196</b> |
| Profit/loss from outward reinsurance                                                                                                                                                          | 17         | -3          | 22            | -20           | -26         | -28          | -44          | -4           | 12           | -1         |
| Net profit/loss on indirect business                                                                                                                                                          | -2         | -7          | -48           | -6            | 3           | 26           | -7           | 0            | -8           | -18        |
| Changes in the equalization provisions                                                                                                                                                        | 30         | -6          | 0             | 0             | 0           | 0            | 0            | 0            | 0            | 0          |
| Profit on investment transferred from the non-technical account                                                                                                                               | 967        | 346         | 1,228         | 504           | 275         | 802          | 617          | 657          | 607          | 503        |
| <b>Technical account result net of reinsurance</b>                                                                                                                                            | <b>957</b> | <b>-91</b>  | <b>-381</b>   | <b>-744</b>   | <b>-482</b> | <b>1,883</b> | <b>2,423</b> | <b>2,063</b> | <b>1,452</b> | <b>680</b> |
| Loss ratio                                                                                                                                                                                    | 80.7%      | 82.4%       | 88.9%         | 87.1%         | 84.5%       | 74.1%        | 68.7%        | 69.5%        | 72.1%        | 76.1%      |
| Expense ratio                                                                                                                                                                                 | 18.3%      | 18.4%       | 18.9%         | 18.8%         | 18.5%       | 18.3%        | 18.8%        | 20.5%        | 21.2%        | 21.2%      |

\* specialist reinsurers excluded.

The technical balance on direct insurance business in 2016, of 0.2 billion euro, is positive for the fifth consecutive year, even if lower than in previous years. The result of the technical account, net of reinsurance, has closed in positive in the past last 5 year period.

The contribution of the profits of the investments transferred from the non-technical account rose by 12.1% with respect to the amount for the previous year (from 607 million euro in 2015 to 680 million euro in 2016).

<sup>25</sup> The variation within the homogeneous undertakings perimeter, compared with 2015, is homogeneous and amounts to -5.6%.

The operation expenses in 2016 are 2.9 million euro and show a reduction compared to 2014 and 2015 (3.1 billion euro).

The loss ratio grew in 2016, reaching 76.1% (72.1% in 2015). The impact of the operating expenses over premiums earned (expense ratio) was 21.2% (stable compared with 2015). As a result, the combined ratio has risen to 97.3% (93.3% in 2015), resulting in growth for the fourth consecutive year.

With reference to the claims incurred in 2016 (claims of the current generation), the loss ratio registered an increase, reaching 80.5% (76.3% in 2015) and confirming the growth for the fourth consecutive year (minimum value of 68.4% in 2012). This performance is reflected on the combined ratio, calculated considering the charges of claims occurring incurred during the year, which increased for the fourth consecutive year, reaching 101.7% in 2016, (97.5% in 2015%).

Table I.50 shows the time series of the balance sheet combined ratio and of the savings/shortfall index of the provision for outstanding claims both gross and net of the balance of the sums recovered at the end of the year<sup>26</sup>.

Table I.50

| Performance of the Combined Ratio and of the ratio of provisions for claims outstanding (PCO) to earned premiums earned |              |               |               |               |               |              |              |              |              |              |
|-------------------------------------------------------------------------------------------------------------------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
|                                                                                                                         | (% values)   |               |               |               |               |              |              |              |              |              |
|                                                                                                                         | 2007         | 2008          | 2009          | 2010          | 2011          | 2012         | 2013         | 2014         | 2015         | 2016         |
| PCO saving/shortfall - gross of sums recovered                                                                          | -3.7%        | -2.1%         | -4.2%         | -7.4%         | -14.4%        | -6.5%        | -0.9%        | 0.9%         | 3.2%         | 3.4%         |
| PCO saving/shortfall - net of sums recovered                                                                            | 0.3%         | 0.5%          | -1.1%         | -3.6%         | -7.7%         | -5.7%        | -0.1%        | 2.3%         | 4.2%         | 4.4%         |
| <b>Combined Ratio balance sheet*</b>                                                                                    | <b>99.1%</b> | <b>100.8%</b> | <b>107.7%</b> | <b>105.9%</b> | <b>103.0%</b> | <b>92.3%</b> | <b>87.5%</b> | <b>90.0%</b> | <b>93.3%</b> | <b>97.3%</b> |

\*Sum of the loss ratio and the expense ratio, the latter calculated on earned premiums earned.

The balance of the provisions for claims outstanding incurred in the prior years shows savings for the third consecutive year, with a further, slight improvement of the ratio compared to earned premiums earned in 2016.

The time series in table I.51, divided up by the generation relating to the current year and to the previous ones, of the ratio of average provisions to average costs of the claims, 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.

<sup>26</sup> 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 at net value includes the positive contribution of the recoveries.

Table I.51

| Ratio of average provisions to average cost of the claims* |             |             |             |             |             |             |             |             |             | (index)     |
|------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                            | 2007        | 2008        | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | 2016        |
| Claims generated in previous financial years               | 2.96        | 2.94        | 2.91        | 2.68        | 2.77        | 2.64        | 2.61        | 2.69        | 2.62        | 2.76        |
| Claims generated in the current financial year             | 3.35        | 3.14        | 3.10        | 3.27        | 3.53        | 4.02        | 4.13        | 3.97        | 3.99        | 3.88        |
| <b>Total</b>                                               | <b>3.29</b> | <b>3.19</b> | <b>3.14</b> | <b>3.09</b> | <b>3.25</b> | <b>3.36</b> | <b>3.45</b> | <b>3.56</b> | <b>3.59</b> | <b>3.69</b> |

\* Ratios of average provisions: Claims reserved / Claims paid. IBNR claims excluded.

The total ratio of provisions to the cost of the claims was 3.7 in 2016 and 3.6 in 2015 and 2014, confirming the growth since 2011. Over the last year, an increase was observed in the ratio of provisions to cost of the claims occurred during the year and a simultaneous decrease in the ratio for claims relating to previous years. Variations in the pattern of the two ratios in any event does not change the overall effect on the general ratio of provisions to cost of the claims, which has continued to grow since 2011.

#### 4.7.2. - The other non-life insurance classes

In 2016, the non-life insurance classes other than the motor vehicle liability insurance and marine insurance reported a positive balance on the technical account of 2.2 billion euro, up with respect to 2015 (2.1 billion euro; table I.52).



Table I.52

| Technical performance other non-life classes - Italian portfolio |                                        |              |                                           |              |                                 |              |                    |                  |                                                              |                  |
|------------------------------------------------------------------|----------------------------------------|--------------|-------------------------------------------|--------------|---------------------------------|--------------|--------------------|------------------|--------------------------------------------------------------|------------------|
| (thousands of euro and % values)                                 |                                        |              |                                           |              |                                 |              |                    |                  |                                                              |                  |
| Insurance class                                                  | Ratio of claims / premiums earned (A)* |              | Operating expenses / premiums earned (B)* |              | Combined Ratio (C)* = (A) + (B) |              | Technical balance* |                  | Technical account balance (direct insurance and reinsurance) |                  |
|                                                                  | 2015                                   | 2016         | 2015                                      | 2016         | 2015                            | 2016         | 2015               | 2016             | 2015                                                         | 2016             |
| <b>Health sector</b>                                             |                                        |              |                                           |              |                                 |              |                    |                  |                                                              |                  |
| Accident                                                         | 41.4%                                  | 39.9%        | 35.0%                                     | 36.2%        | 76.4%                           | 76.1%        | 612,888            | 651,772          | 634,581                                                      | 674,759          |
| Sickness                                                         | 67.6%                                  | 66.9%        | 23.1%                                     | 24.6%        | 90.7%                           | 91.5%        | 119,385            | 118,014          | 139,629                                                      | 140,827          |
| <b>Total</b>                                                     | <b>52.5%</b>                           | <b>51.6%</b> | <b>30.0%</b>                              | <b>31.2%</b> | <b>82.5%</b>                    | <b>82.8%</b> | <b>732,273</b>     | <b>769,786</b>   | <b>774,210</b>                                               | <b>815,586</b>   |
| <b>Automobile sector - land vehicles only</b>                    |                                        |              |                                           |              |                                 |              |                    |                  |                                                              |                  |
| Land vehicles                                                    | 58.2%                                  | 57.4%        | 30.5%                                     | 31.6%        | 88.7%                           | 89.0%        | 261,251            | 267,626          | 261,550                                                      | 236,557          |
| <b>Transport</b>                                                 |                                        |              |                                           |              |                                 |              |                    |                  |                                                              |                  |
| Railway rolling stock                                            | 20.1%                                  | 159.1%       | 22.7%                                     | 15.0%        | 42.7%                           | 174.1%       | 2,385              | -4,020           | 2,479                                                        | -4,060           |
| Aircraft                                                         | 39.6%                                  | 11.0%        | 16.8%                                     | 18.5%        | 56.5%                           | 29.5%        | 8,732              | 10,655           | 9,466                                                        | 2,600            |
| Ships                                                            | 85.1%                                  | 69.3%        | 16.9%                                     | 18.1%        | 102.0%                          | 87.4%        | -7,795             | 29,184           | -22,522                                                      | -5,005           |
| Goods in transit                                                 | 41.9%                                  | 42.2%        | 29.2%                                     | 30.9%        | 71.2%                           | 73.0%        | 42,116             | 36,147           | 26,242                                                       | 19,162           |
| Aircraft liability                                               | -79.9%                                 | 15.8%        | 11.7%                                     | 15.0%        | -68.2%                          | 30.8%        | 23,008             | 7,479            | 12,421                                                       | 3,141            |
| <b>Total</b>                                                     | <b>61.6%</b>                           | <b>56.4%</b> | <b>21.3%</b>                              | <b>22.8%</b> | <b>83.0%</b>                    | <b>79.2%</b> | <b>68,446</b>      | <b>79,445</b>    | <b>28,086</b>                                                | <b>15,838</b>    |
| <b>Property sector</b>                                           |                                        |              |                                           |              |                                 |              |                    |                  |                                                              |                  |
| Fire and natural forces                                          | 56.3%                                  | 60.1%        | 33.4%                                     | 34.6%        | 89.8%                           | 94.7%        | 155,988            | 47,602           | 122,935                                                      | 37,120           |
| Other damage to property                                         | 60.5%                                  | 62.8%        | 31.3%                                     | 32.4%        | 91.8%                           | 95.2%        | 169,869            | 85,935           | 58,142                                                       | 26,445           |
| Miscellaneous financial loss                                     | 34.4%                                  | 29.1%        | 44.3%                                     | 38.2%        | 78.7%                           | 67.3%        | 99,403             | 152,535          | 114,578                                                      | 151,449          |
| <b>Total</b>                                                     | <b>56.3%</b>                           | <b>58.6%</b> | <b>33.5%</b>                              | <b>33.8%</b> | <b>89.7%</b>                    | <b>92.4%</b> | <b>425,260</b>     | <b>286,072</b>   | <b>295,655</b>                                               | <b>215,014</b>   |
| <b>General liability</b>                                         |                                        |              |                                           |              |                                 |              |                    |                  |                                                              |                  |
| General liability                                                | 54.8%                                  | 48.2%        | 31.5%                                     | 32.6%        | 86.2%                           | 80.8%        | 316,185            | 484,747          | 555,345                                                      | 660,463          |
| <b>Credit/Suretyship</b>                                         |                                        |              |                                           |              |                                 |              |                    |                  |                                                              |                  |
| Credit                                                           | 84.4%                                  | 66.0%        | 32.0%                                     | 29.9%        | 116.4%                          | 96.0%        | -12,572            | -3,116           | -9,554                                                       | 2,630            |
| Suretyship                                                       | 75.2%                                  | 41.3%        | 34.3%                                     | 32.9%        | 109.5%                          | 74.2%        | -70,771            | 60,913           | -16,312                                                      | 40,563           |
| <b>Total</b>                                                     | <b>76.4%</b>                           | <b>44.3%</b> | <b>34.0%</b>                              | <b>32.5%</b> | <b>110.4%</b>                   | <b>76.9%</b> | <b>-83,343</b>     | <b>57,797</b>    | <b>-25,866</b>                                               | <b>43,193</b>    |
| <b>Legal expenses / Assistance</b>                               |                                        |              |                                           |              |                                 |              |                    |                  |                                                              |                  |
| Legal expenses                                                   | 26.7%                                  | 24.8%        | 37.9%                                     | 38.2%        | 64.6%                           | 63.0%        | 108,117            | 117,406          | 99,817                                                       | 103,158          |
| Assistance                                                       | 32.0%                                  | 32.9%        | 33.4%                                     | 33.0%        | 65.4%                           | 65.8%        | 186,080            | 203,894          | 140,265                                                      | 150,126          |
| <b>Total</b>                                                     | <b>30.1%</b>                           | <b>30.1%</b> | <b>35.0%</b>                              | <b>34.8%</b> | <b>65.1%</b>                    | <b>64.8%</b> | <b>294,197</b>     | <b>321,300</b>   | <b>240,082</b>                                               | <b>253,284</b>   |
| <b>Grand Total</b>                                               | <b>54.5%</b>                           | <b>52.8%</b> | <b>31.5%</b>                              | <b>32.3%</b> | <b>86.0%</b>                    | <b>85.1%</b> | <b>2,014,269</b>   | <b>2,266,773</b> | <b>2,129,062</b>                                             | <b>2,239,935</b> |

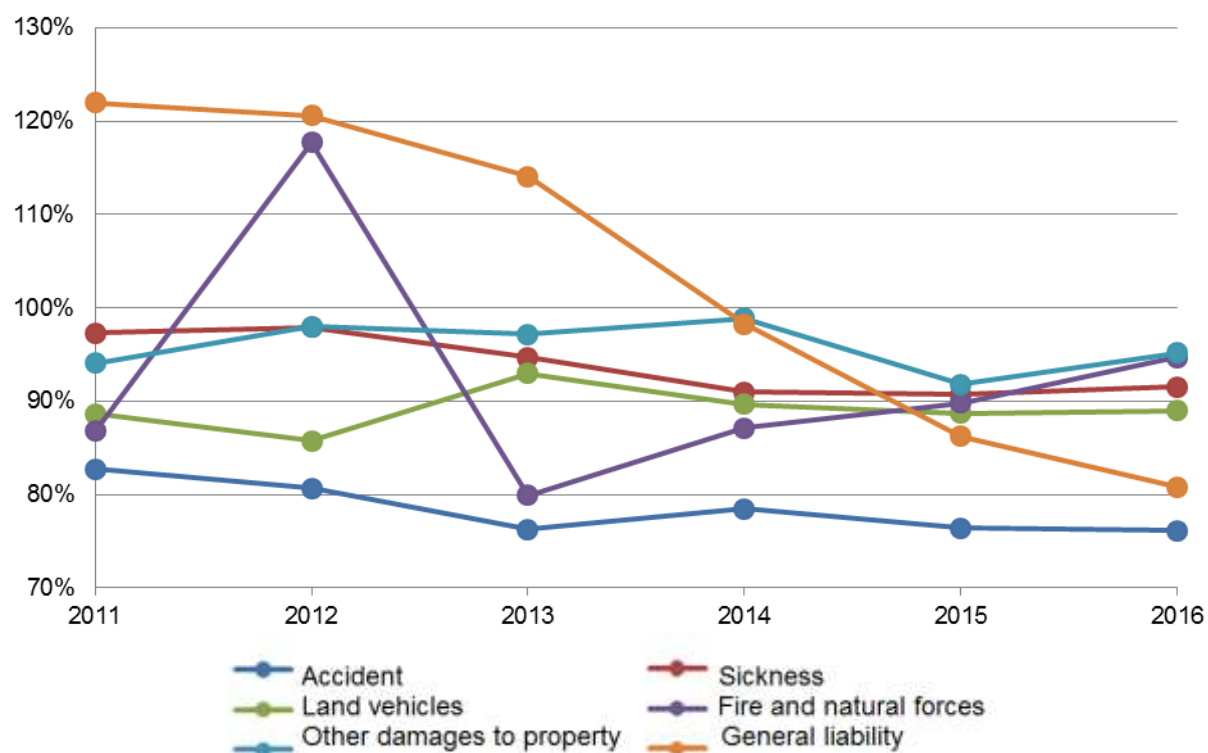
\* Direct insurance

Among the classes significant with regard to premium income, the health sector (accident and sickness insurance) reported a positive technical result of 816 million euro, the general liability of 660 million, the legal expenses and assistance of 253 million, the land vehicle of 237 million euro, and finally, the property amounted to 215 million euro.

With reference to the combined ratio (figure I.29), values are particularly elevated in the following sectors with a significant premium income: credit (96%), other damage to property (95.2%), fire and natural forces (94.7%), sickness (91.5%). The combined ratio of the general liability sector (80.8%) has decreased with respect to the previous year.

Figure I.29

Performance of the balance-sheet combined ratio - other important non-life sectorsclasses



## 5. - SOLVENCY II REPORTING

The launch of Solvency II has required a notable effort of streamlining the reporting systems of European undertakings, instituting harmonised quarterly and annual reporting to the supervisory authorities, and with a higher level of detail compared to the past.

The following table provides a summary of the balance sheet on 1 January 2016 (so-called day one of entry into force of Solvency II) and on 31 December 2016, emphasized according to the market consistent criteria of the new regime. The successive paragraphs provide details on investments (I.51) and technical provisions (I.52), with comments on the data relating to distributed dividends (I.53), the capital requirements (I.54) and own funds (I.55).

Table I.53

| Solvency II – balance sheet of the national undertakings undertakings outside the European Economic Area |                |                |               |               |                |                |                |                |
|----------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|
| (million euro)                                                                                           |                |                |               |               |                |                |                |                |
|                                                                                                          | Life           |                | Non-life      |               | Composites     |                | Total          |                |
|                                                                                                          | 01/01/2016     | 31/12/2016     | 01/01/2016    | 31/12/2016    | 01/01/2016     | 31/12/2016     | 01/01/2016     | 31/12/2016     |
| <b>Assets</b>                                                                                            |                |                |               |               |                |                |                |                |
| Deferred tax assets                                                                                      | 4,686          | 4,298          | 629           | 547           | 1,175          | 1,674          | 6,490          | 6,310          |
| Investments (excluding index and unit linked assets)                                                     | 347,920        | 377,487        | 15,997        | 16,041        | 272,973        | 279,479        | 636,890        | 673,121        |
| Assets held for index and unit linked assets                                                             | 108,873        | 118,682        | -             | -             | 19,110         | 20,784         | 127,983        | 139,462        |
| Loans and mortgages                                                                                      | 800            | 108            | 68            | 32            | 5,157          | 3,983          | 6,025          | 4,123          |
| Amounts recoverable from reinsurance                                                                     | 2,817          | 2,495          | 1,857         | 1,790         | 8,279          | 8,600          | 12,953         | 12,884         |
| Other assets                                                                                             | 17,206         | 15,905         | 3,800         | 3,617         | 30,107         | 29,845         | 51,113         | 49,265         |
| <b>Total assets</b>                                                                                      | <b>482,302</b> | <b>518,975</b> | <b>22,027</b> | <b>21,481</b> | <b>344,365</b> | <b>342,692</b> | <b>841,455</b> | <b>885,165</b> |
| <b>Liabilities</b>                                                                                       |                |                |               |               |                |                |                |                |
| Non-life technical provisions                                                                            | 6              | 6              | 13,167        | 12,982        | 44,383         | 43,720         | 57,556         | 56,707         |
| Technical provisions life - linked policies excluded                                                     | 329,762        | 358,883        | 24            | 15            | 158,679        | 166,912        | 488,464        | 525,234        |
| Technical provisions - unit and index linked                                                             | 106,749        | 116,200        | -             | -             | 15,903         | 17,319         | 122,652        | 133,436        |
| Other liabilities                                                                                        | 20,650         | 18,868         | 2,744         | 2,566         | 41,648         | 42,599         | 65,043         | 64,110         |
| <b>Total liability</b>                                                                                   | <b>457,167</b> | <b>493,957</b> | <b>15,934</b> | <b>15,563</b> | <b>260,614</b> | <b>270,551</b> | <b>733,715</b> | <b>779,487</b> |
| <b>Excess of assets on liabilities</b>                                                                   | <b>25,135</b>  | <b>25,018</b>  | <b>6,418</b>  | <b>6,465</b>  | <b>76,188</b>  | <b>73,816</b>  | <b>107,740</b> | <b>105,679</b> |

### 5.1. - Investments

#### *Investment by national undertakings (on a solo basis)*

At the end of 2016, the investments of the direct business portfolio managed by Italian insurance undertakings, net of the management of assets assigned to linked policies, amounted to a market value of 673 billion euro, while investments connected to linked products were 139 billion euro.

Investments show an upward trend in the year (table I.54). The commitments in bonds (including structured securities) are prevalent, with a quota weight of 77% of total investments in December 2016. Among those, government securities constitute 54% of the total investments, while corporate bonds account for 20%. Participations amount to 12% of the total, followed by unit trusts (9%) and shares (1.5%).

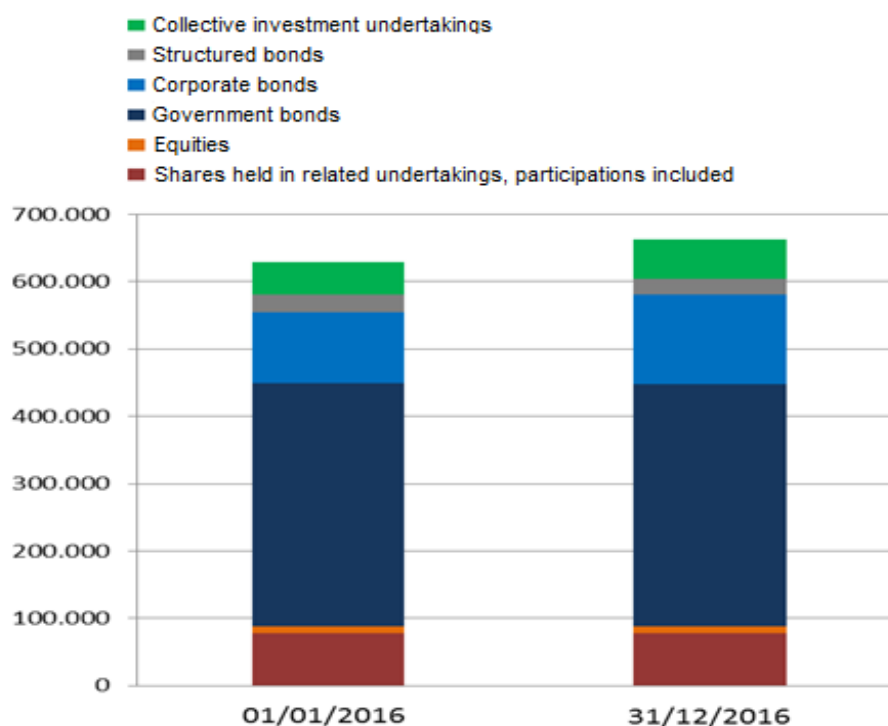
Table I.54

| Life* and non-life investments                               |                |              |                |              |
|--------------------------------------------------------------|----------------|--------------|----------------|--------------|
| (million euro and % values)                                  |                |              |                |              |
| Investments                                                  | 01/01/2016     | %            | 31/12/2016     | %            |
| Government bonds                                             | 361,092        | 56.7         | 360,471        | 53.6         |
| Corporate bonds                                              | 105,916        | 16.6         | 133,487        | 19.8         |
| Listed equity holdings                                       | 8,636          | 1.4          | 7,616          | 1.1          |
| Non-listed equity holdings                                   | 1,966          | 0.3          | 2,328          | 0.3          |
| Collective investment undertakings                           | 47,131         | 7.4          | 59,631         | 8.9          |
| Structured bonds                                             | 26,432         | 4.2          | 23,173         | 3.4          |
| Collateralised securities                                    | 2,108          | 0.3          | 2,145          | 0.3          |
| Deposits other than cash equivalents                         | 891            | 0.1          | 1,009          | 0.1          |
| Real estate (other than for own use)                         | 4,876          | 0.8          | 4,586          | 0.7          |
| Other investments                                            | 41             | 0.0          | 50             | 0.0          |
| Derivatives                                                  | 272            | 0.0          | 345            | 0.1          |
| Shares held in related undertakings, participations included | 77,530         | 12.2         | 78,280         | 11.6         |
| <b>Total</b>                                                 | <b>636,891</b> | <b>100.0</b> | <b>673,121</b> | <b>100.0</b> |

\* Excluding assets destined for index linked and unit linked contracts.

Figure I.30

#### Comparison between investments on 1 January and 31 December 2016



Assets dedicated to the linked contract sector also present an increasing trend in 2016.

*Investment by national groups*<sup>27</sup>

The investments of Italian groups, including the assets of their foreign operating units and net of the assets dedicated to linked contracts, amounted, at the end of 2016, to 686 billion euro, 84% of which in bonds (54% in government bonds and 24% in corporate bonds). Mutual investment funds were 9% of the total.

Table I.55

| Insurance group investments*                                 |                |              |                |              |
|--------------------------------------------------------------|----------------|--------------|----------------|--------------|
| (million euro and % values)                                  |                |              |                |              |
|                                                              | 01/01/2016     | %            | 31/12/2016     | %            |
| Government securities                                        | 369,884        | 55.6         | 369,171        | 53.8         |
| Corporate bonds                                              | 143,967        | 21.6         | 162,032        | 23.6         |
| Listed equity holdings                                       | 9,695          | 1.5          | 8,944          | 1.3          |
| Non-listed equity holdings                                   | 5,238          | 0.8          | 3,405          | 0.5          |
| Collective investment undertakings                           | 52,274         | 7.9          | 61,134         | 8.9          |
| Structured bonds                                             | 46,814         | 7.0          | 45,274         | 6.6          |
| Collateralised securities                                    | 1,895          | 0.3          | 1,604          | 0.2          |
| Deposits other than cash equivalents                         | 3,102          | 0.5          | 2,022          | 0.3          |
| Real estate (other than for own use)                         | 23,925         | 3.6          | 24,714         | 3.6          |
| Other investments                                            | 646            | 0.1          | 469            | 0.1          |
| Derivatives                                                  | 1,757          | 0.3          | 1,535          | 0.2          |
| Shares held in related undertakings, participations included | 6,515          | 1.0          | 6,093          | 0.9          |
| <b>Total</b>                                                 | <b>665,713</b> | <b>100.0</b> | <b>686,397</b> | <b>100.0</b> |

\* Excluding assets destined for index linked and unit linked contracts.

The investments made by Italian groups to cover index and unit linked contracts (in which the risk of investment falls on the insured) showed an increase in 2016, related to the increase of portfolio premiums (from 155 to 180 billion euro).

## 5.2. - Technical provisions

The calculation of the technical provisions in the Solvency II regime defines a reserve that adds the provisions calculated as best estimate (BE)<sup>28</sup> and as risk margin. The function of the risk margin is to guarantee that in case of transfer of the policy portfolio to another undertaking, the technical provisions are sufficient and equivalent to the price that the latter would pay in a regulated market of those liabilities. This calculation may be substituted by an overall reserve (technical provisions as a whole), not distinguishing the two components, when it is possible to replicate this commitment with assets for which a reliable market exists (art. 40 of the Delegated Acts).

<sup>27</sup> Pursuant to articles 215 and 216 of the Solvency II Directive, both groups with parent undertaking located in Italy and those with parent undertaking located in EU country but subject to IVASS supervision through an Italian sub-holding.

<sup>28</sup> Projection of cash flows, discounted according to the rate curve for maturity issued by EIOPA (if the undertakings adopt the standard formula) or through other selected rate curves (when the undertakings adopt the internal model).

In the calculation of the BE, life undertakings must take into account the guarantees and contractual options included in the insurance policies and any other factor that may influence the likelihood that the policyholders exercise the contractual options within the expiration of the contract. Tables I.56 and I.57 show the total technical provisions for the non-life and life sectors (Italian portfolio at the beginning and the end of 2016).

Table I.56

| Non-life technical provisions |                |               |
|-------------------------------|----------------|---------------|
|                               | (million euro) |               |
|                               | 01/01/2016     | 31/12/2016    |
| Best Estimate                 | 54,852         | 54,177        |
| Risk Margin                   | 2,704          | 2,528         |
| TP calculated as a whole      | 0              | 1             |
| <b>Total</b>                  | <b>57,556</b>  | <b>56,707</b> |

Table I.57

| Life technical provisions |                |                |
|---------------------------|----------------|----------------|
|                           | (million euro) |                |
|                           | 01/01/2016     | 31/12/2016     |
| Best Estimate             | 605,576        | 653,480        |
| Risk Margin               | 4,288          | 4,986          |
| TP calculated as a whole  | 1,252          | 908            |
| <b>Total</b>              | <b>611,116</b> | <b>659,374</b> |

For the life sector, the Solvency II provisions are almost entirely related to with profit contracts and to index and unit linked contracts (table I.58). The BE component is strongly prevalent.

Table I.58

| Life technical provisions |                          |               |             |                |
|---------------------------|--------------------------|---------------|-------------|----------------|
|                           | (million euro)           |               |             |                |
|                           | TP calculated as a whole | Best Estimate | Risk Margin | Total          |
| <b>31/03/2016*</b>        |                          |               |             |                |
| With Profit               | 40                       | 489,473       | 3,735       | <b>493,248</b> |
| Index and Unit Linked     | 854                      | 117,472       | 567         | <b>118,892</b> |
| <b>31/12/2016</b>         |                          |               |             |                |
| With Profit               | 34                       | 521,507       | 4,278       | <b>525,819</b> |
| Index and Unit Linked     | 874                      | 131,973       | 707         | <b>133,554</b> |

\* First available date.

Among the detailed information required by the Solvency II reporting (table I.59), the BE are split between commitments constituted by the application of minimum guaranteed interest rate (future guaranteed benefits) and discretionary allocations made in addition to the minimum

commitment (future discretionary benefits). At the end of 2016, the larger components was, by far, that related to the minimum guaranteed commitments, compared with discretionary benefits. These BE are not directly comparable to those used for the technical provisions<sup>29</sup>.

Table I.59

| Breakdown between FGB and FDB |                |
|-------------------------------|----------------|
|                               | (million euro) |
| <b>31/12/2016</b>             |                |
| Future guaranteed benefits    | 549,116        |
| Future discretionary benefits | 32,183         |
| <b>Total</b>                  | <b>581,299</b> |

The breakdown by non-life lines of business (LoB), as of 31 March<sup>30</sup> and 31 December 2016 (table I.60), shows, for the main LoBs, the strong impact of the “premiums BE” for fire insurance, while the quota of the “claims BE” in motor liability and general liability is higher, with a non minimal relevance of risk margin.

Table I.60

| Non-life technical provisions     |                               |                           |                |               |
|-----------------------------------|-------------------------------|---------------------------|----------------|---------------|
|                                   | BE<br>Premium Provi-<br>sions | BE<br>Claim<br>Provisions | Risk<br>Margin | Total         |
| <b>31/03/2016*</b>                |                               |                           |                |               |
| Medical costs                     | 700                           | 931                       | 46             | 1,678         |
| Income protection                 | 940                           | 1,918                     | 157            | 3,015         |
| Workers' compensation             | 0.02                          | 0.02                      | -              | 0.04          |
| Motor vehicle liability           | 4,163                         | 20,965                    | 1,164          | 26,292        |
| Other insurances                  | 894                           | 542                       | 60             | 1,496         |
| Marine, aviation and transport    | 184                           | 1,017                     | 36             | 1,237         |
| Fire and other damage to property | 2,195                         | 3,762                     | 323            | 6,280         |
| General liability                 | 931                           | 12,104                    | 832            | 13,867        |
| Credit and Suretyship             | 502                           | 1,215                     | 74             | 1,791         |
| Legal expenses                    | 53                            | 426                       | 19             | 498           |
| Assistance                        | 88                            | 121                       | 11             | 220           |
| Miscellaneous financial loss      | 551                           | 330                       | 41             | 922           |
| <b>Total</b>                      | <b>11,201</b>                 | <b>43,331</b>             | <b>2,763</b>   | <b>57,296</b> |
| <b>31/12/2016</b>                 |                               |                           |                |               |
| Medical costs                     | 601                           | 968                       | 54             | 1,624         |
| Income protection                 | 990                           | 1,864                     | 155            | 3,009         |
| Workers' compensation             | 0.02                          | 0.05                      | -              | 0.07          |
| Motor vehicle liability           | 4,364                         | 20,120                    | 1,039          | 25,523        |
| Other insurance                   | 918                           | 510                       | 62             | 1,490         |
| Marine, aviation and transport    | 140                           | 926                       | 43             | 1,109         |

(continue)

<sup>29</sup> In the light of the presence of guaranteed return and contractual options included in with profit contracts, the calculation of the BE for the technical provisions is made through a stochastic approach, namely by taking an average of the estimated cash flow up to the contractual deadline according to the scenarios envisaged by the simulation models, implemented on the basis of the the EIOPA rate curve. The evaluation of the components with guaranteed minimum commitments and discretionary benefits, however, adopts a deterministic approach, taking the only central scenario into consideration.

<sup>30</sup> First reporting available.

*continued: Table I.60*

|                                   |               |               |              |               |
|-----------------------------------|---------------|---------------|--------------|---------------|
| Fire and other damage to property | 2,308         | 3,602         | 289          | 6,199         |
| General liability                 | 904           | 11,500        | 780          | 13,184        |
| Credit and Suretyship             | 505           | 1,163         | 61           | 1,729         |
| Legal expenses                    | 56            | 412           | 19           | 487           |
| Assistance                        | 119           | 139           | 12           | 270           |
| Miscellaneous financial loss      | 476           | 334           | 39           | 849           |
| <b>Total</b>                      | <b>11,381</b> | <b>41,538</b> | <b>2,553</b> | <b>55,473</b> |

\* First available date.

*Technical provisions for national groups*

Data on the technical provisions of national insurance groups are divided by non-life and life sectors (tables I.61 and I.62).

Table I.61

| Non-life technical provisions insurance groups |                |               |
|------------------------------------------------|----------------|---------------|
|                                                | (million euro) |               |
|                                                | 01/01/2016     | 31/12/2016    |
| Best Estimate                                  | 54,533         | 52,179        |
| Risk Margin                                    | 3,107          | 2,924         |
| <b>Total</b>                                   | <b>57,640</b>  | <b>55,103</b> |

Table I.62

| Life assurance technical provisions insurance groups |                |                |
|------------------------------------------------------|----------------|----------------|
|                                                      | (million euro) |                |
|                                                      | 01/01/2016     | 31/12/2016     |
| TP calculated as a whole                             | 953            | 721            |
| Best Estimate                                        | 697,721        | 745,204        |
| Risk Margin                                          | 6,724          | 7,749          |
| <b>Total</b>                                         | <b>705,398</b> | <b>753,674</b> |

**5.3. - Assets covering technical provisions**

With the quarterly reporting of 31 December 2016, the provisions of IVASS Regulation no. 24 of 6 June 2016 entered into force (see Chapter III, par. 4.3.1), aligning the evaluation of assets covering the technical provisions to Solvency II criteria. The regulation provides for new investment criteria (art. 26) and evaluation criteria (art. 27).

At the end of 2016, there were 708 billion euro of Solvency II technical provisions related to direct Italian business, while the covering assets amounted to 715 billion (cover index 101%). Excluding linked policies and pension funds, as previously reported for investments evaluated according to local gaap criteria (see par. 4), the covering assets (table I.63) include a strong quota of government bonds (nearly two thirds), while the remaining part mainly consisted of corporate bonds. Real estate assets and participations in real estate company took on a quota of 1.4%, while equity holdings represented 1.6% of the total. For the largest part (73% of the total), assets covered life business provisions, excluding linked policies and pension funds.



Table I.63

| Composition of the assets covering the technical provisions of the direct Italian life portfolio (excluding linked policies and pension funds) and non-life on 31 December 2016 |                |            |               |            |                |            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------|---------------|------------|----------------|------------|
| (million euro)                                                                                                                                                                  |                |            |               |            |                |            |
|                                                                                                                                                                                 | Life           | %          | Non-life      | %          | Total          | %          |
| Government bonds                                                                                                                                                                | 333,889        | 63.8       | 20,503        | 37.2       | 354,392        | 61.2       |
| Corporate bonds                                                                                                                                                                 | 132,550        | 25.3       | 17,821        | 32.3       | 150,372        | 26.0       |
| Equity holdings                                                                                                                                                                 | 7,301          | 1.4        | 1,728         | 3.1        | 9,029          | 1.6        |
| Collective investment undertakings                                                                                                                                              | 45,433         | 8.7        | 4,492         | 8.1        | 49,925         | 8.6        |
| Real estate                                                                                                                                                                     | 466            | 0.1        | 7,727         | 14.0       | 8,194          | 1.4        |
| Loans and mortgages                                                                                                                                                             | 41             | 0.0        | 150           | 0.3        | 191            | 0.0        |
| Credits                                                                                                                                                                         | 1,175          | 0.2        | 2,144         | 3.9        | 3,319          | 0.6        |
| Cash and deposits                                                                                                                                                               | 2,441          | 0.5        | 539           | 1.0        | 2,980          | 0.5        |
| Other assets                                                                                                                                                                    | 367            | 0.1        | 32            | 0.1        | 399            | 0.1        |
| <b>Total</b>                                                                                                                                                                    | <b>523,664</b> | <b>100</b> | <b>55,136</b> | <b>100</b> | <b>578,800</b> | <b>100</b> |

The technical provisions of non-life business amounted to 54.7 billion, and were covered by assets for 55.1 billion (8% of the total), constituted of debt securities (74%, with 37% on government bonds). The real estate sector represents 14% and equity holdings 3%.

With reference to linked policies and pension funds (table I.64), the technical provisions and related covering assets were 136 billion (121 and 15 billion, equal to 17% and 2% of the total of the provisions and assets of life and non-life business).

Table I.64

| Composition of the technical provisions of the Italian direct insurance portfolio and the related covering assets by line of business on 31 December 2016 |                |                |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|------------|
| (million euro)                                                                                                                                            |                |                |            |
|                                                                                                                                                           | PROVISIONS     | ASSETS         | % of total |
| Contracts linked to the value of units in UCITS                                                                                                           | 45,992         | 46,083         | 6.4        |
| Contracts linked to the values of units in internal funds UCITS                                                                                           | 68,141         | 68,250         | 9.5        |
| Contracts linked to share indexes or other reference values                                                                                               | 7,037          | 7,133          | 1.0        |
| <b>Total class D I</b>                                                                                                                                    | <b>121,170</b> | <b>121,467</b> | <b>17</b>  |
| Open pension funds                                                                                                                                        | 10,002         | 10,002         | 1.4        |
| Pension funds                                                                                                                                             | 4,776          | 4,776          | 0.7        |
| <b>Total class D II</b>                                                                                                                                   | <b>14,778</b>  | <b>14,778</b>  | <b>2.1</b> |
| <b>General total class D</b>                                                                                                                              | <b>135,948</b> | <b>136,245</b> | <b>19</b>  |

#### 5.4. - Dividends distribution

The Solvency II supervisory regime is sensitive to market risk factors, and leads to greater variability of value of own funds covering the solvency capital requirements. The undertakings are, therefore, held to the maximum caution in the distribution of the dividends, for the long-term conservation of a current and future level of solvency, both individual and consolidated, consistent with the total of risks undertaken, allowing for potential adverse market conditions.

At 31 December 2016, dividends approved for distribution amounted to 4 billion euro, of which 80% of the total came from the largest five undertakings for dividends distributed. This amount is equal to 4% of the total excess of assets over liabilities in the Solvency II financial statement. The ratio of the dividends compared to eligible own funds to cover the solvency capital requirement is 3.5%.

An amount of dividends of 1.7 billion euro (1.6 billion in 2015) is referable to listed Italian undertakings (Assicurazioni Generali, UnipolSai, Cattolica and Vittoria), with a pay -out ratio of 61%.

#### 5.5. - Solvency Capital Requirement and Minimum Capital Requirement

Based on articles 45-ter and 47-ter of the CAP, the insurance undertakings shall calculate the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR). The latter is the threshold under which immediate supervisory interventions are executed.

The SCR is aimed at covering the risks of losses of value to which the assets and liabilities are exposed in accordance to the firm's Value at Risk. The insurance undertaking may decide to calculate the requirement using the standard formula provided by EIOPA, or using an internal model, full or partial, provided that the supervisory authority has verified its validity and authorized the model (see chapter IV.2.1.1). The capital requirement reflects the risk profile of the undertaking, the business lines which it operates and the uncertainties on the values of its assets and liabilities, taking into account the insurance, financial and operational risks.

The Solvency II reports show a total SCR of 53.7 billion euro for the Italian undertakings on 31 December 2016, increasing compared with 1 January 2016 (table I.65).

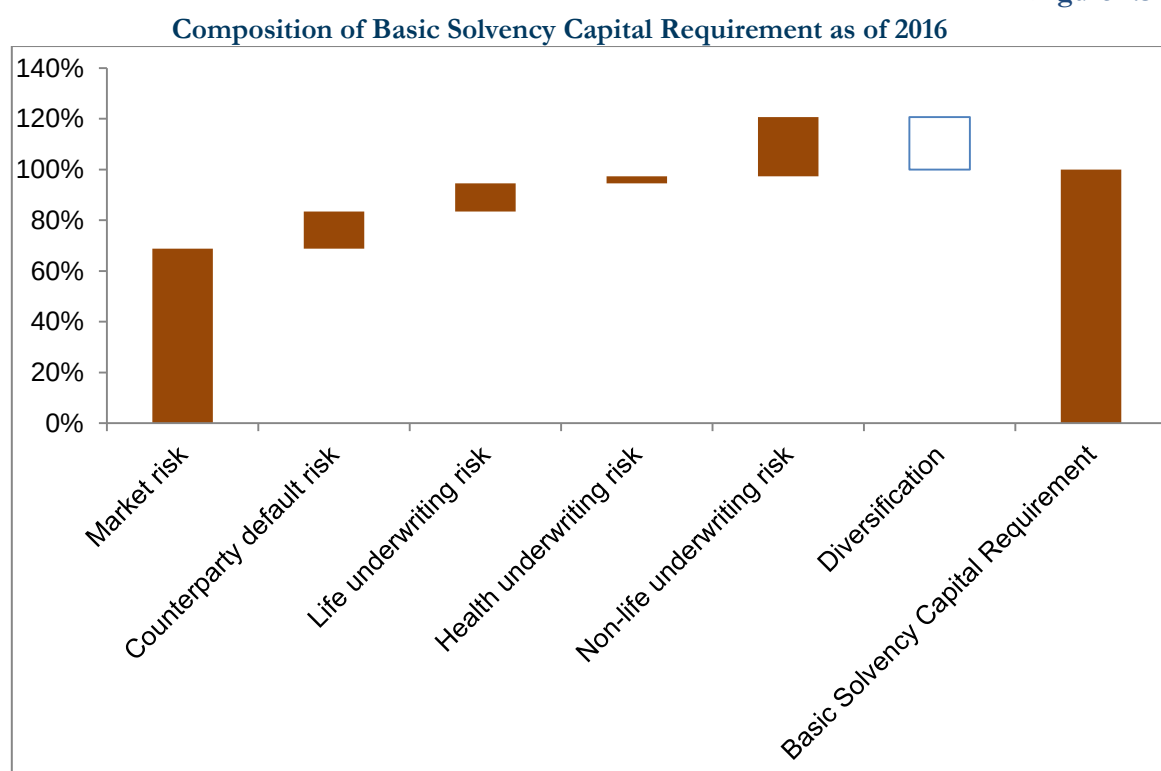
Table I.65

| Solvency Capital Requirement and Minimum Capital Requirement performance |                |            |            |            |            |
|--------------------------------------------------------------------------|----------------|------------|------------|------------|------------|
|                                                                          | (million euro) |            |            |            |            |
|                                                                          | 01/01/2016     | 31/03/2016 | 30/06/2016 | 30/09/2016 | 31/12/2016 |
| <b>SCR</b>                                                               | 49,609         | 49,935     | 50,541     | 50,492     | 53,678     |
| <b>MCR</b>                                                               | 18,089         | 18,501     | 18,982     | 19,266     | 19,873     |

The aggregate composition of the basic solvency capital requirement (BSCR) on 1 January 2016, divided by risk factor (figure I.31), shows the following:

- market risk, linked to financial market volatility, is the main source of risk in the Italian insurance sector, with an impact of 69% of the BSCR;
- counterparty default risk, which measures the vulnerability to the default of the issuers and other counterparties, accounts for 15% ;
- the technical risks of underwriting and reserving in the life and non-life sectors weigh, respectively, 11% and 23% of BSCR; the BSCR component linked to underwriting and reserving of health risk weighs 3%.
- the benefit resulting from risk diversification<sup>31</sup> is 21% of the BSCR.

Figure I.31



BSCR = 100%; the diversification component has negative sign.

The risk of loss arising from the inadequacy or dysfunction of internal procedures, human resources or systems, or from external event (operational risk, not included in the Basic SCR) is 9.8% of the total SCR.

<sup>31</sup> The benefit of diversification results from the assumption that an undertaking with portfolios including different types of policies and dispersed assets/investments (also geographically) should not be affected by concurrent adverse events, but may utilise the negative correlation between risks in order to reduce, by a compensation effect, the solvency requirement.

## 5.6. - Solvency Capital Requirement Ratio

The performance of the solvency indices is diversified across undertakings and variable over time (figure I.32 and table I.66, relative to the values of the SCR index on 1 January and 31 December 2016). Dividing the undertakings by size groups:

Table I.66

| SCR ratio by undertaking size and business                   |            |            |            |            |            |            |            |            |
|--------------------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| (% values)                                                   |            |            |            |            |            |            |            |            |
|                                                              | 01/01/2016 |            |            |            | 31/12/2016 |            |            |            |
|                                                              | Total      | Composites | Life       | Non-life   | Total      | Composites | Life       | Non-life   |
| Very Large                                                   | 240        | 219        | 281        | --         | 219        | 218        | 221        | --         |
| Large                                                        | 238        | 241        | 218        | --         | 230        | 238        | 175        | --         |
| Medium-large                                                 | 209        | 210        | 278        | 165        | 187        | 186        | 208        | 172        |
| Smaller                                                      | 186        |            | 215        | 182        | 191        |            | 204        | 184        |
| <b>Total undertakings</b>                                    | <b>235</b> | <b>231</b> | <b>266</b> | <b>168</b> | <b>220</b> | <b>229</b> | <b>210</b> | <b>175</b> |
| <i>of which: operating with direct channels<sup>32</sup></i> | 124        |            |            | 124        | 141        |            |            | 141        |

On 31 December 2016, the averages for size groups showed a recovery of the solvency ratio for certain categories of undertakings, such as those that use the direct channel and those operating in the non-life businesses. Instead, for the total of the companies that operate exclusively life businesses, an important decrease has been reported, compared with the beginning of the year. Finally, composite undertakings showed a substantial stability of the ratio.

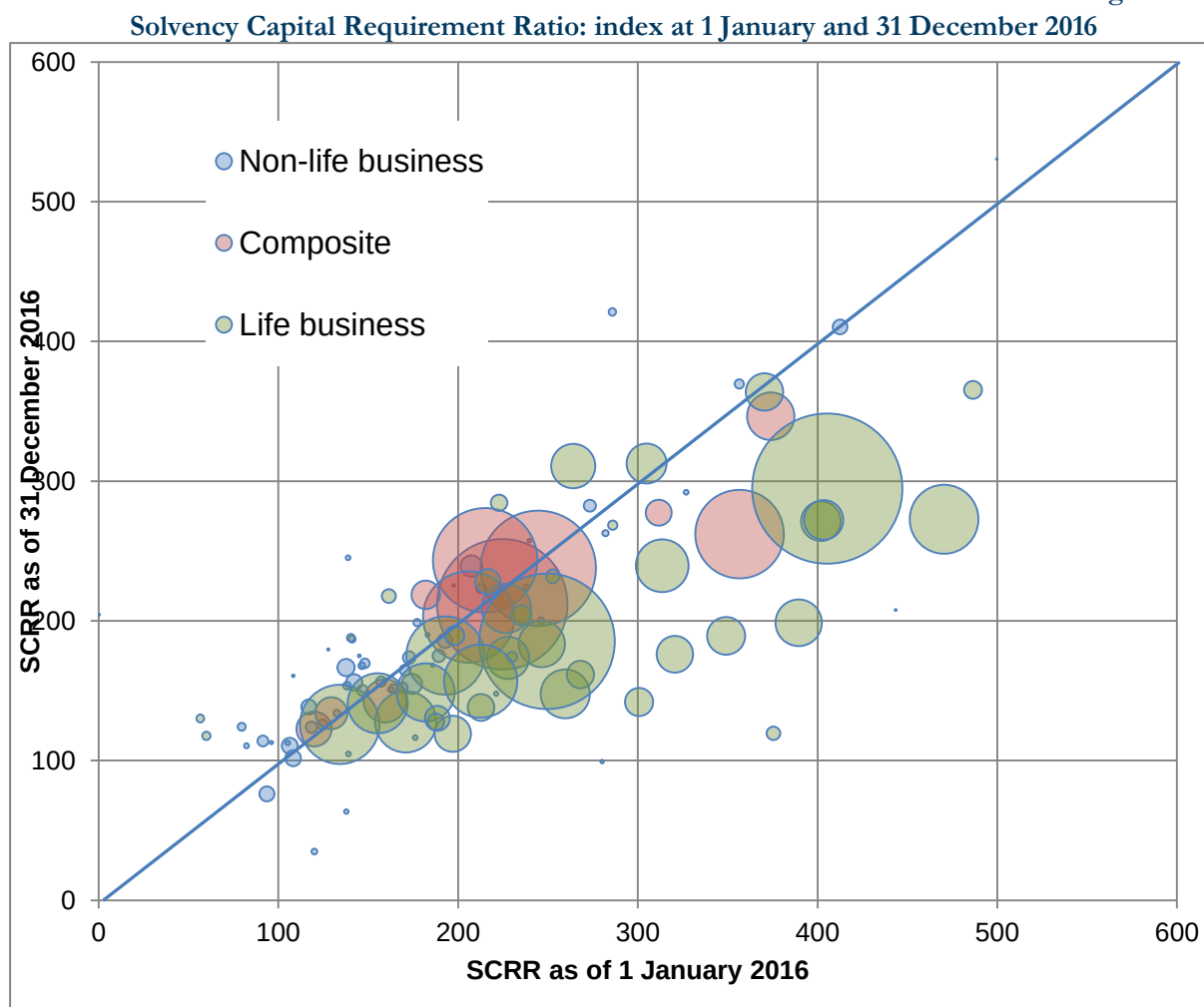
Figure I.32 reports the value of the SCRR at day-one reporting (1 January 2016) and at the end of 2016 for each undertaking. It can be observed that:

- companies above the dividing line report an improvement between the two observation dates (among these, some small non-life companies, some of which with SCR ratio below 100% at the beginning of the period and that recovered the minimum in December);
- those under the dividing line reported a lower ratio at the end of the year than at day-one; it is in large part life undertakings, many of which continue to report, notwithstanding the decrease, a SCRR above 200%;
- undertakings that are further away from the dividing line, on the low or high side, register greater variations between the two dates, respectively in reduction or increase;

<sup>32</sup> The undertakings that operate with direct channel and, in any case, those expanding are affected, compared to traditional undertakings with more stable business, by the calculation methods of the capital requirement of non-life premiums, where it takes into account of the risk associated with new policies that are expected to be issued in the coming 12 months. Moreover, a large part of the undertakings that operate exclusively with direct channel present higher profitability and belong to large Italian and European insurance groups that guarantee solvency.

- undertaking located on the upper right report a higher SCRR at the two observation dates, while those on the lower left show a less favourable ratio, or, in a few cases and for very small undertakings, under 100%.

Figure I.32



The size of the bubbles is proportional to the logarithm of the total assets.

The surplus of own funds with respect to the capital requirement represents an aggregate measure of capitalisation of the system and was equal to 64.5 billion euro on 31 December 2016. 91% of this amount refers to the 21 very large and large undertakings. With reference to the activities carried out, the 54 undertakings that operate exclusively in the non-life sectors present a capital surplus equal to 2.6 billion euro (4% of the total); 70% of the surplus is referable to the 12 mixed undertakings, while the life undertakings have an incidence of 26%.

The 16 insurance groups with ultimate Italian parent company reported a group Solvency Capital Ratio vastly superior to the capital requirements, nearly unchanged from 1 January 2016 and in the successive four quarters, amounting to 179% on 31 December 2016.

Table I.67

| Group solvency in 2016                                                                                               |                             |            |            |            |            |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------|------------|------------|------------|------------|
|                                                                                                                      | (million euro and % values) |            |            |            |            |
|                                                                                                                      | 01/01/2016                  | 31/03/2016 | 30/06/2016 | 30/09/2016 | 31/12/2016 |
| SCR of consolidated group                                                                                            | 36,442                      | 37,676     | 37,201     | 37,763     | 38,367     |
| Minimum SCR of consolidated group                                                                                    | 23,255                      | 23,509     | 24,024     | 24,936     | 24,870     |
| Ratio between eligible own funds and consolidated group SCR (excluding other financial sectors and D&A undertakings) | 186                         | 173        | 175        | 172        | 179        |
| Ratio between eligible own funds and minimum SCR of consolidated group                                               | 273                         | 256        | 244        | 243        | 259        |
| Ratio between eligible own funds and group SCR, including other financial sectors and D&A undertakings               | 188                         | 179        | 178        | 174        | 184        |

### 5.7. - Own funds

The total of own funds covering the SCR on 31 December 2016 was equal to 118 billion euro, with an increase of 1.5 billion over 1 January 2016.

The Solvency II reportings show an high quality of own funds of the Italian insurance undertakings in 2016. The quota of the lower quality elements (level 3) is equal to 1% for the entire year, much lower than the maximum of 15% allowed by the regulation<sup>33</sup>.

Table I.68

| Own funds admissible to cover the solvency capital requirement (SCR) |                    |         |                  |       |        |       |        |         |         |
|----------------------------------------------------------------------|--------------------|---------|------------------|-------|--------|-------|--------|---------|---------|
|                                                                      | (million euro)     |         |                  |       |        |       |        |         |         |
|                                                                      | TIER 1 - Unlimited |         | TIER 1 - Limited |       | TIER 2 |       | TIER 3 | Total   |         |
|                                                                      | SCR                | MCR     | SCR              | MCR   | SCR    | MCR   | SCR    | SCR     | MCR     |
| 01/01/2016                                                           | 101,010            | 101,010 | 5,958            | 5,958 | 8,968  | 2,376 | 712    | 116,648 | 109,344 |
| 31/03/2016                                                           | 95,088             | 95,088  | 5,940            | 5,940 | 9,193  | 2,424 | 967    | 111,188 | 103,452 |
| 30/06/2016                                                           | 92,033             | 92,033  | 5,932            | 5,932 | 10,164 | 2,522 | 1,106  | 109,235 | 100,487 |
| 30/09/2016                                                           | 91,658             | 91,658  | 5,900            | 5,900 | 10,227 | 2,485 | 1,279  | 109,064 | 100,043 |
| 31/12/2016                                                           | 101,129            | 101,129 | 5,827            | 5,827 | 10,180 | 2,728 | 1,020  | 118,156 | 109,684 |

With reference to the composition of the own funds, Tier 2 and 3 funds on 31 December 2016 admissible for coverage of the SCR amounted, respectively, to 10.2 billion euro (9 billion euro on 1 January 2016) and 1 billion euro, equal to 8.6% and 0.9% of the own fund total (figure I.33).

With reference to the MCR cover, Tier 2 funds were equal to 2.5% at the end of 2016.

<sup>33</sup> The own funds are composed of base and ancillary funds, and are classified in three levels (tiers), based on the characteristics of permanent ability to absorb unexpected losses connected to the exercise of the activity and subordination in the case of settlement of the undertaking.

Figure I.33

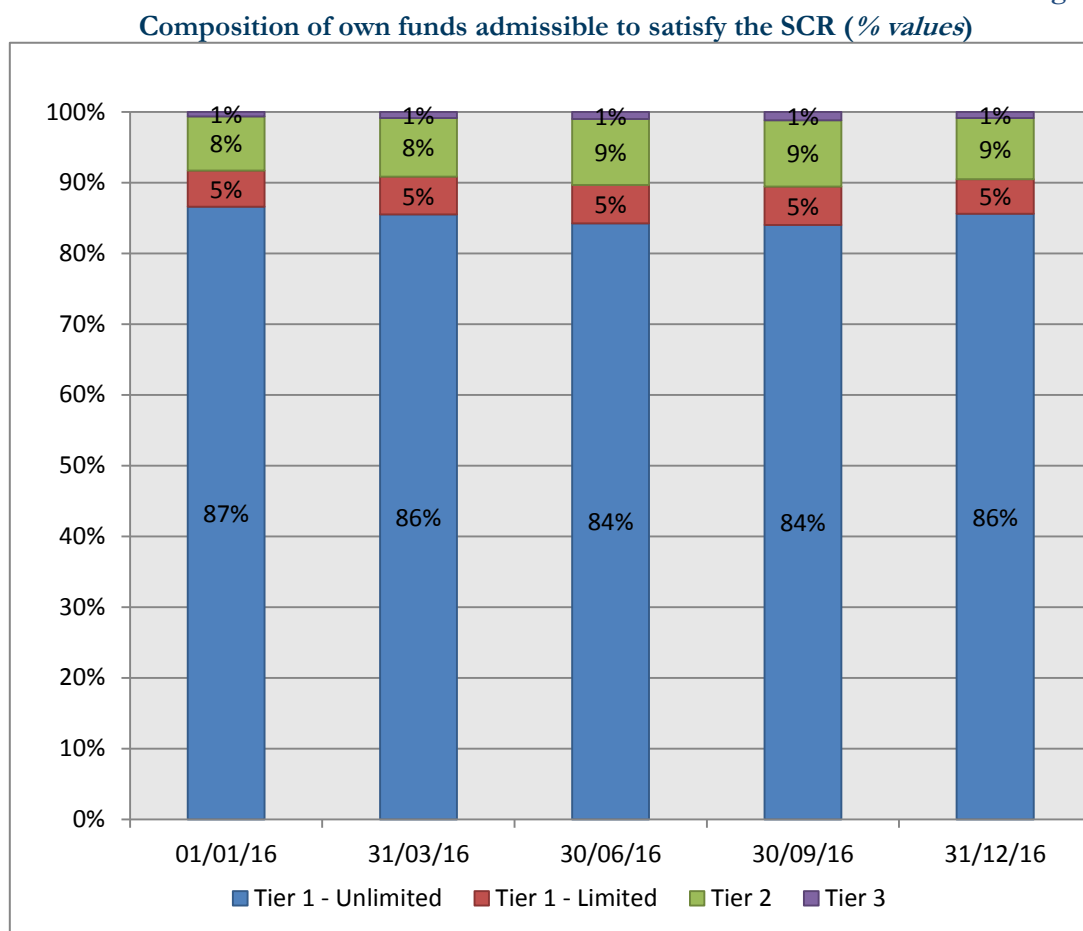


Table I.69 shows the composition of funds admissible to cover the SCR. The reconciliation reserve, which is mainly the result of difference between the legal evaluation and the evaluation pursuant to art. 75 of Solvency II, is equal to 63.1 billion. Even if eligible, ancillary own funds are not indicated since the Italian insurance undertakings only use higher quality base funds.

Table I.69

| Main components of own funds admissible to satisfy the SCR                    |                |      |
|-------------------------------------------------------------------------------|----------------|------|
|                                                                               | (million euro) |      |
| Total of own funds eligible to satisfy the solvency capital requirement (SCR) | 118,156        | 100% |
| Reconciliation Reserve                                                        | 63,141         | 53%  |
| Share premium account                                                         | 22,547         | 19%  |
| Subordinated liabilities                                                      | 15,994         | 14%  |
| Ordinary share capital                                                        | 14,571         | 12%  |

The distribution between the undertakings of own funds for covering the SCR shows that more than 40% of the total refers to very large undertakings. Large undertakings also represent more than 40% of the total (the category includes holding companies whose requirements and

relative own funds take into account the risks of the undertakings of the group), while the medium-large and small undertakings account for 10% each. Two thirds of the total is referable to composite undertakings, 27% to life undertakings and 5% to the non-life sector.



## II. - SPECIFIC ISSUES

### 1. - THE MOTOR LIABILITY SECTOR: CLAIMS, PRICES AND TERRITORIAL ANALYSIS

#### 1.1. - Comparison between Italy and EU countries on premiums and costs

This paragraph presents, for the 2011-2015 period, the comparison between average motor liability premiums, net of taxation and parafiscal charges, paid by policyholders in five main countries of the European Union (Italy, France, Spain, Germany and the UK) and the relative composition (cost of claims, expenses, technical margin). The countries considered make up 63% of the population and 65% of vehicles circulating in the EU, as well as 71% of the gross domestic product of the Union. The data was acquired with a specific questionnaire compiled by National Supervisory Authorities, and integrated, where necessary, with available official information.

Differently from the international comparison presented last year<sup>34</sup>, the UK is also included, for the part relating to the minimum third party only guarantee normally integrated in motor policies<sup>35,36</sup>.

In addition to the different cost of living, the price differential between countries is also influenced by the characteristics of the national compensation, health and welfare systems, particularly in the treatment of personal injury (biological and financial damage)<sup>37</sup>.

Finally, the different level of insurance penetration against injury needs to be taken into account, since the presence of greater premium income in the non-auto insurance sectors allows insurers to offer lower tariffs in the auto sector, using the higher profits of the other non-life sectors. To that regard, figure II.1 shows that Italy, although last of the five countries in terms of expenditure on a per capita basis for other non-life insurance, is on the contrary the first one in terms of per capita expenditure for motor liability insurance.

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<sup>34</sup> See Report on the Activity performed by IVASS in 2015 (I.6.2.).

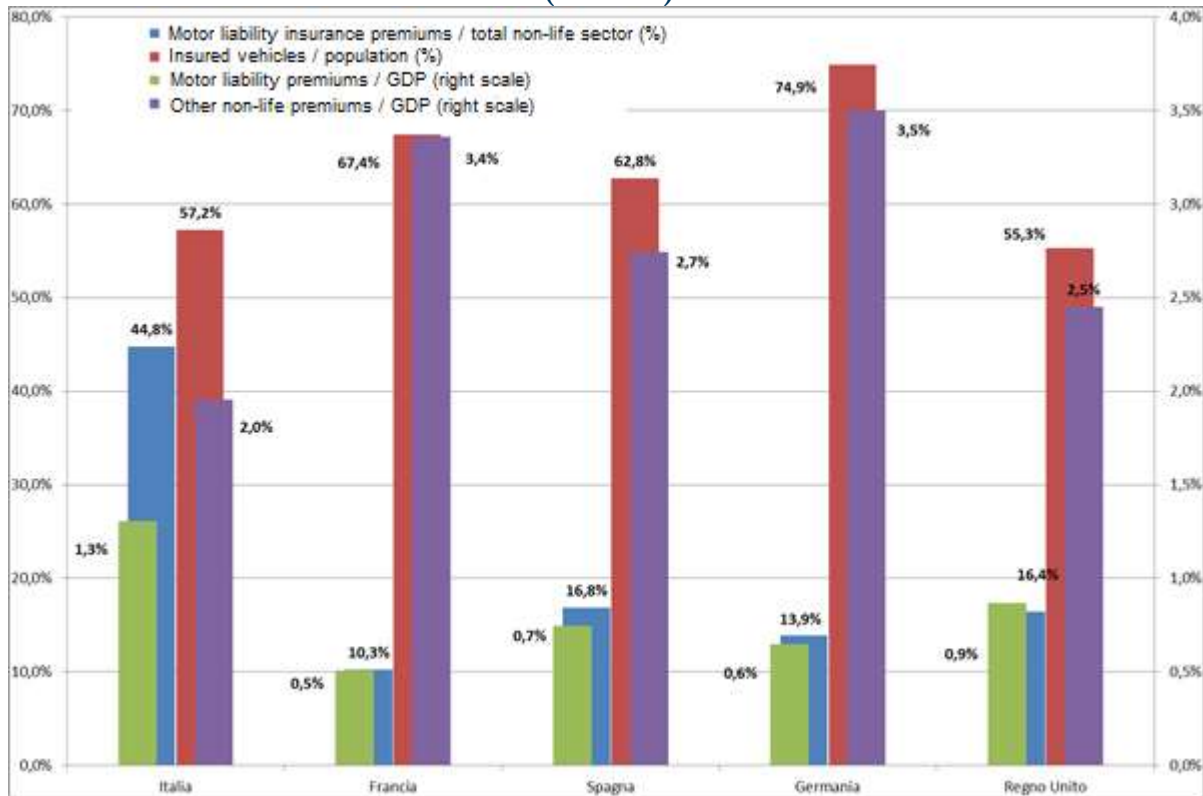
<sup>35</sup> The research regards only the obligatory insurance of the liability. With regard to the United Kingdom, for which policies are divided into motor-comprehensive (also including comprehensive insurance) and non-comprehensive (also including fire and theft cover), data is not available for only obligatory motor liability insurance. Therefore, an estimate was drafted on the basis of data published by ABI (Association of British Insurers). With reference to the tariff sectors indicated, the following are considered: for Italy, cars, mopeds and motorcycles; for France, cars, vehicles for transport of people or goods up to 3.5 tonnes and 2 wheels; for the United Kingdom only the private car sector, while for Spain and Germany, the entire motor liability sector.

<sup>36</sup> For the United Kingdom, the conversion into Euro of premiums in Pounds with the exchange rate at the end of 2015 accentuates a price difference not attributable to the real cost of motor liability insurance. To limit this effect, the exchange rate of 31 December 2008 was used for the entire period.

<sup>37</sup> On the theme, see IVASS Paper no. 1 "The motor liability sector: comparison between Italy and some countries of the EU on premiums, claims and compensation systems of personal injury".

Figure II.1

**Other non-life sectors and motor liability sector:  
incidence and average insurance expenditure on GDP per capita in 2015  
(% values)**



Source: Eurostat, EIOPA, National Supervisory Authorities, ABI, FFA.

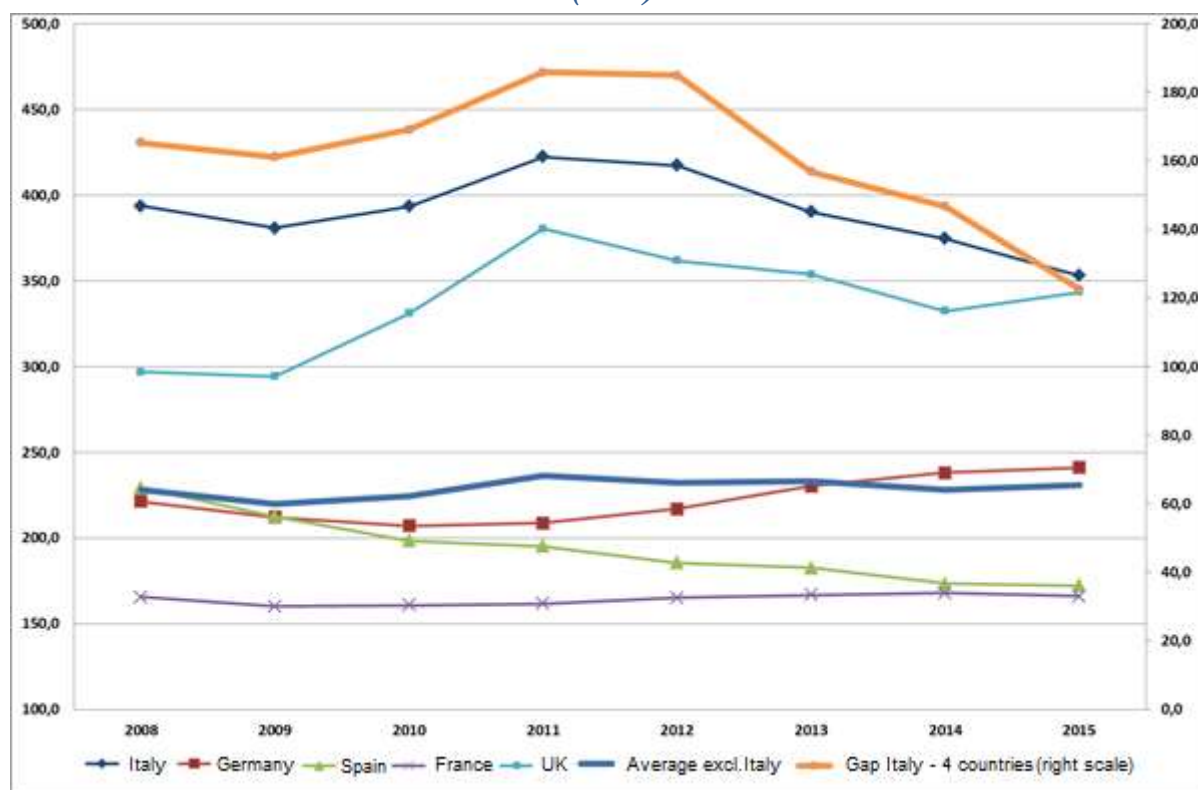
*Motor liability price structure: different components*

In 2011-2015, Italian policyholders paid on average 392 Euro, compared with 354 paid by the English, 227 by the Germans, 182 by the Spanish and 165 by the French. The gap found for the same period, compared to the average excluding Italy, is an additional 159 Euro against the Italian policyholders (+69%). The difference, in detail, is due to the greater cost of claims in Italy (by 80 Euro), management costs (18 Euro) and the technical margin per policy (57 Euro).

Figure II.2 shows the performance of the Italian gap with the other countries; in 2012, the gap exceeded 185 Euro, while at the beginning of the following year until the end of 2015, it came down to 123 Euro (-34%) due to the reduction of price established in the latest years.

Figure II.2

Average motor liability premium in Italy and in main EU countries  
(Euro)

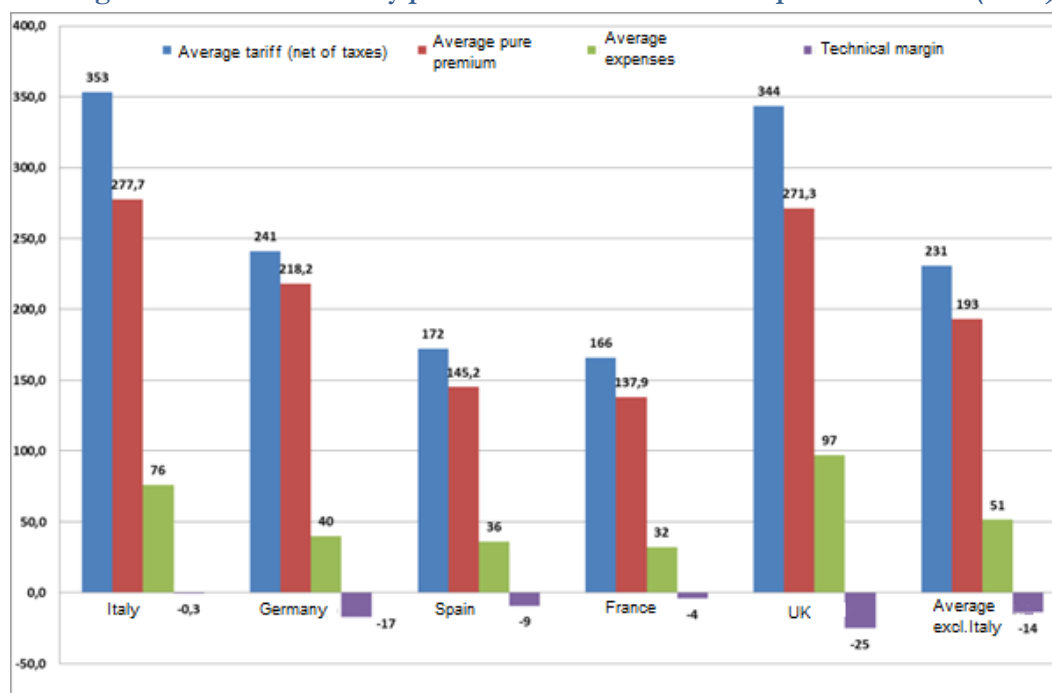


Source: National Supervisory Authorities, ABI, FFA.

Figures II.3 and II.4 show, for 2015, the comparison in absolute and relative terms, respectively, between prices and the relative cost structure.

Figure II.3

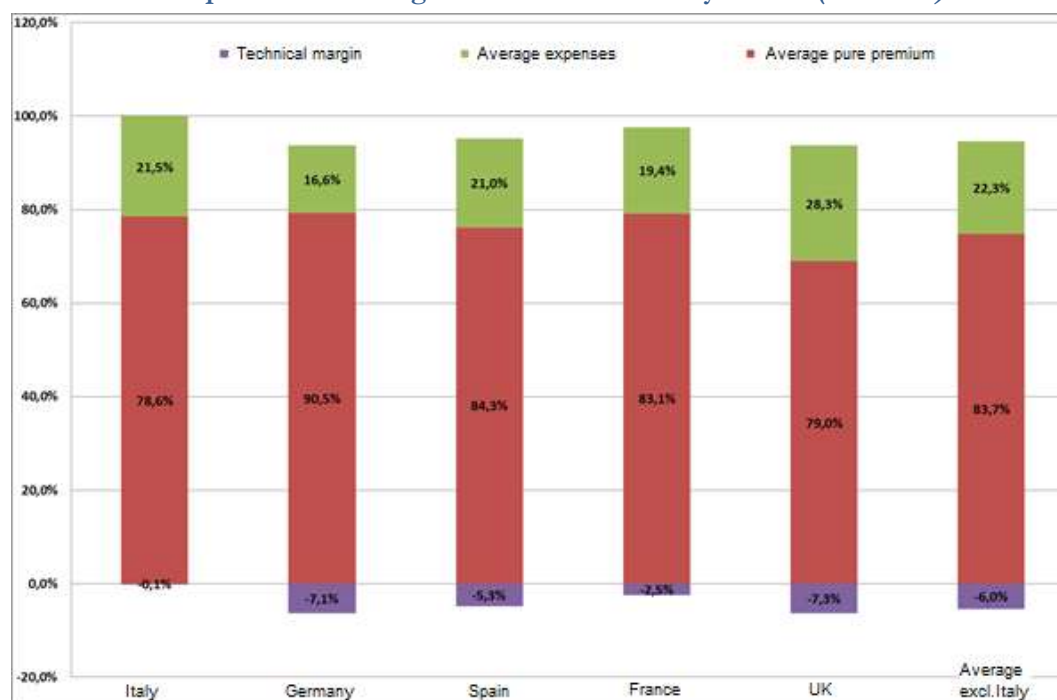
Average motor vehicle liability premium in Euro and its components in 2015 (Euro)



Source: National Supervisory Authorities, ABI, FFA.

Figure II.4

Composition of average motor vehicle liability in 2015 (% values)



Source: National Supervisory Authorities, ABI, FFA.

The higher price in comparison with the four European countries registered in Italy in 2015 finds explanation in:

- higher claims cost (pure premium) by 85 Euro (+44%);
- higher expenses (acquisition and management in total) by 25 Euro;
- a technical margin per policy (net of financial income) in equilibrium (for auto, motorcycle and mopeds) in Italy and negative by 14 Euro on average in the other countries .

In relative terms:

- The quota represented by the claims cost (pure premium) is lower in Italy (78.6%), varying in the other countries between 90.5% (Germany) and 79% (United Kingdom); the average in the other countries is 83.7%;
- the incidence of acquisition commissions and administrative costs is 21.5% in Italy, while it represents 16.6% of the average premium in Germany, 28.3% in the United Kingdom, 21% in Spain and 19.4% in France;
- the technical margin is negative in the four countries (from -6.0% in the United Kingdom to -2.5% in France), while it is substantially balanced in Italy.

## 1.2. - Performance of the key indicators

Tables II.1, II.2 and II.3 show, for motor liability (and boats) 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 (i.e. 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 data refers to all the undertakings present in the Italian market (supervised by IVASS and by establishment or f.p.s. EU/EEA).

**Table II.1**

| Total motor liability and ships sector (gross of IBNR) |                         |                     |            |                 |               |                                 |               |                 |               |              |               |                          |               |
|--------------------------------------------------------|-------------------------|---------------------|------------|-----------------|---------------|---------------------------------|---------------|-----------------|---------------|--------------|---------------|--------------------------|---------------|
| (thousands of policies, Euro and % values)             |                         |                     |            |                 |               |                                 |               |                 |               |              |               |                          |               |
|                                                        | Number of poli-<br>cies | Claims<br>frequency | Var. % (*) | Claims paid     |               | Claims written in<br>provisions |               | Total claims    |               | Pure premium |               | Gross average<br>premium |               |
|                                                        |                         |                     |            | Average<br>cost | Var.<br>% (*) | Average<br>cost                 | Var.<br>% (*) | Average<br>cost | Var.<br>% (*) | Value        | Var.<br>% (*) | Value                    | Var. %<br>(*) |
| 2006                                                   | 42,097                  | 8.60%               | -0.20%     | 2,064           |               | 6,565                           | 0.70%         | 3,973           | 0.60%         | 343          | 0.40%         | 558                      | 1.50%         |
| 2007                                                   | 42,259                  | 8.90%               | 3.40%      | 2,170           | 5.20%         | 6,241                           | -4.90%        | 3,766           | -5.20%        | 336          | -2.00%        | 553                      | -0.90%        |
| 2008                                                   | 42,426                  | 8.70%               | -2.00%     | 2,376           | 9.50%         | 6,541                           | 4.80%         | 3,915           | 4.00%         | 342          | 1.80%         | 533                      | -3.70%        |
| 2009                                                   | 42,436                  | 8.80%               | 0.60%      | 2,362           | -0.60%        | 6,538                           | 0.00%         | 3,934           | 0.50%         | 346          | 1.10%         | 513                      | -3.70%        |
| 2010                                                   | 40,649                  | 8.30%               | -5.20%     | 2,427           | 2.80%         | 7,010                           | 7.20%         | 4,087           | 3.90%         | 341          | -1.60%        | 536                      | 4.40%         |
| 2011                                                   | 40,295                  | 7.40%               | -11.50%    | 2,500           | 3.00%         | 7,901                           | 12.70%        | 4,435           | 8.50%         | 327          | -4.00%        | 566                      | 5.60%         |
| 2012                                                   | 39,631                  | 6.40%               | -13.40%    | 2,411           | -3.50%        | 8,628                           | 9.20%         | 4,612           | 4.00%         | 295          | -10.00%       | 568                      | 0.30%         |
| 2013                                                   | 38,352                  | 6.20%               | -3.50%     | 2,415           | 0.20%         | 8,913                           | 3.30%         | 4,711           | 2.20%         | 291          | -1.40%        | 542                      | -4.40%        |
| 2014                                                   | 40,571                  | 6.00%               | -1.90%     | 2,455           | 1.70%         | 8,676                           | -2.70%        | 4,641           | -1.50%        | 281          | -3.40%        | 506                      | -6.70%        |
| 2015                                                   | 40,801                  | 6.20%               | 2.90%      | 2,452           | -0.10%        | 8,631                           | -0.50%        | 4,556           | -1.80%        | 281          | 0.10%         | 479                      | -5.40%        |
| 2016                                                   | 40,993                  | 6.20%               | 1.20%      | 2,468           | 0.70%         | 8,503                           | -1.50%        | 4,464           | -2.00%        | 279          | -0.90%        | 450                      | -6.00%        |

Table II.2

| Motor vehicle sector (gross of IBNR)       |                    |                  |            |              |            |                                  |            |              |            |              |            |                       |            |
|--------------------------------------------|--------------------|------------------|------------|--------------|------------|----------------------------------|------------|--------------|------------|--------------|------------|-----------------------|------------|
| (thousands of policies, Euro and % values) |                    |                  |            |              |            |                                  |            |              |            |              |            |                       |            |
|                                            | Number of policies | Claims frequency | Var. % (*) | Claims paid  |            | Claims written in the provisions |            | Total claims |            | Pure premium |            | Gross average premium |            |
|                                            |                    |                  |            | Average cost | Var. % (*) | Average cost                     | Var. % (*) | Average cost | Var. % (*) | Value        | Var. % (*) | Value                 | Var. % (*) |
| 2006                                       | 29,575             | 8.30%            | 0.10%      | 2,190        | 1.20%      | 6,919                            | 0.90%      | 4,220        | 0.40%      | 348          | 0.40%      | 588                   | -1.80%     |
| 2007                                       | 29,863             | 9.40%            | 13.60%     | 2,134        | -2.60%     | 6,217                            | -10.20%    | 3,629        | -14.00%    | 340          | -2.30%     | 576                   | -2.00%     |
| 2008                                       | 30,195             | 9.30%            | -0.70%     | 2,321        | 8.70%      | 6,517                            | 4.80%      | 3,765        | 3.70%      | 351          | 3.00%      | 548                   | -4.80%     |
| 2009                                       | 30,326             | 9.50%            | 2.00%      | 2,302        | -0.80%     | 6,484                            | -0.50%     | 3,767        | 0.10%      | 358          | 2.10%      | 527                   | -3.90%     |
| 2010                                       | 29,274             | 9.10%            | -4.30%     | 2,360        | 2.50%      | 6,852                            | 5.70%      | 3,882        | 3.10%      | 353          | -1.40%     | 542                   | 2.80%      |
| 2011                                       | 30,729             | 8.10%            | -11.40%    | 2,435        | 3.20%      | 7,661                            | 11.80%     | 4,192        | 8.00%      | 338          | -4.30%     | 578                   | 6.60%      |
| 2012                                       | 28,717             | 7.00%            | -13.50%    | 2,334        | -4.20%     | 8,405                            | 9.70%      | 4,323        | 3.10%      | 301          | -10.80%    | 573                   | -0.90%     |
| 2013                                       | 28,289             | 6.60%            | -4.50%     | 2,350        | 0.70%      | 8,593                            | 2.20%      | 4,396        | 1.70%      | 292          | -2.90%     | 533                   | -6.90%     |
| 2014                                       | 30,587             | 6.50%            | -1.60%     | 2,380        | 1.30%      | 8,390                            | -2.40%     | 4,365        | -0.70%     | 286          | -2.30%     | 507                   | -4.90%     |
| 2015                                       | 30,666             | 6.60%            | 2.30%      | 2,386        | 0.30%      | 8,338                            | -0.60%     | 4,274        | -2.10%     | 284          | -0.70%     | 478                   | -5.70%     |
| 2016                                       | 30,903             | 6.70%            | 1.30%      | 2,399        | 0.50%      | 8,196                            | -1.70%     | 4,192        | -1.90%     | 282          | -0.70%     | 448                   | -6.20%     |

Table II.3

| Moped and motorcycle sector (gross of IBNR) |                    |                  |            |              |            |                                  |            |              |            |              |            |                       |            |
|---------------------------------------------|--------------------|------------------|------------|--------------|------------|----------------------------------|------------|--------------|------------|--------------|------------|-----------------------|------------|
| (thousands of policies, euro and % values)  |                    |                  |            |              |            |                                  |            |              |            |              |            |                       |            |
|                                             | Number of policies | Claims frequency | Var. % (*) | Claims paid  |            | Claims written in the provisions |            | Total claims |            | Pure premium |            | Gross average premium |            |
|                                             |                    |                  |            | Average cost | Var. % (*) | Average cost                     | Var. % (*) | Average cost | Var. % (*) | Value        | Var. % (*) | Value                 | Var. % (*) |
| 2006                                        | 5,557              | 3.80%            | 2.50%      | 1,608        | 6.30%      | 6,940                            | 0.50%      | 4,086        | 3.60%      | 157          | 6.20%      | 245                   | 1.10%      |
| 2007                                        | 5,506              | 4.90%            | 27.40%     | 2,533        | 57.50 %    | 7,579                            | 9.20%      | 5,018        | 22.80%     | 246          | 56.50%     | 250                   | 2.10%      |
| 2008                                        | 5,421              | 5.10%            | 4.20%      | 3,036        | 19.80 %    | 7,651                            | 1.00%      | 5,294        | 5.50%      | 270          | 9.90%      | 260                   | 3.60%      |
| 2009                                        | 5,340              | 5.30%            | 3.40%      | 3,067        | 1.00%      | 7,590                            | -0.80%     | 5,406        | 2.10%      | 285          | 5.50%      | 267                   | 2.70%      |
| 2010                                        | 4,964              | 4.80%            | -9.70%     | 3,177        | 3.60%      | 8,037                            | 5.90%      | 5,675        | 5.00%      | 271          | -5.20%     | 282                   | 5.80%      |
| 2011                                        | 4,680              | 4.40%            | -8.60%     | 3,195        | 0.60%      | 8,769                            | 9.10%      | 6,047        | 6.60%      | 264          | -2.60%     | 301                   | 6.80%      |
| 2012                                        | 4,510              | 3.60%            | -17.90%    | 3,064        | -4.10%     | 9,511                            | 8.50%      | 6,414        | 6.10%      | 230          | -12.90%    | 294                   | -2.40%     |
| 2013                                        | 4,163              | 3.40%            | -4.20%     | 3,131        | 2.20%      | 10,275                           | 8.00%      | 6,900        | 7.60%      | 237          | 3.10%      | 276                   | -6.10%     |
| 2014                                        | 4,152              | 3.40%            | -0.40%     | 3,285        | 4.90%      | 10,127                           | -1.40%     | 6,824        | -1.10%     | 233          | -1.50%     | 293                   | 6.00%      |
| 2015                                        | 4,087              | 3.50%            | 3.70%      | 3,222        | -1.90%     | 9,716                            | -4.10%     | 6,501        | -4.70%     | 229          | -1.60%     | 283                   | -3.40%     |
| 2016                                        | 4,016              | 3.70%            | 4.80%      | 3,169        | -1.60%     | 9,800                            | 0.90%      | 6,465        | -0.50%     | 239          | 4.20%      | 275                   | -2.80%     |

The data shows that in 2016:

- a claims frequency of 6.2%, as in 2015. In the last three-year period, there has been an increase of 0.8% for the entire motor liability market, of 2% for cars, and 8.7% for two wheeled vehicles;
- for the total average claims cost (paid and reserved) a reduction of -2% for the entire motor liability sector, -1.9% for cars and -0.5% for mopeds and motorcycles. The trend of the past three years shows a reduction of -5.2% for the entire sector, of -4.6% for cars and -6.3% for motorcycles and mopeds; the reduction of the average total cost is attributable to a reduction of the average cost reserved of -4.6%;

- for the pure premium of the entire market, a reduction of -0/9%; for cars, the decrease was -0.7%, while for two wheeled vehicles, there was an increase of +4.2%; in the past three years, the pure premium has decreased by -4.1% for the entire motor liability sector, by -3.3% for cars, while mopeds and motorcycles saw an increase of 0.8%;
- for the average gross premium, a decrease was registered for the entire motor liability sector of -9%, of which -6% in the car sector and -2.8% for two wheeled vehicles. The average gross premium has been decreasing since 2013, by -17% (from 542 Euro to 450 Euro), in a significantly higher measure than the pure premium (-4.1%) due to the competition and the discount policy used by the undertakings. Cars registered, in the same period, a decrease of the average prices of -16% (pure premium -3.3%)<sup>38</sup> and two wheeled vehicles a substantial stability of prices (-0.4%) compared with an increase of 52.2% of the pure premium.

### Claims and personal injury from 2007 to 2015

Below is a time series of motor liability claims from 2007 to 2015, including accidents with only material damage or only personal injury (which also include the part of personal injury of mixed accidents), reported by IVASS supervised undertakings and the number of deaths and injuries published by ISTAT. While the accidents with personal injury in IVASS statistics include light personal damage, the ISTAT data only refers to serious traffic accidents (with deaths and injuries) for which the Police intervened.

**Table II.4**

| Number claims and road accidents                                                                                  |           |           |           |           |           |           |           |           |           |
|-------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                                                                                                   | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      |
| Number of accidents with indemnification, net of IBNR (a)                                                         | 3,277,416 | 3,355,842 | 3,377,024 | 3,053,073 | 2,701,734 | 2,318,552 | 2,161,808 | 2,112,626 | 2,122,875 |
| Annual variation (%)                                                                                              | .         | 2.4%      | 0.6%      | -9.6%     | -11.5%    | -14.2%    | -6.8%     | -2.3%     | 0.5%      |
| Number of accidents with indemnification (net of IBNR) with only material damage (b)                              | 2,590,740 | 2,641,483 | 2,639,147 | 2,361,295 | 2,097,642 | 1,852,610 | 1,750,954 | 1,699,898 | 1,747,731 |
| Number of accidents with indemnification (net of IBNR) with mixed damage and only personal injury (c) = (a) - (b) | 686,676   | 714,359   | 737,877   | 691,778   | 604,092   | 465,942   | 410,854   | 412,728   | 375,144   |
| Number of accidents with indemnification (net of IBNR) with personal injury*                                      | 565,118   | 541,477   | 563,135   | 565,978   | 474,599   | 392,126   | 342,472   | 333,419   | 298,122   |
| Annual variation (%)                                                                                              |           | -4.2%     | 4.0%      | 0.5%      | -16.1%    | -17.4%    | -12.7%    | -2.6%     | -10.6%    |
| Number of deaths**                                                                                                | 5,131     | 4,725     | 4,237     | 4,114     | 3,860     | 3,753     | 3,401     | 3,381     | 3,428     |
| Annual variation (%)                                                                                              |           | -7.9%     | -10.3%    | -2.9%     | -6.2%     | -2.8%     | -9.4%     | -0.6%     | 1.4%      |
| Number of injuries**                                                                                              | 325,850   | 310,745   | 307,258   | 304,720   | 292,019   | 266,864   | 258,093   | 251,147   | 246,920   |
| Annual variation (%)                                                                                              |           | -4.6%     | -1.1%     | -0.8%     | -4.2%     | -8.6%     | -3.3%     | -2.7%     | -1.7%     |
| Total deaths and injuries**                                                                                       | 330,981   | 315,470   | 311,495   | 308,834   | 295,879   | 270,617   | 261,494   | 254,528   | 250,348   |
| Annual variation (%)                                                                                              |           | -4.7%     | -1.3%     | -0.9%     | -4.2%     | -8.5%     | -3.4%     | -2.7%     | -1.6%     |

\* Accidents with only personal injury and the part of mixed accidents relative to personal injury. \*\*Source: ISTAT - Report of road accidents resulting in personal injury.

<sup>38</sup> See II.1.5.2.

For the period from 2007 to 2015:

- the total number of accidents (net of IBNR) diminished by -33.3%;
- the number of personal injuries diminished by -45.4%;
- the number of deaths diminished by -33.2%, while presumably serious injuries diminished by -24.2%.

The number of accidents with personal injury registered by IVASS progressively approaches the sum of deaths and injuries reported by ISTAT. In 2007, that difference was 41.4% of accidents, while in 2015, it fell to 16% (-61.3% in the period). The reduction can be attributed to the significant reduction of accidents with light personal injuries (in which the Police do not always intervene), particularly, after 2012, the year in which Legislative Decree no. 1 of 24 January 2012 came into force (so-called Monti Decree) on the medical verification of minor injuries. This has contributed to the reduction of the claims rate and relative costs, and therefore, prices of motor liability insurance.



### 1.3. - The direct compensation system (CARD)

#### 1.3.1. - CARD system: the relevant figures

The share of claims falling in the CARD Agreement (table II.5), set up in 2007, has progressively increased in terms of number of total motor liability claims (from 65.7% in 2007 to 81.4% in 2016) and, more moderately, in terms of amounts (from 41.0% in 2007 to 46.9% in 2016, with a significant reduction from 2011 to 2015, mainly due to the contraction of charges for compensation for slight disabilities following the provisions of Legislative Decree no. 1/2012<sup>39</sup>).

Table II.5

| Share of the CARD and NO CARD portfolio over TOTAL<br>(net of IBNR) <sup>40</sup> |         |         |         |         |
|-----------------------------------------------------------------------------------|---------|---------|---------|---------|
| (% values)                                                                        |         |         |         |         |
| Year of generation                                                                | CARD    |         | NO CARD |         |
|                                                                                   | 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                                                                              | 79.4%   | 47.0%   | 21.5%   | 53.0%   |
| 2013                                                                              | 79.2%   | 46.3%   | 21.6%   | 53.7%   |
| 2014                                                                              | 80.1%   | 45.9%   | 20.7%   | 54.1%   |
| 2015                                                                              | 81.2%   | 45.7%   | 19.4%   | 54.3%   |
| 2016                                                                              | 81.4%   | 46.9%   | 19.3%   | 53.1%   |

Table II.6 reports the managed claims settlement time (numbers and amounts) with respect to accidents with indemnification, at the end of 2016, calculated with reference to the total motor liability sector.

<sup>39</sup> Legislative Decree no. 1 of 24 January 2012 Urgent provisions for the competition, infrastructure development and competitiveness. Converted, with amendments, by Law no. 57 of 24 March 2012.

<sup>40</sup> With reference to the number of claims, the same event may give rise to claims in the CARD and NO CARD regimes, and therefore, the line item percentage may be more than 100%.

Table II.6

| Claims paid in the year of occurrence over claims with indemnification<br>(TOTAL MANAGED) |          |         |            |         |
|-------------------------------------------------------------------------------------------|----------|---------|------------|---------|
| (% values)                                                                                |          |         |            |         |
| Year of generation                                                                        | NET IBNR |         | GROSS IBNR |         |
|                                                                                           | Number   | Amounts | Number     | Amounts |
| 2007                                                                                      | 59.9%    | 32.8%   | 59.9%      | 32.7%   |
| 2008                                                                                      | 62.7%    | 36.0%   | 62.7%      | 36.0%   |
| 2009                                                                                      | 62.5%    | 35.4%   | 62.5%      | 35.5%   |
| 2010                                                                                      | 63.9%    | 36.4%   | 63.9%      | 36.4%   |
| 2011                                                                                      | 65.1%    | 36.6%   | 65.0%      | 36.6%   |
| 2012                                                                                      | 65.3%    | 34.9%   | 65.2%      | 34.8%   |
| 2013                                                                                      | 66.0%    | 34.5%   | 65.9%      | 34.4%   |
| 2014                                                                                      | 66.7%    | 35.0%   | 66.5%      | 34.8%   |
| 2015                                                                                      | 68.0%    | 35.9%   | 67.4%      | 35.3%   |
| 2016                                                                                      | 73.4%    | 41.5%   | 66.9%      | 37.0%   |

With regard to the CARD system, there is a substantial increase of the claim settlement time net of the estimated final reserve for IBNR claims (table II.7), with a substantial increase since the introduction of the regime (2007)

Table II.7

| Claims paid in the year of occurrence over claims with indemnification<br>(CARD) |          |         |            |         |
|----------------------------------------------------------------------------------|----------|---------|------------|---------|
| (% values)                                                                       |          |         |            |         |
| Year of generation                                                               | NET IBNR |         | GROSS IBNR |         |
|                                                                                  | Number   | Amounts | Number     | Amounts |
| 2007                                                                             | 65.5%    | 50.7%   | 65.4%      | 50.7%   |
| 2008                                                                             | 68.7%    | 55.8%   | 68.7%      | 55.8%   |
| 2009                                                                             | 68.7%    | 54.8%   | 68.7%      | 54.8%   |
| 2010                                                                             | 70.5%    | 56.6%   | 70.5%      | 56.6%   |
| 2011                                                                             | 72.0%    | 58.3%   | 72.0%      | 58.3%   |
| 2012                                                                             | 72.3%    | 58.3%   | 72.3%      | 58.3%   |
| 2013                                                                             | 73.1%    | 58.4%   | 73.1%      | 58.3%   |
| 2014                                                                             | 73.3%    | 58.2%   | 73.2%      | 58.1%   |
| 2015                                                                             | 74.6%    | 60.1%   | 74.3%      | 59.8%   |
| 2016                                                                             | 78.9%    | 63.5%   | 74.4%      | 59.8%   |

The NO CARD claims settlement time (table II.8) is lower compared to the CARD system, due to the greater complexity of the accidents that fall into the ordinary system, which include compensation for serious disability of the driver (10-100 I.P. points). The claims settlement time shows a partially diverging performance depending on whether the accident is considered net or gross of the estimated final reserve for IBNR claims.

Table II.8

| Claims paid in the year of occurrence over claims with indemnification<br>(NO CARD) |          |         |            |         |
|-------------------------------------------------------------------------------------|----------|---------|------------|---------|
| (% values)                                                                          |          |         |            |         |
| Year of generation                                                                  | NET IBNR |         | GROSS IBNR |         |
|                                                                                     | Number   | Amounts | Number     | Amounts |
| 2007                                                                                | 48.8%    | 21.8%   | 48.8%      | 21.8%   |
| 2008                                                                                | 46.3%    | 20.7%   | 46.2%      | 20.6%   |
| 2009                                                                                | 39.3%    | 17.8%   | 39.2%      | 17.8%   |
| 2010                                                                                | 38.7%    | 18.2%   | 38.6%      | 18.2%   |
| 2011                                                                                | 40.0%    | 18.4%   | 39.9%      | 18.4%   |
| 2012                                                                                | 40.5%    | 17.3%   | 40.4%      | 17.2%   |
| 2013                                                                                | 41.4%    | 17.1%   | 41.2%      | 17.0%   |
| 2014                                                                                | 41.9%    | 17.7%   | 41.4%      | 17.5%   |
| 2015                                                                                | 41.8%    | 17.9%   | 40.2%      | 17.4%   |
| 2016                                                                                | 48.9%    | 22.1%   | 38.7%      | 18.8%   |

Table II.9 shows the performance of the average cost of claims managed, considering the development of accidents in the year of occurrence, in moderate growth in the latest years with a +0.2% in 2015, and +0.9% in 2016. The cost of the average reserved net of the IBNR has begun decreasing again in 2016, after a recovery during the prior year.

The reduction of the average total costs (paid and reserved, gross of IBNR) in 2016 is -2.4%, in line with the 2014.

Table II.9

| Average cost of generation |        |                        |                         |                           |
|----------------------------|--------|------------------------|-------------------------|---------------------------|
| (Euro)                     |        |                        |                         |                           |
| Year of generation         | Paid * | TOTAL CLAIMS MANAGED   |                         |                           |
|                            |        | Reserved<br>(net IBNR) | Paid+Res.<br>(net IBNR) | Paid+Res.<br>(gross 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  | 9,757                  | 4,532                   | 4,641                     |
| 2015                       | 2,460  | 9,817                  | 4,467                   | 4,578                     |
| 2016                       | 2,476  | 9,604                  | 4,374                   | 4,469                     |

\* Partial payments included

With regard to the performance of the average CARD costs (table II.10), calculated with reference to the year in which the accidents occurred, there is a variation of +1.7% of the average cost paid in the 2013-2016 period (+1.2% in just 2016). The cost reserved, net of the IBNR, was reduced by -12.1% in the 2013-2016 period (-0.2% in 2016, after two years of notable decline) and by -5.7% gross of the IBNR.

**Table II.10**

| Average cost of generation |        |                     |                      |                        |
|----------------------------|--------|---------------------|----------------------|------------------------|
| (Euro)                     |        |                     |                      |                        |
| Year of generation         | Paid * | CARD                |                      |                        |
|                            |        | Reserved (net IBNR) | Paid+Res. (net IBNR) | Paid+Res. (gross 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  | 4,600               | 2,594                | 2,604                  |
| 2015                       | 2,003  | 4,376               | 2,514                | 2,522                  |
| 2016                       | 2,027  | 4,369               | 2,520                | 2,521                  |

\* Partial payments included.

With reference to the NO CARD claims (table II.11), 2016 showed a reduction of the average costs paid of -1.1% compared with the prior year, with an inversion of the trend with respect to 2013-2015, in which there was an increase for the two years of 16.4%. Also the average cost of claims reserved registered a reduction in 2016, compared to the prior year, of -2.6%, after an increase of 8% in the 2013-2015 period. Consequently, in 2016, the average total cost, gross of IBNR claims, fell by -3.4% compared to the prior year, after an increase of +8% in 2013-2015.

**Table II.11**

| Average cost of generation |        |          |                      |                        |
|----------------------------|--------|----------|----------------------|------------------------|
| (Euro)                     |        |          |                      |                        |
| Year of generation         | Paid * | NO CARD  |                      |                        |
|                            |        | Reserved | Paid+Res. (net IBNR) | Paid+Res. (gross 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                       | 5,177  | 17,904   | 11,854               | 11,108                 |
| 2015                       | 5,518  | 18,848   | 12,480               | 11,607                 |
| 2016                       | 5,455  | 18,356   | 12,050               | 11,207                 |

\* Partial payments included.

The CARD direct compensation procedure has, therefore, produced a containment of the costs of the Italian motor liability market, with resulting decrease of prices, even if it still presents less than desired levels of efficiency.

### *1.3.2. - Compensations for the CARD-CID component*

The CARD-CID component is based on an incentive and penalty system (hereafter compensations) introduced by IVASS Measure no. 18 of 2014, in implementation of the primary legislation (Law Decree no. 1 of 24 January 2012, converted by Law no. 27 of 24 March 2012) regarding the efficiency of direct compensation. This system complements forfeit refunds, already present in the direct compensation procedure since 2007. The Measure, with reference to the predominant component - the CID (Direct Compensation Agreement)<sup>41</sup>, has defined a statistical model on the basis of which the amounts cleared between undertakings are calculated. The calculation of the compensations is made by Consap, in its role as manager of the Clearing House.

The compensation calculation system is divided into the following components:

- cost for material damage;
- cost for personal injury;
- dynamic of the cost of material damage<sup>42</sup>;
- claims settlement time.

The compensation calculation, by year of generation of claims, is divided over three years: a first settlement is made in the year following the generation, then adjustments<sup>43</sup> are made in the following two years based on the cost and settlement time of the first year. The total amount of the compensations for each generation is determined in the third successive year (for example, 2018 for the 2015 generation).

The compensation calculation algorithm works separately for the macro-classes “mopeds and motorcycles” and “cars” and is based on following calibration parameters provided by the model (see IVASS Measure no. 55 of 27 December 2016 for the value of the calibration parameters for the 2015 generation):

- a minimum threshold of premiums for the selection of undertakings that access the compensations;
- percentiles for the determination of amounts to consider in the calculation of the average cost;
- maximum differential for undertaking parameters (maximum value - minimum value).

With reference to the 2015 generation, the compensation system, at the first settlement, determined clearings for 12 million Euro in the “cars” macro-class, and 1 million Euro in the

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<sup>41</sup> The non-life Direct Compensation Agreement absorbs approximately 90% of the CARD claims costs.

<sup>42</sup> In its first application, the dynamic component was not calculated, which presumes at least two years of existence in the system.

<sup>43</sup> In the CARD model, the total amount of the cost is approximated in year 2; for which the historic data indicates a completion level of 98%.

“mopeds and motorcycles” macro-class. The system is zero balance and, consequently, the amount of the incentives is equal to the penalties: in the “cars” macro-class, there were 14 undertakings with incentives and 22 undertakings with penalties, while in the “mopeds and motorcycles” macro-class 14 undertakings received incentives and 15 undertakings with penalties.

Table II.12 shows the values of the compensations for the “cars” macro-class relative to the single components. These values constitute the first settlement, and are subject to adjustments in 2017 and 2018.

**Table II.12**

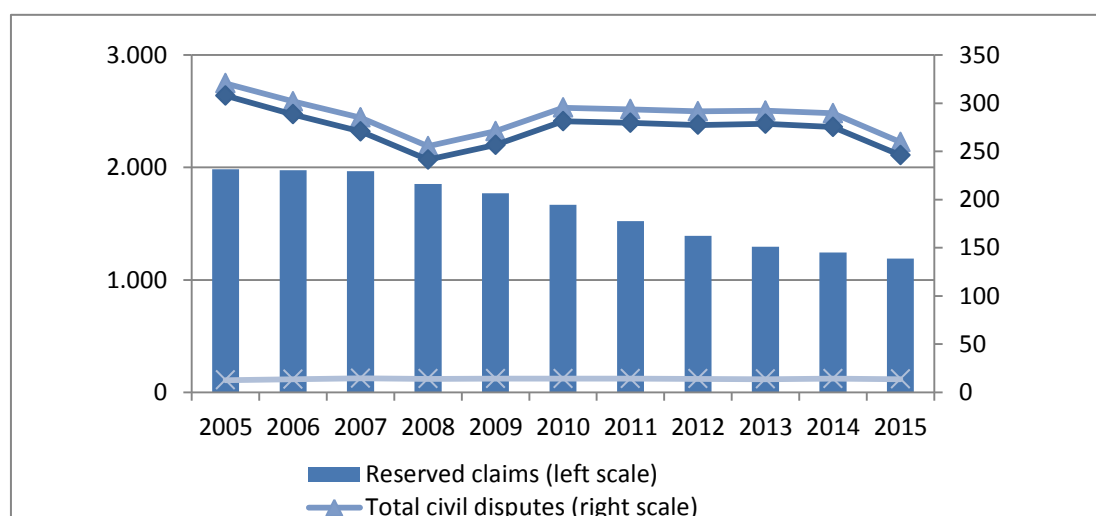
| Values of compensations by component - “cars” macro-class<br>CARD claims 2015 |                              |
|-------------------------------------------------------------------------------|------------------------------|
| (million Euro)                                                                |                              |
| Component                                                                     | First settlement -<br>year 0 |
| Settlement time                                                               | 3.05                         |
| Cost materials zone 1                                                         | 2.61                         |
| Cost materials zone 2                                                         | 3.20                         |
| Cost materials zone 3                                                         | 5.03                         |
| Cost material total                                                           | 10.84                        |
| Cost person                                                                   | 0.19                         |

#### 1.4. - Disputes regarding motor liability

IVASS has processed the data on disputes regarding motor liability in the 2010-2015 period, provided by the national undertakings and Italian branches of insurance undertakings with head office in non-EEA countries. Figure II.5 shows the trend of the civil disputes and claims reserved.

**Figure II.5**

**Motor liability litigation - Evolution of the civil action in recent years (thousand units)**



At the end of 2015, the pending disputes regarding motor liability are equal to 269,554 (-9.7% compared with the prior year), with a decrease of claims reserved by -4.3%.

80% of the lawsuits are represented by first degree civil proceedings addressed to the Giudice di Pace (204,528 lawsuits at the end of 2015, reduced by 11% compared with the average number of the preceding 5 years).

The number of paid claims in litigation diminished between 2010 and 2015 from 103,860 to 88,591 (-14.7%) with a share on the total number paid in the period of 4%. The amount of claims paid in litigation in 2015 was 2.2 billion Euro (-2.5% compared with 2014), with an average payment of 25,097 Euro.

The claims reserved at the end of 2015 fell by -6.9% compared with the prior year, with an incidence on the total number of claims reserved of 22.9%, lower compared with 2014 (23.6%) after a five-year growth. The amount of claims reserved in litigation is 7.9 billion, equal to 39% of the amount of the total provision, and decreased by -7.5% compared with 2014, mainly due to the reduction of the number of claims reserved in litigation (-6.9%). The average reserve of claims in litigation in 2015 is equal to 29 thousand Euro, in line with the previous year.

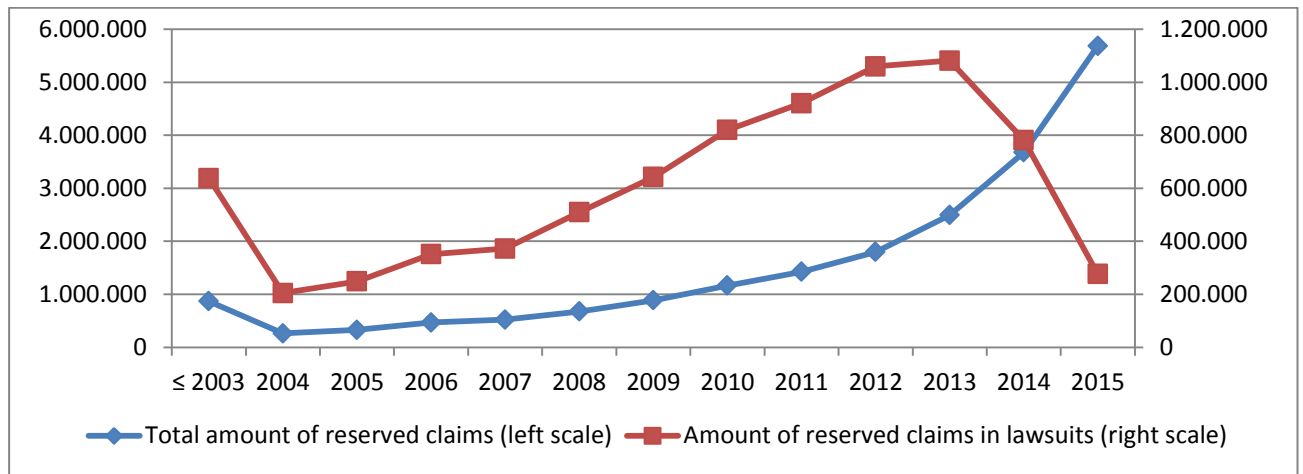
The distribution by year of occurrence of claims reserved in litigation at the end of 2015 shows that the litigation presents very low values in the current generation (2015) while it is concentrated in the previous three years (2012-2014), which represent 54% of the total. It therefore highlights the slowness of the motor liability disputes formation process, and its tendency to establish itself close to the time limit period fixed in two years.

As regards the claims settlement process, the composition of the litigation provision in 2015 is mainly concentrated from the second to the fourth year prior to that of the current generation (2011-2013), the relative claims, in fact, represent 57% of the total.

Figure II.6 shows the composition in 2015 of the provision for claims in litigation and total, which shows the substantial diversity of the respective trend in the latest years.

Figure II.6

**Motor liability litigation - Distribution of the amount of claims reserved in lawsuits and totals in 2015**



The slow reduction of the motor liability litigation is confirmed by the low settlement speed of claims in litigation: in 2015, equal to 24.5% with reference to the numbers, and 21.9% relative to the amounts, reduced compared to the already low values of 2010 (respectively 26.3% and 23.1%).



### 1.5. - The cars segment

IVASS monitors the prices of liability cover of the car segment, which represents 75% of the motor liability income in 2016, through two surveys, a quarterly sampling (IPER) and an annual one on “Technical data”, which concerns the entire universe of auto contracts (motor liability technical contracts).

The survey on the Technical data determines the annual written average premium net of tax and parafiscal charges, while IPER shows the premium effectively paid gross of said charges<sup>44</sup>.

#### *1.5.1. - Frequency, claims cost, pure premium, average and effective paid prices in the Italian provinces*

Tables A13 and A20 in the Appendix show, for the cars segment, the income by Italian provinces and regions, the expenses for claims managed and the premiums written net of claims reported by undertakings supervised by IVASS. Also indicated is the average premium written net of taxes and contributions (net average price), paid in the same year by the policyholders and the relative industrial components (frequency, total average cost, pure premium and global loading on the average net premium).

The national premium income registers, in 2016, a further contraction of -5.3% (-6.8% in 2015); the fall is largely generated by a reduction of the average price paid (-6.6%) in the face of a nearly unchanged claims frequency compared with 2015. This brought about a fall of -22.8% of the mass premiums available net of claims.

The claims frequency of cars passes from 6.6% to 6.7%, while the average total cost of claims managed (including the estimate for IBNR) shows a decrease of -2.1% (-2.7% of the prior year). As a result, the pure premium (industrial cost of claims or claims ratio) is reduced by -1.2%, while the average net price falls by -6.6%, largely due to the effect of the mentioned reduction of global loading also including the technical margin of the undertakings.

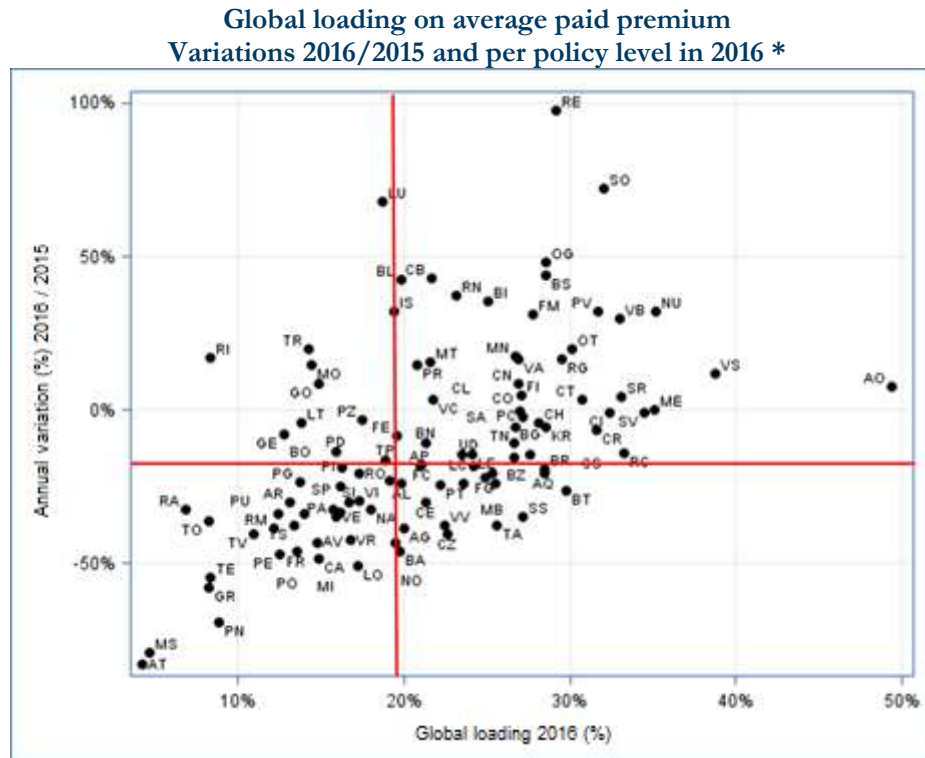
As in the prior year, the supervised undertakings reduce the average prices of the car segment at the expense of loading on the policies, with a growing level of discounts offered (from 25% at the end of 2015, to 26.5% in 2016; in 2014, the discount was 19%).

Figure II.7 highlights, for each province, the connection between the variation of global loading occurred between 2015 and 2016, and the percentage level of the same loading in 2016.

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<sup>44</sup> Both the surveys are published in the IVASS Statistical Bulletin.

Figure II.7



\* Some provinces with outlier values are excluded. The vertical and horizontal red lines indicate the average of the two phenomena represented.

The reduction of the loading (points under 0% horizontal) concerns approximately 2/3 of Italian provinces. The loading remains higher in the South, in correspondence with higher average prices, and is equal to a national average in 2016 of 19.5% (23.9% in 2015, 27.8% in 2014). After deduction of the average cost of the management of contracts (21.4% for acquisition and administration) the residual loading (proxy of the so-called loading for contingencies/profit) becomes negative and equal to -1.9% of the average price paid<sup>45</sup>.

With reference to the loss ratio<sup>46</sup>, gross of the IBNR estimate, and per policy loading, the 2016 data confirms that:

- higher loss ratios offset loading below the national average and potentially in technical loss (Ancona, Asti, Massa-Carrara, Ravenna, Grosseto);

<sup>45</sup> With regard to the financial margin, in 2016 the return of the investments transferred from the non technical account is equal to 3.7% of motor liability premiums written (sector 10). Rates estimated on the basis of the 2016 provisional balance sheet.

<sup>46</sup> A proxy of the loss ratio was taken into account at the provincial and regional level (calculated on premiums earned) since the motor liability technical data survey does not require the premium provision by province.

- conversely, the provinces of Aosta, Medio-Campidano, Oristano, Nuoro and Messina, which are largely located below the national loss ratio, show higher global loading.

*Claims portfolio and payment speed profile*

Table A17 shows the percentage composition, by number and amount, of the claims portfolio, incurred and reported in 2015, by single province and type (only personal injury, only material damage and mixed).

It is found that:

- based on the average composition of the car claims portfolio, 1.4% of the claims paid is related to personal injury (7.7% of the amount), 91.8% to vehicles and material damage (67.1% of the amount) and 6.8% to mixed claims (25.1% of the amount). 9.5% are claims for personal injury (36.3% of the provision amount), 61.3% to vehicles and material damage (15.9% of the amount) and 29.2% to mixed claims (47.8% of the amount);
- at a regional level, the incidence of the number of claims paid only for people is generally higher than the average in the southern regions; this is found in Calabria where, as in 2015, it has two and a half times that of the national rate (one and a half times for mixed claims).

With regard to the speed of payment for car claims in 2016:

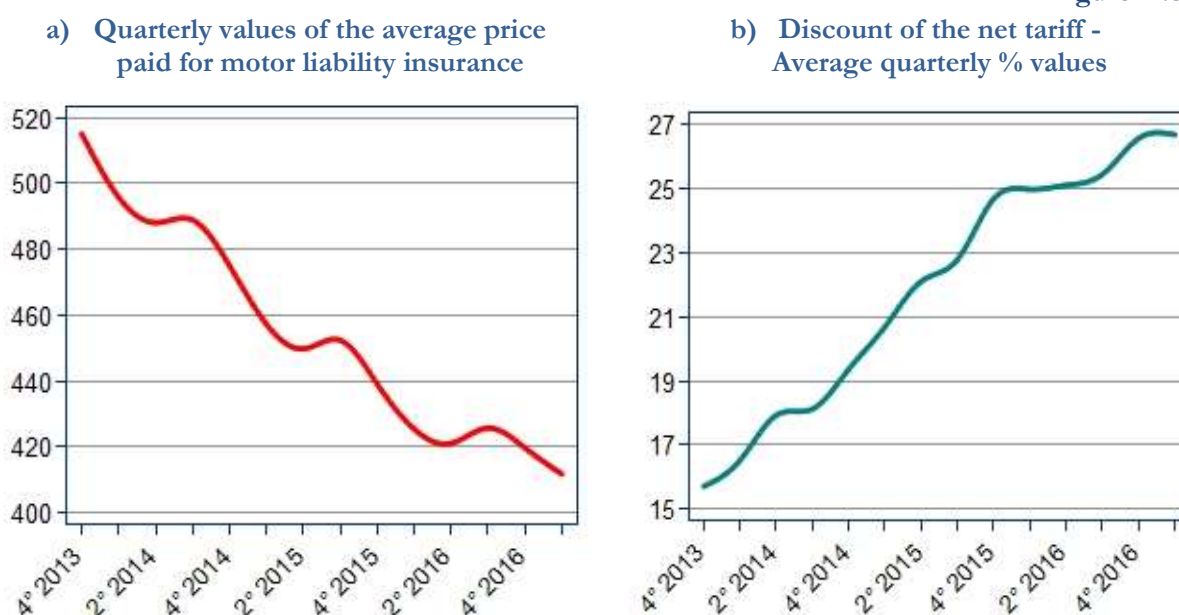
- 75.2% of claims without indemnification are paid, equal to 44.2% of the amount, with data divergent from only personal injury (31.6% by number and 14.5% by amount), for only vehicles and material damage (81.9% and 77.0%) and mixed (41.3% and 29.4%).
- as in 2015, the province where claims are paid the quickest is Aosta (by number 83.7%, by amount 46.5%), while the slowest is Naples (59.0% and 40.6%).
- Campania has the primacy of the estimated provisions for claims incurred (IBNR) that have an incidence on the total claims cost for 22,7% against the national average of 10.3%, also due to the long reporting times by the policyholders/injured, as well as the year of their occurrence. This delay obliges the undertakings to allocate a provision, at the end of the year, for claims not received with double incidence with respect to the national average.

### 1.5.2. - IPER - Performance of the effective prices for private use vehicles

The average premium paid by the policyholders for concluded or renewed contracts in the fourth quarter of 2016 is 420 Euro. 50% of policyholders pay less than 379 Euro and 10% pay less than 238 Euro<sup>47</sup> for motor liability cover.

The price trend (figure II.8a) shows an uneven downward movement. In 2016, the average premium decreased on an annual basis of -4.4% and the percentage of the discount applied to the net tariff (figure II.8b) increased by two percentage points, determining part of the price reduction.

Figure II.8



### Price components

The amount paid to the undertaking for the motor liability risk coverage is obtained by subtracting the taxes and parafiscal charges from the premium paid. In the fourth quarter 2016:

- on average, 15.6% of the net premium is allocated to taxes;
- the contribution to the National Health Service, destined to cover the costs of assistance for people with injuries from road accidents, accounts for 10.5% of the net premium;

<sup>47</sup> The data relating to the IPER survey is, unless otherwise indicated, published in statistical appendix of the Statistical Bulletin no. 5 of 2017.

- the contribution to the Fondo Garanzia Vittime della Strada (the National Guarantee Fund), net of the deduction for operating expenses, has an incidence of 2.4% of the net premium.

The premium paid to the undertaking for risk coverage represents 77.8% of the premium paid by policyholders (327 Euro of the 420 paid in the fourth quarter of 2016).

The tax rate is established on a provincial basis, with an annual frequency, and assumes values between 9% and 16% ( $\pm 3.5$  compared to the base tax rate of 12.5%). In the fourth quarter of 2016, the majority of the provinces (95 out of 110) use the maximum permitted tax rate (16%), 9 provinces apply the base tax rate (12.5%), and 3 use a tax rate lower than the base.

#### *Effective prices in the first quarter 2017*

The price tables of 31 March 2017 in the Statistical Appendix (tables A21 and A22) indicate that, in the first quarter of 2017:

- the average premium paid by the policyholders for concluded or renewed contracts is 412 Euro, 50% of policyholders pay less than 372 Euro, 10% of policyholders pay a premium of more than 631 Euro and another 10% pay less than 235 Euro for motor liability insurance;
- the variation of the average price compared to the prior quarter is -1.9%; the variation of the average yearly premium falls by -3.2%.

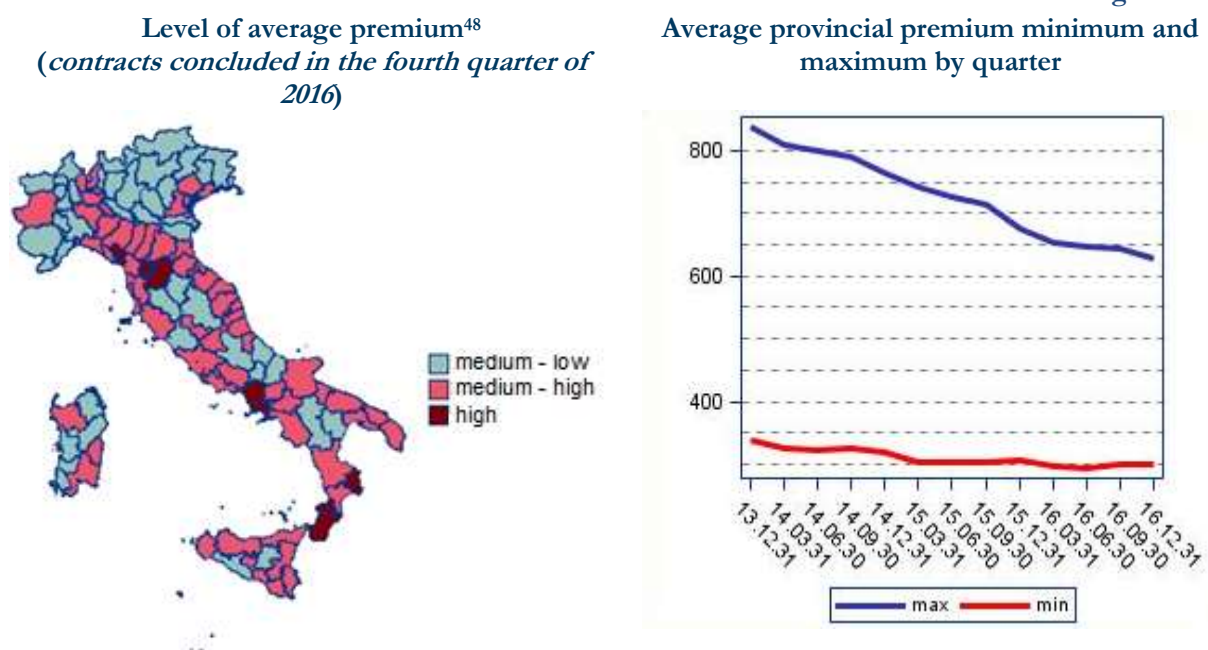
#### *1.5.3. - Prices by province*

Figure II.9a shows the average provincial premium of the fourth quarter of 2016, classified with respect to the 4 quartiles of the national premium distribution.

Nine provinces have an average premium above the third quartile (497 Euro): in Campania, Naples and Caserta, Calabria, Crotone, Reggio di Calabria and Vibo Valentia, and in Tuscany, Florence, Massa Carrara, Pistoia and Prato.

Naples is the province with the highest price (629 Euro), followed by next most costly provinces of Prato and Caserta, with average prices of 603 and 552 Euro respectively. The five provinces with the lowest prices, in order, are Oristano, Aosta, Pordenone, Biella and Campobasso. The difference between the province with the highest prices (Naples) and the lowest (Oristano) is 330 Euro.

Figure II.9



The prices maintain a wide differentiation across provinces, with the prevalence of medium-low prices in the northern provinces and in Sardinia. However, the differences between the provinces have diminished in the past three years: the reduction of the prices has been stronger in the southern provinces, characterised by higher premiums: the price difference between the most expensive province and the least expensive (figure II.9b) was reduced by 10.8% in the past year, going from 370 to 330 Euro.

The territorial analysis of the price variation for 2016 (table A14) shows greater reductions in the southern and Sicilian provinces (more than 5%, with maximum points of 11%), while, in the northern provinces, and particularly in the North-East, the price reduction has been lower (the minimum in Aosta, -1.2%).

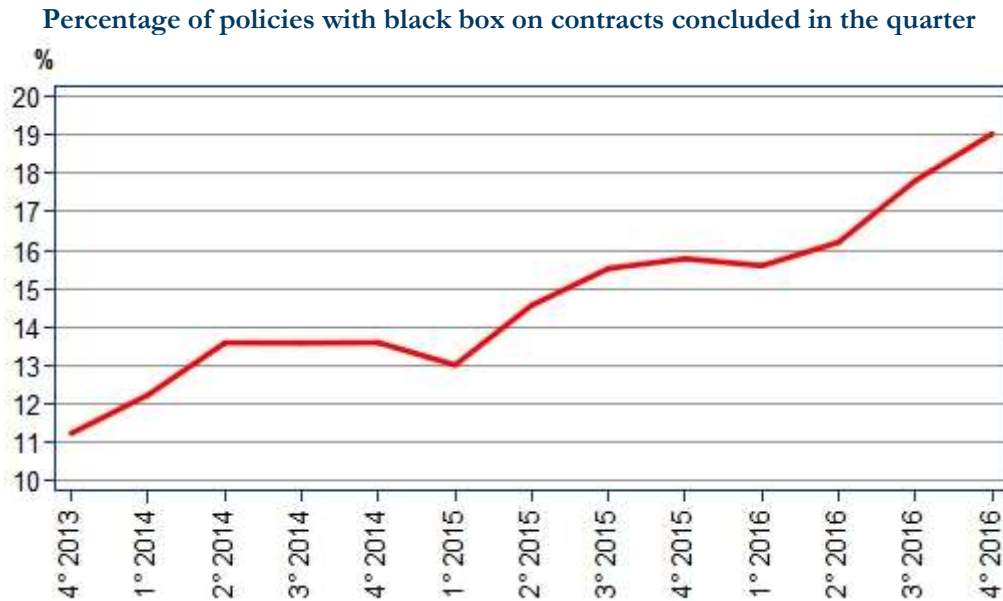
#### 1.5.4. - Policies with black box

IPER contains information on the presence of premium price reduction clauses in the motor liability insurance contract in combination with the black box, or rather, telematic systems installed in the vehicle (art. 132, chapter 1 of Code of Private Insurance).

In 2016, the growth trend of the black box increased (figure II.10): in the fourth quarter, 19% of contracts provide a black box (compared with 15.7% of the prior year), with an annual increase of +3.3%.

<sup>48</sup> The premium is divided into 4 categories (low, medium-low, medium-high and high) through the quartiles of the national distribution of prices.

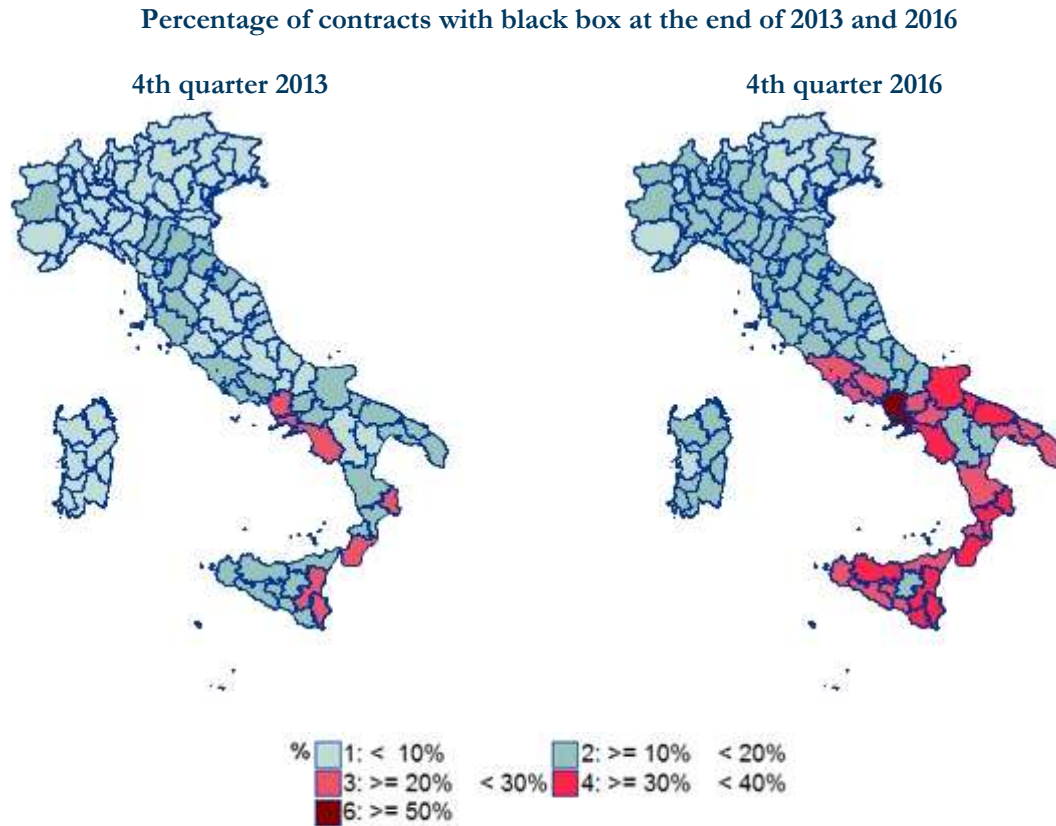
Figure II.10



The diffusion of policies with black box is unequal in the territory (figures II.11a and II.11b); higher in the southern regions and Sicily, with spikes of more than 50% in the provinces of Caserta and Naples, lower in the Centre-North and Sardinia, and minimal in the north-eastern provinces, with values lower than 10%. In Caserta and Naples, more than 50% of contracts provide the black box, followed by (with percentages greater than 40%), in order, the provinces of Catania, Reggio di Calabria, Salerno, Foggia, Crotone, Barletta-Andria-Trani, Palermo, Siracusa, Catanzaro, Bari and Ragusa. In Bolzano, Trento, Udine and Belluno, telematic insurance policies represent less than 7% of contracts.



Figure II.11

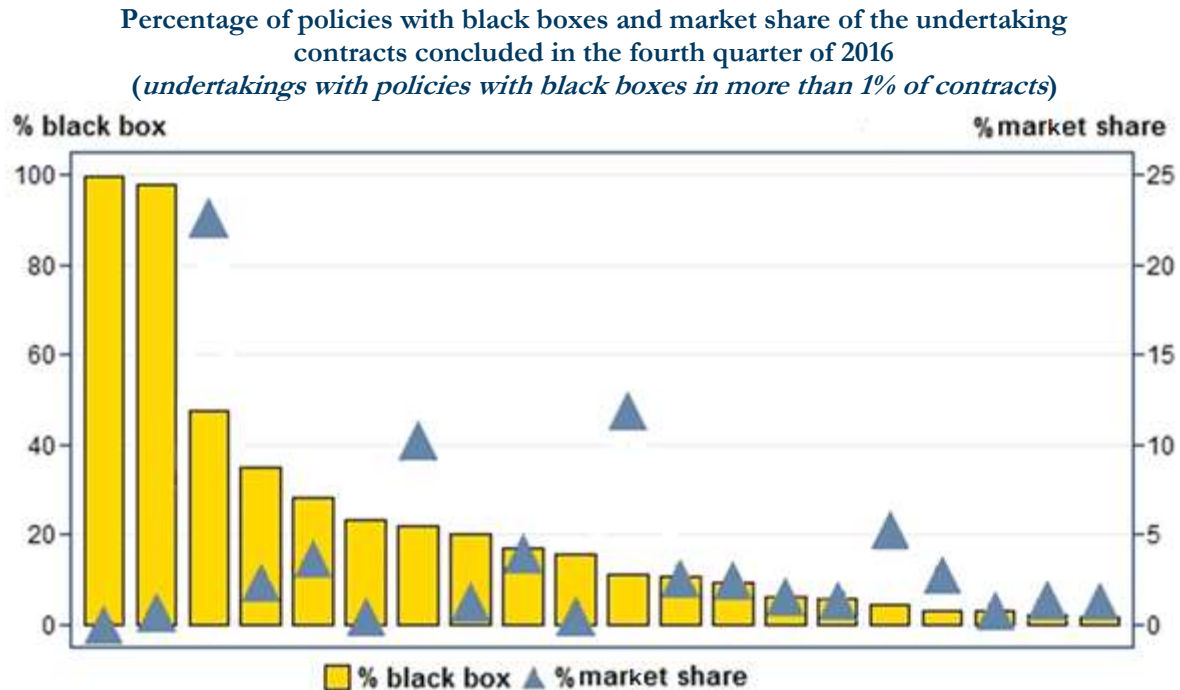


The popularity of the telematic insurance policies, first established in the southern provinces characterised by higher prices, is progressively extending to the rest of the country, with a positive correlation on a provincial basis between the intensity of growth of policies with black boxes and the average premium. For example, in the face of an average national increase of +3.3%, in Crotona and Naples, the annual increase of policies with black boxes has been more than +8%.

Figure II.12 shows the percentage of policies with black boxes in the undertakings' portfolios and the market quota of the undertakings (calculated with respect to the number of contracts). The telematic products for motor liability cover are offered by more than half of the undertakings (26 out of 40). The diffusion of the policies with black boxes is quite varied: 14 undertakings have a minimum percentage of these contracts (less than 10% of total contracts), 4 undertakings present policies with black boxes in percentages between 10 and 20%, in the remaining 8 undertakings the percentage of telematic contracts exceeds 20% (2 small undertakings provide the black box as a policies' standard).



Figure II.12



#### 1.5.5. - Distribution channels

The classifications by main distribution channel<sup>49</sup> indicate that 83% of motor liability contracts are distributed through traditional agency channels, the percentage of contracts through telephone undertakings is 14%, and banks/post offices collect the remaining 3% of contracts.

Figure II.13 shows the variability of motor liability cover price in function of the main distribution channel; in increasing price order they are:

- telephone companies with an average price 40 Euro lower compared with the national average value;
- undertakings that distribute through banks/post offices, which also have a lower average price than the national value;
- traditional companies with an average price slightly higher than the national average.

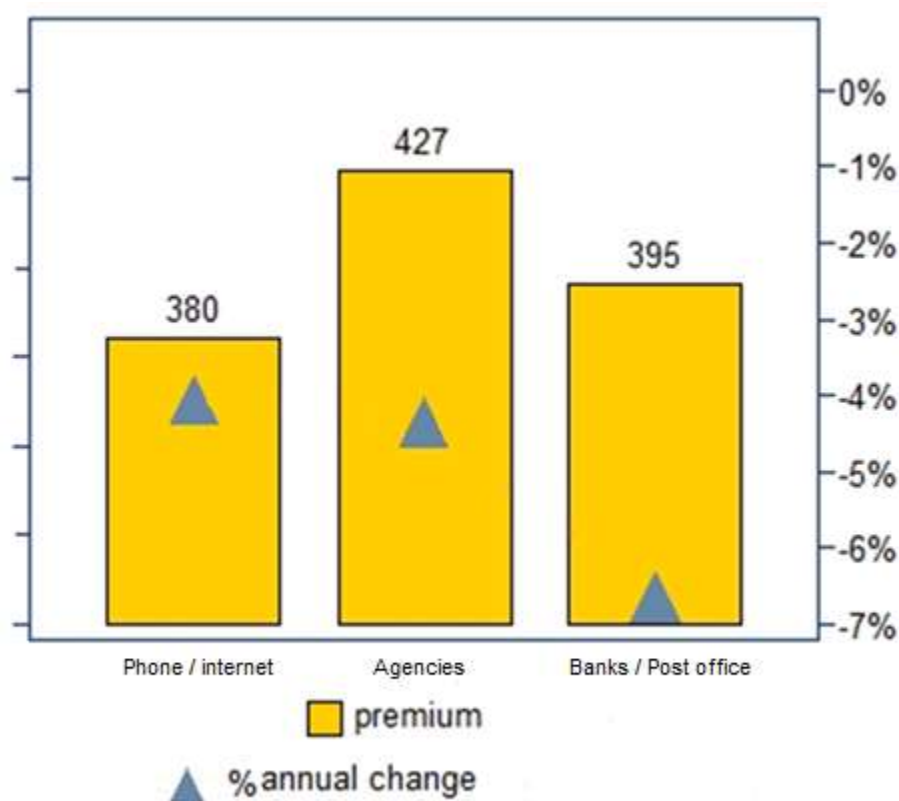
The variations on an annual basis with respect to the fourth quarter of 2015 show that the prices of undertakings that operate through banks or post offices register the most consistent

<sup>49</sup> The legislative sources that regulate the relative data collection are described in the Methodological Note of Statistical Bulletin no. 7 of 2017.

reduction (-6.6%), the prices of the telephone undertakings register a smaller reduction (-4.1%), the price trend of the traditional undertakings is in line with the national average variation (-4.4%).

Figure II.13

**Premium per main distribution channel in the fourth quarter of 2016 and variation on an annual basis**



## 1.6. - Anti-fraud activity

### *1.6.1. - IVASS anti-fraud activities and the anti-fraud integrated database*

#### *IVASS activities*

Dematerialisation of the insurance documentation (sticker and claims experience certificate) is nearing completion, showing satisfactory results, on one hand, with the simplification of the underwriting procedures, and on the other hand, the disappearance of false documents.

In 2016, particular attention was paid to making the insurance sticker electronic and, in particular, to delays or dysfunctions in the feeding of the relative data banks by the undertakings.

With regard to the claims experience certificates, from the analysis of complaints received by IVASS, there is a strong reduction of the issue that, in the early months of 2017, has reached very low proportions, passing from 691 complaints in 2014 to 694 in 2015 and 181 in 2016.

The dematerialisation process of the claims experience certificates, launched in 2015, has been divided into two phases:

- a) a first phase, concluded with the issue of IVASS Regulation no. 9 of 19 May 2015, which established the certificate data bank;
- b) a second phase, launched in 2016, to achieve the change to the so-called “dynamic certificate”.

With the continuous feed of the certificate data bank by the undertakings, it will be possible to take all claims into account, even those that are currently not detected for the purposes of the claims experience certificate because they are not yet definitive, or paid outside of the observation period (60 days before the expiration of the contract) if relative to policyholders switching from one company towards other undertakings. The launch of the claim history certificate data bank is expected in 2018.

In 2016, 40 reports were received by IVASS from users and two from insurance undertakings on possible illegal activity against them, which were 49 and 7 in the prior year. 12 requests for information from the Authorities were addressed (16 in 2015). Requests for verification of the contractual documentation with relative request to the insurance undertaking to make complaint/legal action have diminished from 150 to 13, also thanks to dematerialisation.

In the same year, there have also been 149 requests for confirmation of motor liability insurance cover by Authorities that have found missing feeds of the data base with existing insurance covers, double than the 77 of the previous year. The phenomenon, which began to occur as a result of the diffusion of remote detection devices also by the local police, seems destined to grow due to the increase in the number of controls. With regard to the Claims Experience Certificate Data Bank, IVASS has received 8 reports of missing or incorrect feed (14 in 2015).

With reference to the access authorisation to the Claims Data Bank, Witness Registry Data Bank and Damaged Parties Registry, managed by IVASS, in 2016 question, 318 authorisations have been issued to insurance undertakings and 121 deactivations of users. A further 17 authorisations, for a total of 115 users, have been released to the Judiciary Police, and 135 users requested technical assistance.

In 2016, 155 procedures were commenced against companies that did not update the Claims Data Bank correctly (44) or reported untimely in the Claims Experience Data Bank (111), with a progressive reduction connected to the improvement of the information flows. The late transmissions originated mainly from the incorrect use of the classification codes, from the discarding of the original transmission due to errors and from the resulting new transmission sent after the prescribed time limit.

Inspections have been made of 3 undertakings for the weaknesses shown by their annual anti-fraud report or for problems in feeding the Cover and Claims Experience Certificates Data Banks.

A total of 267 requests were received for access to the personal data contained in the Claims Data Bank, the same number as the prior year. Of these, 164 come from the direct data owners, 46 from the Judicial Authorities and Law Enforcement and 57 from lawyers and Justices of the Peace, (respectively 154, 48 and 65 in 2015). The requests for access by the Justices of the Peace are presented in most of the cases by the CTU (court-appointed expert) in the context of civil legal actions concerning road accidents and frequently do not respect the regulation in force that sets out the single purpose of access to the Claims Data Bank and the Anti-Fraud Integrated data base to prevent and oppose insurance frauds. In the majority of these cases, the investigation concludes with the denial of access.

#### *The integrated anti-fraud archive*

The Integrated Anti-fraud Archive (AIA) was launched in June of 2016. In the starting period, particular and continuous attention was paid to the aspects of integrity, operativity and performance of the procedures, with a careful qualitative/quantitative monitoring on the validity of the anomaly indicators and the relative parameters.

In the first year of operation, the accidents processed by the AIA (transmitted for the first time or for which adjustments or supplements to the data have been reported) were 3.5 million.

In 2016, a study was completed on the IT project for phase 2, and the development of the software was launched in collaboration with the Bank of Italy. The project provides a portal for consulting the AIA data banks at the disposal of the Police forces and the undertakings, new functions for more efficient management of the anomaly indicators of the claims (“dynamic indicators”) and the connection to additional data banks (for example the taxpayers database) to improve the identification of anomalous claims.

In the second half of 2016, a study was launched on the use of network analysis techniques for the examination of claims in an anti-fraud context, in collaboration with experts of the University of Palermo. The first results show the statistical and operative validity of these

analysis methodologies, and of the relative network indicators and instruments for the identification of connections.

#### *1.6.2. - Anti-fraud activities of the undertakings*

The data provided to IVASS by the insurance undertakings with the annual anti-fraud reports on 2015 and the provisions relating to 2016 document positive signs. For example, the criminal proceedings begun by the undertakings for attempted frauds in the underwriting phase of motor liability contracts have fallen drastically in 2016 by 74%, also following the dematerialisation of the insurance sticker and the claims experience certificate.

Other elements of progress in the anti-fraud actions are shown in the savings obtained by the undertakings through the prevention of frauds, increased in 2015 by 15%, for nearly 220 million Euro, percentage confirmed in 2016, reaching 250 million Euro.

#### *Information relating to the activities for combating fraud adopted by the undertakings - 2015*

In 2016, pursuant to ISVAP Regulation no. 44/2012, the annual anti-fraud reports relative to 2015 of 47 Italian undertakings and 21 EU undertakings operating in Italy in the motor liability sector were transmitted to IVASS.

The total number of accidents reported in 2015 was 2,970,250, on 40,695,139 risk units (hereinafter RU) insured in the year. In contrast to the past three years, in which there was a constant reduction of accidents reported, in 2015 there was an increase of 4%, with 106,522 additional accidents reported compared with 2014.

The increase in accidents mainly concerned the South and Islands (+5.4% and +4.1%), while the increase in the northern and central Italy was lower (3.6%).

Also with regard to the insured RU, the decreasing trend that characterised the three-year period from 2012-2014 was interrupted in 2015. In 2015, in fact, the total number of vehicles covered increased, compared to 2014 with 122,711 units, 0.3% of the total of the prior year (40,572,428 in 2014).

#### *Anti-fraud numbers in Italy*

In 2015, 597,857 accidents potentially exposed to frauds were identified, with an increase compared to 2014 of nearly 80 thousand units. The growth of this type of accident in the past four years is constant: compared to 2012, with 400,901, they have increased by nearly +50%.

Analogous results were found for the accidents subject to particular investigations for profiles of possible fraud: in 2015, there were 297,460. Compared to 2014, in which they amounted to 265,095, there was an increase of +10.7%, which confirms the constant efforts of the undertakings in the fight against fraud: from 2012 to 2015 the figure increased by more than 28%.

Collectively in 2015, the claims closed without payment due to anti-fraud activities were 43,062, with an increased percentage compared to 2014 data of nearly 13%. This percentage increase, also due to the greater volumes treated, is consistent in the four-year period from 2012 and 2015, during with the increase exceeded 27%.

The quantitative data shows the greater efficacy of the anti-fraud action taken by the undertakings in the latest years, confirmed by the savings obtained by the thwarted frauds, the amount of which is mainly calculated on the basis of the amounts initially entered into the reserve for claims subsequently closed without payment as a consequence of the anti-fraud activities carried out. In 2015, the total amount of the savings reached 217,652,353 Euro, registering a significant increase of +15.3% compared with 2014.

Additional margins of improvement are obtainable with greater efficiency to the investigating procedures performed by the undertakings, especially in the context of compensation regimes referring to the Direct Compensation Agreement (CARD CID) and the Transported Third Parties Agreement (CARD CTT).

Comparing the data relating to claims managed in the context of the two CARD regimes with claims managed according to the procedure referred to in art. 148 of the Code of Private Insurance (hereinafter NO CARD), a lower efficacy shows in the anti-fraud activity carried out in the context of direct compensation as well as the need to identify operational solutions that allow the combination of streamlined handling of damages and of necessary controls.

In 2015, there were 6,172 accidents for which complaint or legal action was presented, with an increase over the prior year of +32%. There is an erratic performance for this type: between 2012 and 2013, said accidents increased, while between 2013 and 2014, they decreased by approximately -33%. In the four-year period of 2012 - 2015, this type of accident increased by +17%.

Table II.13

| 2015 Data from Regulation no. 44 |                       |                   |                  |                              |                                                       |                                                                                    |                                          |
|----------------------------------|-----------------------|-------------------|------------------|------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------|
| (unit)                           |                       |                   |                  |                              |                                                       |                                                                                    |                                          |
| Geographical Macro-areas         | Regions               | Risk units        | Claims reported  | Claims exposed to fraud risk | Claims investigated in connection with the fraud risk | Claims that have been checked in relation to fraud risk and closed without payment | Claims subject to Complaint/Legal action |
| NORTH                            | EMILIA ROMAGNA        | 3,339,450         | 208,355          | 41,656                       | 20,110                                                | 2,594                                                                              | 272                                      |
|                                  | FRIULI-VENEZIA GIULIA | 972,796           | 45,022           | 7,817                        | 3,521                                                 | 526                                                                                | 71                                       |
|                                  | LIGURIA               | 1,156,363         | 100,245          | 19,003                       | 8,457                                                 | 1,263                                                                              | 255                                      |
|                                  | LOMBARDY              | 6,988,881         | 485,746          | 78,645                       | 30,306                                                | 4,526                                                                              | 367                                      |
|                                  | PIEDMONT              | 3,210,112         | 224,341          | 40,816                       | 15,875                                                | 2,165                                                                              | 255                                      |
|                                  | TRENTINO-SOUTH TYROL  | 948,509           | 50,750           | 9,505                        | 2,697                                                 | 301                                                                                | 49                                       |
|                                  | VALLE D'AOSTA         | 173,840           | 8,611            | 1,257                        | 548                                                   | 149                                                                                | 37                                       |
|                                  | VENETO                | 3,744,370         | 199,603          | 30,435                       | 13,288                                                | 1,502                                                                              | 152                                      |
|                                  | <b>North Total</b>    | <b>20,534,321</b> | <b>1,322,673</b> | <b>229,134</b>               | <b>94,802</b>                                         | <b>13,026</b>                                                                      | <b>1,458</b>                             |
| CENTRE                           | LAZIO                 | 4,207,039         | 380,244          | 77,877                       | 38,150                                                | 6,238                                                                              | 665                                      |
|                                  | MARCHE                | 1,168,431         | 67,940           | 13,359                       | 6,697                                                 | 764                                                                                | 89                                       |
|                                  | TUSCANY               | 2,830,403         | 201,100          | 37,485                       | 17,666                                                | 2,116                                                                              | 291                                      |
|                                  | UMBRIA                | 767,449           | 42,073           | 7,501                        | 3,665                                                 | 440                                                                                | 90                                       |
|                                  | <b>Centre Total</b>   | <b>8,973,322</b>  | <b>691,357</b>   | <b>136,222</b>               | <b>66,178</b>                                         | <b>9,558</b>                                                                       | <b>1,135</b>                             |
| SOUTH                            | ABRUZZO               | 906,483           | 55,235           | 12,138                       | 5,556                                                 | 770                                                                                | 67                                       |
|                                  | BASILICATA            | 360,548           | 18,250           | 4,291                        | 2,314                                                 | 327                                                                                | 85                                       |
|                                  | CALABRIA              | 1,021,633         | 55,731           | 15,662                       | 9,500                                                 | 1,384                                                                              | 354                                      |
|                                  | CAMPANIA              | 2,605,694         | 244,430          | 104,811                      | 65,678                                                | 10,110                                                                             | 2,275                                    |
|                                  | MOLISE                | 227,934           | 13,202           | 3,894                        | 2,266                                                 | 442                                                                                | 31                                       |
|                                  | APULIA                | 2,164,205         | 128,503          | 36,018                       | 21,195                                                | 2,716                                                                              | 402                                      |
|                                  | <b>South Total</b>    | <b>7,286,497</b>  | <b>515,351</b>   | <b>176,814</b>               | <b>106,509</b>                                        | <b>15,749</b>                                                                      | <b>3,214</b>                             |
| ISLANDS                          | SARDINIA              | 1,036,420         | 66,353           | 11,407                       | 5,162                                                 | 1,108                                                                              | 97                                       |
|                                  | SICILY                | 2,864,578         | 194,517          | 44,280                       | 24,809                                                | 3,621                                                                              | 268                                      |
|                                  | <b>Islands Total</b>  | <b>3,900,998</b>  | <b>260,870</b>   | <b>55,687</b>                | <b>29,971</b>                                         | <b>4,729</b>                                                                       | <b>365</b>                               |
| <b>National Total</b>            |                       | <b>40,695,139</b> | <b>2,790,250</b> | <b>597,857</b>               | <b>297,460</b>                                        | <b>43,062</b>                                                                      | <b>6,172</b>                             |

*Criminal proceedings initiated by undertakings relative to cases connected to settlement*

In 2015, 3,687 criminal proceedings were undertaken in the fight against fraud in the phase of claim settlement, with an increase of +8% compared to 3,405 the prior year.

The total number of the criminal proceedings initiated by the undertakings between 2012 and 2015 amounts to 14,661, of which only 1,980 reached conclusive results, for a percentage of 13.5% (8.9% in 2014).

Table II.14

| Complaint/Legal Action performance regarding the settlement phase four-year period 2012 -2015 |                          |           |               |            |       |               |
|-----------------------------------------------------------------------------------------------|--------------------------|-----------|---------------|------------|-------|---------------|
| (unit)                                                                                        |                          |           |               |            |       |               |
| Year                                                                                          | Complaint / Legal action | Dismissal | Final Results |            | Other | Total Results |
|                                                                                               |                          |           | Acquittal     | Conviction |       |               |
| 2012                                                                                          | 3,293                    | 442       | 22            | 99         | 155   | 718           |
| 2013                                                                                          | 4,276                    | 394       | 20            | 66         | 171   | 651           |
| 2014                                                                                          | 3,405                    | 284       | 6             | 60         | 87    | 437           |
| 2015                                                                                          | 3,687                    | 111       | 7             | 20         | 36    | 174           |
| Four-year period                                                                              | 14,661                   | 1,231     | 55            | 245        | 449   | 1,980         |

*Criminal proceedings initiated by undertakings relative to cases connected to underwriting (contracts, contractual and pre-contractual documentation)*

The number of complaints and/or legal actions linked to the fight against fraud in the underwriting or pre-underwriting phase is significantly reduced in 2015 (3,207 compared with 3,821 in 2014, with a percentage decrease of 16 points). This performance is also the result of the dematerialisation of the insurance sticker and the claims experience certificate, and is confirmed by the first results in 2016.

The digitalisation of a large part of the documentation requested in the pre-contractual and contractual phase has greatly reduced the possibility of forgery and, by consequence, also the related criminal proceedings .

Table II.15

| Complaint/Legal Action performance regarding the underwriting phase four-year period 2012 -2015 |                           |           |               |            |       |               |
|-------------------------------------------------------------------------------------------------|---------------------------|-----------|---------------|------------|-------|---------------|
| (unit)                                                                                          |                           |           |               |            |       |               |
| Reference years                                                                                 | Complaints/ Legal actions | Dismissal | Final Results |            | Other | Total Results |
|                                                                                                 |                           |           | Acquittal     | Conviction |       |               |
| 2012                                                                                            | 3,103                     | 189       | 25            | 134        | 70    | 418           |
| 2013                                                                                            | 4,185                     | 182       | 18            | 87         | 62    | 349           |
| 2014                                                                                            | 3,821                     | 239       | 14            | 47         | 59    | 359           |
| 2015                                                                                            | 3,207                     | 163       | 17            | 24         | 20    | 224           |
| Four-year period                                                                                | 14,316                    | 773       | 74            | 292        | 211   | 1,350         |

*The adequacy of the corporate organisation and of the claims settlement system when fighting fraud*

In the evaluation of the actions of the fight against fraud performed by the undertakings in 2015, it has been revealed that some criticalities detected in 2014 have been overcome, due to restructuring operations and organizational and IT updates in large and medium size undertakings, following incorporations and corporate mergers.



In 2014, the first of the five assessments<sup>50</sup> brackets (that with the most positive evaluation) of the ranking resulting from the quantitative and qualitative performance indicators, contained 14 undertakings, to which corresponded 27% of the total RU insured and a 28% share of the claims managed. The large and medium sized undertakings were mainly located in the second bracket.

In 2015, however, the undertakings in the first bracket have increased to 16, with a much higher share of RU and claims (respectively 73% and 72%), thus confirming the presence of larger sized undertakings in the first bracket.

Table II.16

| Assessment brackets by final score |                        |                   |                 |                  |                                  |              |
|------------------------------------|------------------------|-------------------|-----------------|------------------|----------------------------------|--------------|
| (unit and % values)                |                        |                   |                 |                  |                                  |              |
| 2014                               |                        |                   |                 |                  |                                  |              |
| Assessment bracket                 | Number of undertakings | RU totals         | RU market share | Claims reported  | % total claims reported in Italy | Claims ratio |
| I                                  | 14                     | 10,930,429        | 26.94%          | 758,839          | 28.28%                           | 6.94%        |
| II                                 | 16                     | 23,006,056        | 56.70%          | 1,441,156        | 53.70%                           | 6.26%        |
| III                                | 10                     | 2,656,061         | 6.50%           | 162,980          | 6.07%                            | 6.14%        |
| IV                                 | 13                     | 3,173,464         | 7.82%           | 235,754          | 8.78%                            | 7.43%        |
| V                                  | 9                      | 802,016           | 1.98%           | 84,719           | 3.16%                            | 10.56%       |
| <b>Total</b>                       |                        | <b>40,568,026</b> |                 | <b>2,683,448</b> |                                  |              |
| 2015                               |                        |                   |                 |                  |                                  |              |
| Assessment bracket                 | Number of undertakings | RU totals         | RU market share | Claims reported  | % total claims reported in Italy | Claims ratio |
| I                                  | 16                     | 29,834,634        | 73.31%          | 2,009,221        | 72.01%                           | 6.73%        |
| II                                 | 16                     | 4,032,854         | 9.91%           | 287,362          | 10.30%                           | 7.13%        |
| III                                | 9                      | 4,657,747         | 11.45%          | 304,674          | 10.92%                           | 6.54%        |
| IV                                 | 15                     | 1,989,288         | 4.89%           | 175,079          | 6.27%                            | 8.80%        |
| V                                  | 6                      | 179,349           | 0.44%           | 13,807           | 0.49%                            | 7.70%        |
| <b>Total</b>                       |                        | <b>40,693,872</b> |                 | <b>2,790,143</b> |                                  |              |

The undertakings' estimates on the reduction of the cost of claims arising from fraud detection<sup>51</sup> confirm an increase in 2015 to 220 million, +15.3% over 2014 (189 million).

<sup>50</sup> No score was calculated in 2014 for 6 of the 68 companies examined (with a market share of 0.01%) since their volumes were negligible. Also in 2015 6 of the 68 undertakings operating in the motor liability sector (47 Italian and 21 EU) were not eligible for evaluation (market share of 0.004%).

<sup>51</sup> The amounts of the estimates written by the undertakings are not used in the evaluation process of the efficiency indices.

Table II.17

| Assessment brackets and estimates of the reduction in the cost of claims resulting from anti-fraud activities |                    |                |             |              |
|---------------------------------------------------------------------------------------------------------------|--------------------|----------------|-------------|--------------|
| (Euro and % values)                                                                                           |                    |                |             |              |
| Assessment bracket                                                                                            | 2014               |                | 2015        |              |
|                                                                                                               | Amounts            | Market share   | Amounts     | Market share |
| I                                                                                                             | 78,919,495         | 41.81%         | 179,470,515 | 82.46%       |
| II                                                                                                            | 92,634,346         | 49.07%         | 21,129,549  | 9.71%        |
| III                                                                                                           | 7,490,197          | 3.97%          | 12,124,565  | 5.57%        |
| IV                                                                                                            | 9,066,637          | 4.80%          | 4,643,532   | 2.13%        |
| V                                                                                                             | 657,736            | 0.35%          | 279,392     | 0.13%        |
| <b>Total</b>                                                                                                  | <b>188,768,411</b> | <b>100.00%</b> | 217,647,553 | 100.00%      |

*Information relating to the activities for combating fraud in 2016 - preview*

The first calculations on the data relating to 2016 confirm the progress of the activity of the fight against fraud in the motor liability sector.

From the reports received, sent by 42 Italian and 20 EU undertakings, the further reduction in the number of Italian undertakings operating in motor liability is noted, reflecting the trend toward concentration already detected in recent years. This trend, as far as anti-fraud activity is concerned, may raise the efficiency level in the fight against fraud, provided that the incorporation and company merger operations is focused on selecting more effective organisational models.

The number of insured RU and of claims reported is slowly increasing while the indicators of the quantity and of the effectiveness of the anti-fraud activities continue to improve.

In 2016, the RU nearly reached 41 million, with a slight increase over the previous year (+0.4%) and 54 thousand additional accidents were reported compared with the previous year, with a moderate increase (+2%).

Table II.18

| 2016 Data Regulation no. 44 |                       |                   |                  |                              |                                                       |                                                                                    |                                          |
|-----------------------------|-----------------------|-------------------|------------------|------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------|
| (unit)                      |                       |                   |                  |                              |                                                       |                                                                                    |                                          |
| Geographical Macro-areas    | Regions               | Risk units        | Claims reported  | Claims exposed to fraud risk | Claims investigated in connection with the fraud risk | Claims that have been checked in relation to fraud risk and closed without payment | Claims subject to Complaint/Legal action |
| NORTH                       | EMILIA ROMAGNA        | 3,339,524         | 207,466          | 44,682                       | 22,582                                                | 3,118                                                                              | 188                                      |
|                             | FRIULI-VENEZIA GIULIA | 941,692           | 45,003           | 8,962                        | 4,301                                                 | 564                                                                                | 33                                       |
|                             | LIGURIA               | 1,128,622         | 93,575           | 22,535                       | 9,697                                                 | 1,357                                                                              | 142                                      |
|                             | LOMBARDY              | 6,887,390         | 490,221          | 90,108                       | 36,651                                                | 5,473                                                                              | 402                                      |
|                             | PIEDMONT              | 3,223,048         | 224,846          | 46,522                       | 19,419                                                | 2,783                                                                              | 285                                      |
|                             | TRENTINO-SOUTH TYROL  | 999,863           | 66,502           | 11,458                       | 3,351                                                 | 342                                                                                | 18                                       |
|                             | VALLE D'AOSTA         | 168,218           | 7,759            | 1,231                        | 545                                                   | 135                                                                                | 10                                       |
|                             | VENETO                | 3,718,678         | 200,872          | 34,995                       | 16,069                                                | 2,046                                                                              | 101                                      |
|                             | <b>North Total</b>    | <b>20,407,033</b> | <b>1,336,244</b> | <b>260,493</b>               | <b>112,615</b>                                        | <b>15,818</b>                                                                      | <b>1,179</b>                             |
| CENTRE                      | LAZIO                 | 4,200,092         | 370,805          | 84,175                       | 42,185                                                | 7,047                                                                              | 484                                      |
|                             | MARCHE                | 1,163,607         | 67,600           | 14,448                       | 7,507                                                 | 862                                                                                | 46                                       |
|                             | TUSCANY               | 2,955,265         | 201,459          | 44,182                       | 22,089                                                | 2,741                                                                              | 248                                      |
|                             | UMBRIA                | 706,996           | 42,268           | 8,724                        | 4,258                                                 | 561                                                                                | 37                                       |
|                             | <b>Centre Total</b>   | <b>9,025,961</b>  | <b>682,132</b>   | <b>151,529</b>               | <b>76,039</b>                                         | <b>11,211</b>                                                                      | <b>815</b>                               |
| SOUTH                       | ABRUZZO               | 917,231           | 54,598           | 13,141                       | 6,239                                                 | 881                                                                                | 82                                       |
|                             | BASILICATA            | 371,797           | 18,994           | 4,735                        | 2,554                                                 | 415                                                                                | 53                                       |
|                             | CALABRIA              | 1,042,394         | 58,413           | 16,919                       | 10,323                                                | 1,417                                                                              | 364                                      |
|                             | CAMPANIA              | 2,681,722         | 265,598          | 115,401                      | 71,305                                                | 12,145                                                                             | 1,516                                    |
|                             | MOLISE                | 227,792           | 13,305           | 4,212                        | 2,581                                                 | 441                                                                                | 61                                       |
|                             | APULIA                | 2,213,277         | 138,479          | 39,874                       | 24,414                                                | 3,308                                                                              | 205                                      |
|                             | <b>South Total</b>    | <b>7,454,212</b>  | <b>549,387</b>   | <b>194,282</b>               | <b>117,416</b>                                        | <b>18,607</b>                                                                      | <b>2,281</b>                             |
| ISLANDS                     | SARDINIA              | 1,051,393         | 67,667           | 12,613                       | 5,960                                                 | 945                                                                                | 44                                       |
|                             | SICILY                | 2,924,645         | 208,953          | 49,424                       | 27,515                                                | 4,176                                                                              | 259                                      |
|                             | <b>Islands Total</b>  | <b>3,976,038</b>  | <b>276,620</b>   | <b>62,037</b>                | <b>33,475</b>                                         | <b>5,121</b>                                                                       | <b>303</b>                               |
| <b>National Total</b>       |                       | <b>40,863,243</b> | <b>2,844,383</b> | <b>668,341</b>               | <b>339,545</b>                                        | <b>50,757</b>                                                                      | <b>4,578</b>                             |

The claims potentially exposed to fraud have increased by +12%, comprising more than 668 thousand.

The claims subject to specific investigations, performed by specialised units, due to likely frauds are nearly 340 thousand, with an increase of +14% compared with 2015.

Claims closed without payment following specific anti-fraud investigations carried out by the undertakings, where the attempted frauds have been averted with success, registered an increase of almost +18%.

The increase in 2016 of +0.5% of claims subject to specific investigation in relation to fraud and with closure without payment represents an important progress compared with the value of +0.1% observed in the previous years.

The reduction of claims subject to complaint and/or legal action of -26% compared to 2015 is also to be underscored, as well as that of -18% of legal proceedings relative to the settlement tasks initiated by the undertakings.

### *1.6.3. - Accidents per kilometre in Italian provinces*

The index of territorial accident ratios is given by the ratio between accidents occurring<sup>52</sup> in a determined territory (municipality, province or region)<sup>53</sup>, taken from the Claims Data Bank and the number of kilometres in the same territory<sup>54</sup>. It offers a measure of the risk at the level of the single municipality, province, etc., for the evaluations of subjects (market, institutions, local bodies) concerned on different levels.

The factors that effect the number of accidents in a determined territory are many, among which is the level of fraud, road safety, population density and the status of the circulating vehicles.

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<sup>52</sup> It considers only the claims without indemnification, communicated by the undertakings to the Claims Data Bank, that were still open or closed following the payment at the date of the report.

<sup>53</sup> For the purposes of the determination of the index of territorial sinistrality, the location of occurrence of the accident is considered unlike the provincial claims ratio, for which the classification of accidents is referred to the place of residence of the owner of the responsible vehicle.

<sup>54</sup> For accidents occurring in 2014-2016, the indicator takes account of the road network, including all the municipal roads, existing in 2011 with an update for the extra-urban roads in 2016, provided by ACI.

Table II.19

| Provincial accidents ratio in the period 2014-2016 |                     |             |             |                              |                     |             |             |                   |                     |             |             |
|----------------------------------------------------|---------------------|-------------|-------------|------------------------------|---------------------|-------------|-------------|-------------------|---------------------|-------------|-------------|
| Province                                           | Accidents / Km road |             |             | Province                     | Accidents / Km road |             |             | Province          | Accidents / Km road |             |             |
|                                                    | 2014                | 2015        | 2016        |                              | 2014                | 2015        | 2016        |                   | 2014                | 2015        | 2016        |
| <b>Valle D'Aosta</b>                               | <b>1.34</b>         | <b>1.28</b> | <b>1.17</b> | <b>Trentino - Alto Adige</b> | <b>1.63</b>         | <b>1.67</b> | <b>1.22</b> | <b>Lombardy</b>   | <b>5.07</b>         | <b>5.36</b> | <b>4.68</b> |
| Aosta                                              | 1.34                | 1.28        | 1.17        | Bolzano                      | 1.31                | 1.38        | 1.03        | Bergamo           | 4.23                | 4.53        | 3.91        |
| <b>Piedmont</b>                                    | <b>2.64</b>         | <b>2.86</b> | <b>2.52</b> | Trento                       | 1.95                | 1.95        | 1.41        | Brescia           | 3.66                | 3.82        | 3.10        |
| Alessandria                                        | 1.46                | 1.60        | 1.38        | <b>Friuli-Venezia Giulia</b> | <b>1.96</b>         | <b>2.05</b> | <b>1.67</b> | Como              | 5.25                | 5.56        | 4.95        |
| Asti                                               | 1.46                | 1.59        | 1.44        | Gorizia                      | 2.50                | 2.45        | 2.01        | Cremona           | 2.17                | 2.31        | 1.88        |
| Biella                                             | 2.26                | 2.35        | 1.93        | Pordenone                    | 1.59                | 1.64        | 1.36        | Lecco             | 4.36                | 4.56        | 4.38        |
| Cuneo                                              | 1.37                | 1.51        | 1.36        | Trieste                      | 6.31                | 6.75        | 5.97        | Lodi              | 2.67                | 2.89        | 2.51        |
| Novara                                             | 2.60                | 2.81        | 2.47        | Udine                        | 1.55                | 1.65        | 1.31        | Mantua            | 1.85                | 1.92        | 1.62        |
| Turin                                              | 4.97                | 5.35        | 4.72        | <b>Emilia Romagna</b>        | <b>2.42</b>         | <b>2.60</b> | <b>2.23</b> | Milan             | 12.91               | 13.44       | 12.50       |
| Verbano-Cusio-Ossola                               | 1.83                | 1.86        | 1.74        | Bologna                      | 3.97                | 4.40        | 3.67        | Monza and Brianza | 8.82                | 9.46        | 9.36        |
| Vercelli                                           | 1.30                | 1.40        | 1.11        | Ferrara                      | 1.43                | 1.54        | 1.33        | Pavia             | 2.53                | 2.79        | 2.36        |
| <b>Liguria</b>                                     | <b>3.40</b>         | <b>3.69</b> | <b>3.26</b> | Forli-Cesena                 | 2.28                | 2.34        | 2.10        | Sondrio           | 1.66                | 1.63        | 1.46        |
| Genoa                                              | 6.22                | 6.77        | 5.70        | Modena                       | 2.17                | 2.32        | 1.91        | Varese            | 5.34                | 5.62        | 5.28        |
| Imperia                                            | 1.59                | 1.85        | 1.77        | Parma                        | 2.34                | 2.51        | 2.13        | <b>Veneto</b>     | <b>2.16</b>         | <b>2.28</b> | <b>2.02</b> |
| La Spezia                                          | 2.36                | 2.48        | 2.31        | Piacenza                     | 1.55                | 1.64        | 1.43        | Belluno           | 1.37                | 1.40        | 0.91        |
| Savona                                             | 2.12                | 2.23        | 1.91        | Ravenna                      | 2.00                | 2.11        | 1.87        | Padua             | 2.75                | 2.90        | 2.56        |
| <b>Tuscany</b>                                     | <b>3.73</b>         | <b>3.97</b> | <b>3.29</b> | Reggio Emilia                | 2.02                | 2.13        | 1.89        | Rovigo            | 0.97                | 1.03        | 0.90        |
| Arezzo                                             | 2.59                | 2.84        | 2.33        | Rimini                       | 4.15                | 4.43        | 4.17        | Treviso           | 2.14                | 2.35        | 2.13        |
| Florence                                           | 5.56                | 6.05        | 4.74        | <b>Umbria</b>                | <b>1.31</b>         | <b>1.37</b> | <b>1.15</b> | Venice            | 2.62                | 2.73        | 2.50        |
| Grosseto                                           | 1.74                | 1.88        | 1.58        | Perugia                      | 1.29                | 1.37        | 1.17        | Verona            | 2.28                | 2.38        | 2.37        |
| Livorno                                            | 4.14                | 4.32        | 4.16        | Terni                        | 1.35                | 1.38        | 1.11        | Vicenza           | 2.07                | 2.21        | 1.89        |
| Lucca                                              | 3.50                | 3.54        | 3.08        | <b>Latium</b>                | <b>5.34</b>         | <b>5.58</b> | <b>4.77</b> | <b>Abruzzo</b>    | <b>1.29</b>         | <b>1.38</b> | <b>1.19</b> |
| Massa Carrara                                      | 2.70                | 2.66        | 2.30        | Frosinone                    | 1.65                | 1.69        | 1.42        | Chieti            | 1.16                | 1.24        | 1.05        |
| Pisa                                               | 3.92                | 4.22        | 3.57        | Latina                       | 3.11                | 3.22        | 2.65        | L'Aquila          | 0.86                | 0.97        | 0.80        |
| Prato                                              | 9.49                | 10.36       | 7.69        | Rieti                        | 1.01                | 1.07        | 0.86        | Pescara           | 2.23                | 2.33        | 2.04        |
| Pistoia                                            | 3.62                | 3.78        | 3.02        | Rome                         | 9.95                | 10.41       | 9.13        | Teramo            | 1.37                | 1.43        | 1.40        |
| Siena                                              | 2.14                | 2.20        | 1.76        | Viterbo                      | 1.38                | 1.47        | 1.25        | <b>Marches</b>    | <b>1.74</b>         | <b>1.86</b> | <b>1.69</b> |
| <b>Campania</b>                                    | <b>3.82</b>         | <b>3.84</b> | <b>3.37</b> | <b>Molise</b>                | <b>0.41</b>         | <b>0.41</b> | <b>0.37</b> | Ancona            | 2.70                | 2.94        | 2.62        |
| Avellino                                           | 0.78                | 0.83        | 0.68        | Campobasso                   | 0.41                | 0.42        | 0.39        | Ascoli Piceno     | 2.27                | 2.30        | 2.24        |
| Benevento                                          | 0.69                | 0.78        | 0.73        | Isernia                      | 0.38                | 0.37        | 0.33        | Fermo             | 2.65                | 2.84        | 2.57        |
| Caserta                                            | 2.58                | 2.61        | 2.41        | <b>Puglia</b>                | <b>1.46</b>         | <b>1.55</b> | <b>1.46</b> | Macerata          | 1.14                | 1.19        | 1.06        |
| Naples                                             | 19.15               | 19.01       | 16.84       | Bari                         | 1.93                | 2.03        | 1.89        | Pesaro and Urbino | 1.29                | 1.40        | 1.32        |
| Salerno                                            | 1.62                | 1.65        | 1.58        | Barletta-Andria-Trani        | 1.39                | 1.51        | 1.33        | <b>Basilicata</b> | <b>0.51</b>         | <b>0.53</b> | <b>0.46</b> |
| <b>Sardinia</b>                                    | <b>1.66</b>         | <b>1.74</b> | <b>1.70</b> | Brindisi                     | 0.98                | 1.02        | 0.98        | Matera            | 0.54                | 0.55        | 0.47        |
| Cagliari                                           | 2.87                | 3.07        | 2.77        | Foggia                       | 0.84                | 0.87        | 0.83        | Potenza           | 0.49                | 0.51        | 0.46        |
| Carbonia Iglesias                                  | 1.38                | 1.47        | 1.49        | Lecce                        | 2.02                | 2.23        | 2.12        | <b>Sicily</b>     | <b>1.84</b>         | <b>2.15</b> | <b>2.22</b> |
| Medio Campidano                                    | 0.62                | 0.66        | 0.68        | Taranto                      | 1.53                | 1.61        | 1.58        | Agrigento         | 1.12                | 1.19        | 1.24        |
| Nuoro                                              | 1.30                | 1.27        | 1.26        | <b>Calabria</b>              | <b>0.95</b>         | <b>1.02</b> | <b>0.88</b> | Caltanissetta     | 1.91                | 2.02        | 2.20        |
| Ogliastra                                          | 0.69                | 0.81        | 0.85        | Catanzaro                    | 1.03                | 1.10        | 0.95        | Catania           | 2.44                | 2.67        | 2.93        |
| Olbia-Tempio                                       | 1.70                | 1.77        | 1.86        | Cosenza                      | 0.75                | 0.82        | 0.74        | Enna              | 0.57                | 0.62        | 0.63        |
| Oristano                                           | 0.86                | 0.91        | 0.86        | Crotone                      | 0.85                | 0.94        | 0.81        | Messina           | 1.49                | 1.57        | 1.65        |
| Sassari                                            | 1.83                | 1.84        | 1.88        | Reggio Calabria              | 1.27                | 1.31        | 1.03        | Palermo           | 3.70                | 3.89        | 3.82        |
|                                                    |                     |             |             | Vibo Valentia                | 1.23                | 1.31        | 1.20        | Ragusa            | 1.39                | 1.49        | 1.45        |
|                                                    |                     |             |             |                              |                     |             |             | Syracuse          | 2.26                | 2.48        | 2.41        |
|                                                    |                     |             |             |                              |                     |             |             | Trapani           | 2.15                | 2.24        | 2.14        |
| <b>Italy total</b>                                 | <b>2.53</b>         | <b>2.67</b> | <b>2.36</b> |                              |                     |             |             |                   |                     |             |             |

Source: reports on IVASS and ACI data.

The index assumes elevated values corresponding to metropolitan areas, considering the greater density of traffic (table II.20).

Table II.20

| Accident ratios by Metropolitan City - 2016 |       |          |      |                        |      |
|---------------------------------------------|-------|----------|------|------------------------|------|
| Naples                                      | 16.15 | Palermo  | 3.69 | Venice                 | 2.39 |
| Milan                                       | 9.70  | Turin    | 3.39 | Bari                   | 1.87 |
| Rome                                        | 7.84  | Florence | 3.26 | Messina                | 1.62 |
| Cagliari                                    | 4.88  | Bologna  | 3.15 | Reggio Calabria        | 0.97 |
| Genoa                                       | 4.50  | Catania  | 2.87 | Non-metropolitan areas | 1.30 |

With reference to 2016, table II.21 shows the 25 municipalities with the lowest values of the indicator<sup>55</sup> (mainly showing municipalities with low populations), and the 25 municipalities, other than provincial capitals, where the accident ratio is highest.

Table II.21

| Accident ratios by municipality - 2016                                         |       |                     |
|--------------------------------------------------------------------------------|-------|---------------------|
|                                                                                | ratio | Population resident |
| <b>25 municipalities with the lowest ratios</b>                                |       |                     |
| Castelsantangelo sul Nera (MC)                                                 | 0.005 | 281                 |
| Morrone del Sannio (CB)                                                        | 0.005 | 587                 |
| Plataci (CS)                                                                   | 0.008 | 739                 |
| Poggiodoro (PG)                                                                | 0.011 | 117                 |
| Monte Cavallo (MC)                                                             | 0.011 | 145                 |
| Asuni (OR)                                                                     | 0.011 | 349                 |
| Sant'Angelo Limosano (CB)                                                      | 0.011 | 352                 |
| Greci (AV)                                                                     | 0.012 | 691                 |
| Rassa (VC)                                                                     | 0.012 | 71                  |
| Ribordone (TO)                                                                 | 0.012 | 53                  |
| Montacuto (AL)                                                                 | 0.012 | 278                 |
| Dualchi (NU)                                                                   | 0.013 | 625                 |
| Pozzaglia Sabina (RI)                                                          | 0.013 | 360                 |
| Carrega Ligure (AL)                                                            | 0.013 | 84                  |
| Acceglio (CN)                                                                  | 0.013 | 162                 |
| Picinisco (FR)                                                                 | 0.013 | 1,218               |
| Mogorella (OR)                                                                 | 0.015 | 447                 |
| Aurano (VB)                                                                    | 0.015 | 111                 |
| San Felice del Molise (CB)                                                     | 0.015 | 634                 |
| Casteldelci (RN)                                                               | 0.016 | 407                 |
| Niella Belbo (CN)                                                              | 0.016 | 372                 |
| Montorio nei Frentani (CB)                                                     | 0.017 | 437                 |
| San Cosmo Albanese (CS)                                                        | 0.017 | 591                 |
| Drenchia (UD)                                                                  | 0.017 | 115                 |
| Allein (AO)                                                                    | 0.017 | 229                 |
| <b>The 25 municipalities with the highest indices (not provincial capital)</b> |       |                     |
| San Giorgio a Cremano (NA)                                                     | 38.89 | 45,557              |
| Casavatore (NA)                                                                | 31.94 | 18,661              |

(continue)

<sup>55</sup> The indicator is emphasized in the presence of claims occurring in the municipal territory, and municipalities with a zero-value indicator are not indicated.

*continued: Table II.221*

| Accident ratios by municipality – 2016 |       |                        |
|----------------------------------------|-------|------------------------|
|                                        | ratio | Population<br>resident |
| Melito di Napoli (NA)                  | 29.69 | 37,826                 |
| Frattamaggiore (NA)                    | 28.88 | 30,329                 |
| Casoria (NA)                           | 26.56 | 77,642                 |
| Portici (NA)                           | 25.88 | 55,274                 |
| Arzano (NA)                            | 25.06 | 34,886                 |
| Villaricca (NA)                        | 24.61 | 31,122                 |
| Melegnano (MI)                         | 21.54 | 17,716                 |
| Mugnano di Napoli (NA)                 | 21.26 | 34,828                 |
| Pomigliano D'Arco (NA)                 | 20.35 | 39,922                 |
| Sesto San Giovanni (MI)                | 19.40 | 81,608                 |
| Castellammare di Stabia (NA)           | 19.26 | 66,466                 |
| San Giuseppe Vesuviano (NA)            | 19.16 | 30,657                 |
| Marano Di Napoli (NA)                  | 17.71 | 59,874                 |
| Casandrino (NA)                        | 17.68 | 14,336                 |
| Aversa (CE)                            | 17.59 | 53,047                 |
| Casalnuovo Di Napoli (NA)              | 17.15 | 49,855                 |
| Grumo Nevano (NA)                      | 16.96 | 18,061                 |
| Orio Al Serio (BG)                     | 16.61 | 1,770                  |
| Corsico (MI)                           | 16.52 | 35,032                 |
| Gagnano (NA)                           | 16.27 | 29,136                 |
| Sant'Antimo (NA)                       | 16.00 | 33,905                 |
| San Sebastiano Al Vesuvio (NA)         | 15.40 | 9,196                  |
| Qualiano (NA)                          | 15.30 | 25,702                 |

Source: statistics based on OpenStreetMap and Tele Atlas Repubblica.

## **2. - MEDICAL PROFESSIONAL LIABILITY OF THOSE IN HEALTHCARE PROFESSIONS**

The importance of insurance to cover medical errors arise from the role that supply and demand of medical care plays in the economies of all countries. In 2014, healthcare spending represented slightly less than a tenth of the world GDP. The share is higher in developed countries<sup>56</sup> which have invested significant resources over the years for the construction of universal healthcare systems, destined to grow with the progressive ageing of the population.

Medical professional liability insurance protects the right to the safety of the care in both public and private health care, but in many countries they are lacking effectiveness and efficiency. The low effectiveness is shown when the system does not compensate patients who have undergone inadequate medical treatment, or compensates subjects that would not be so entitled. A lack of efficiency emerges if the compensations are late, or management costs of the system are excessive. A vast amount of international literature shows, although in different measures, the widespread coexistence of these problems.

Defensive medicine is a common reaction to the lack of medical professional liability systems. Active defensive medicine refers to when doctors perform a series of procedures useless to the health of the patient, with the single scope of avoiding prosecution. Less frequent are the cases of passive defensive medicine, when the legal risk dissuades the doctor from performing some operations, at the cost of the patient's health<sup>57</sup>.

In Italy the supply of insurance coverage for medical liability of the establishments and staff is concentrated in few undertakings, in particular with regard to the public establishments. Another typical characteristic of our country is the growing preference of the public establishments for risk retention, incorrectly defined as “self-insurance”.

The annual IVASS survey, in its third edition this year, allows the measurement of the principle features of the Italian insurance market for medical malpractice<sup>58, 59</sup>.

In 2016, 15 operators (table II.22) collect 95% of premiums for medical malpractice insurance in at least one of the three sub-sectors of the public, private and personal healthcare schemes. With respect to 2015, the number of significant operators increased for the public healthcare schemes from 3 to 4 and for private establishments from 6 to 9. The foreign undertakings operating in Italy by establishment or free provision of service are strongly

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<sup>56</sup> Source: World Health Organisation. For Italy, the share amounts to 10.2%, 11.5% for France, 12.3% for Germany and 17.1% for the United States.

<sup>57</sup> A 2010 study estimated that the cost of defensive medicine in the United States is 50 billion dollars. For Italy, AGENAS (National Agency for Regional Healthcare Services) evaluated in 2015 the cost at 10 billion Euro, based on data from Lombardy, Marche, Sicily and Umbria.

<sup>58</sup> The survey was conducted between March and April of 2017, and involved all the 94 undertakings that operated in Italy in 2016 in the general liability sector, of which medical malpractice is a part. The survey investigated the premiums paid in 2016, some contract characteristics, the main obstacles to the development of the sector and the amount of compensations and provisions for claims between 2010 and 2016.

<sup>59</sup> The data relative to 2010-2015 have been modified with respect to that discussed in the Report of last year (I.7.1) for retrospective updates successively transmitted by the undertakings.



present in this market, while the presence of Italian undertakings is sporadic, particularly for coverages of public healthcare schemes.

Table II.23

**Number of undertakings that generate 95% of premiums for medical malpractice insurance in single years for the 3 sectors (2010-2016)**

(unit)

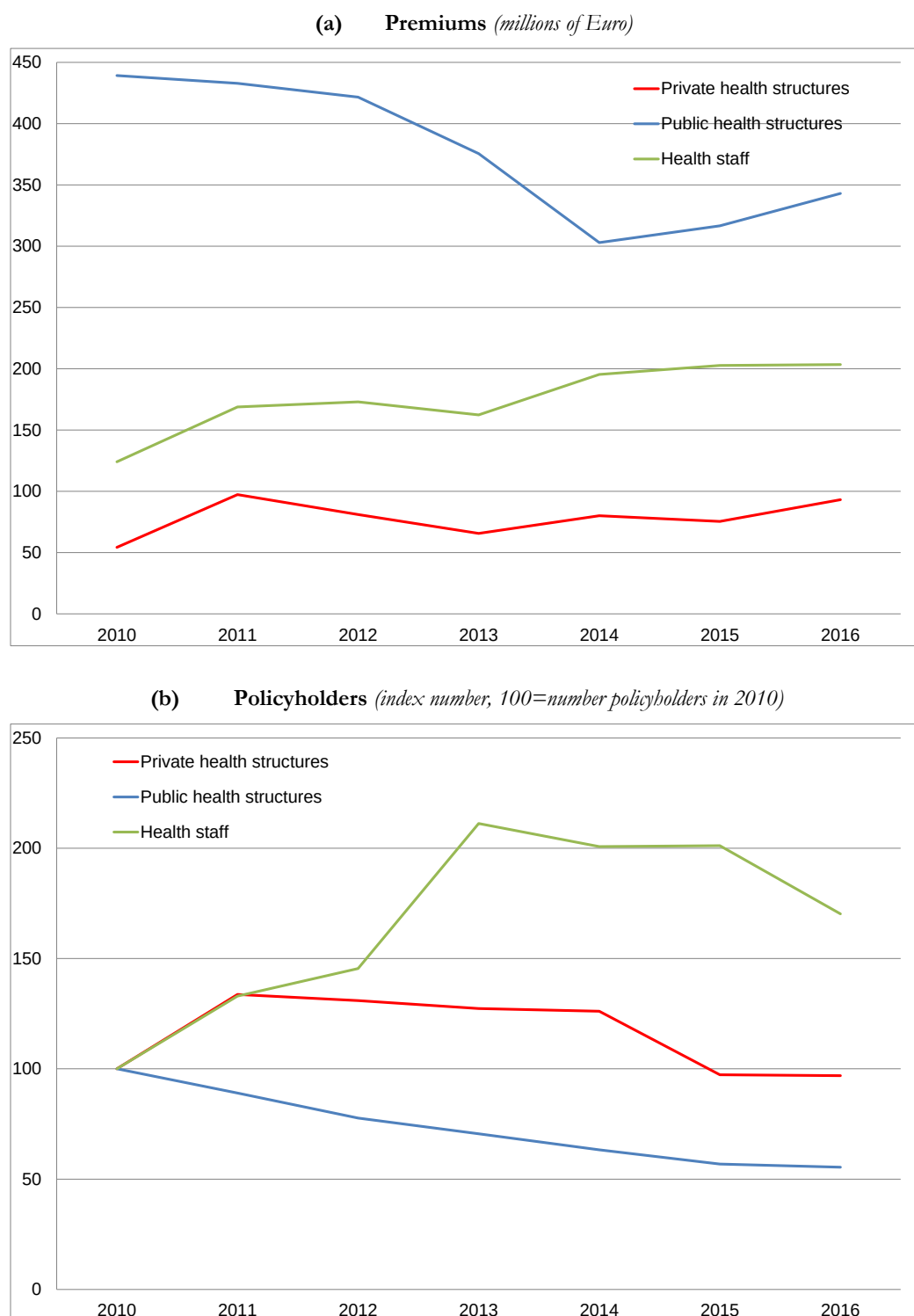
|      | Public health schemes |                      |                          | Private health schemes |                      |                          | Health staff |                      |                          | Total |                      |                          |
|------|-----------------------|----------------------|--------------------------|------------------------|----------------------|--------------------------|--------------|----------------------|--------------------------|-------|----------------------|--------------------------|
|      | Total                 | Italian undertakings | Foreign undertakings (a) | Total                  | Italian undertakings | Foreign undertakings (a) | Total        | Italian undertakings | Foreign undertakings (a) | Total | Italian undertakings | Foreign undertakings (a) |
| 2010 | 3                     | 2                    | 1                        | 4                      | 3                    | 1                        | 9            | 7                    | 2                        | 9     | 7                    | 2                        |
| 2011 | 5                     | 3                    | 2                        | 5                      | 3                    | 2                        | 10           | 8                    | 2                        | 11    | 8                    | 3                        |
| 2012 | 4                     | 2                    | 2                        | 6                      | 3                    | 3                        | 11           | 9                    | 2                        | 14    | 9                    | 5                        |
| 2013 | 3                     | 1                    | 2                        | 7                      | 4                    | 3                        | 13           | 10                   | 3                        | 16    | 10                   | 6                        |
| 2014 | 3                     | 0                    | 3                        | 6                      | 4                    | 2                        | 13           | 10                   | 3                        | 16    | 10                   | 6                        |
| 2015 | 3                     | 1                    | 2                        | 6                      | 4                    | 2                        | 13           | 11                   | 2                        | 15    | 11                   | 4                        |
| 2016 | 4                     | 0                    | 4                        | 9                      | 4                    | 5                        | 12           | 10                   | 2                        | 15    | 10                   | 5                        |

(a) Undertakings operating in Italy by establishment or f.p.s. (free provision of service)

The premium income in 2016 amounts to 640 million Euro: 53.6% for public schemes, 31.8% for healthcare operators, and the remaining 14.6% for private establishments. In 2015-2016, the premiums paid by public schemes (figure II.14) restarted growing, even if the number of insured public schemes is in constant reduction, from 1,277 to 708 between 2010 and 2016. Also in 2016, 4,195 private establishments and 283,781 healthcare personnel were insured (three quarters of them were physicians).

Figure II.14

Amount of premiums and number of policyholders for medical malpractice insurance (2010-2016)



The average premium for 2016 is 484,402 Euro for public schemes, 22,204 Euro for private establishments and 717 Euro for healthcare workers. The values grew in 2015-2016.

For approximately three quarters of the insurance undertakings, agencies are the main distribution channel. Brokers operate mainly in the intermediation of the high-value contracts that cover public schemes. The role of direct sales is marginal and limited to healthcare workers.

Compared with 2015, the variability of the deductibles and maximum covers offered in 2016 has widened in 2016 for the public and private healthcare (table II.23). In particular, for public schemes, the field of variation of the deductions has widened by 75%, while that relating to the maximum covers has quadrupled.

Table II.24

| Minimum and maximum for deductions and maximum covers for medical malpractice policies underwritten in 2016<br>(average value) |            |           |           |            |
|--------------------------------------------------------------------------------------------------------------------------------|------------|-----------|-----------|------------|
|                                                                                                                                | Deductible |           | Maximum   |            |
|                                                                                                                                | Minimum    | Maximum   | Minimum   | Maximum    |
| Public health schemes                                                                                                          | 34,464     | 1,119,643 | 1,166,026 | 12,825,000 |
| Private health schemes                                                                                                         | 14,776     | 831,395   | 1,184,211 | 9,315,789  |
| Healthcare personnel                                                                                                           | 513        | 61,891    | 665,781   | 3,101,563  |

(Euro)

The number of complaints on claims managed by the undertakings is in constant decrease in the 2010-2016 period (table II.24). The 14,641 complaints in 2016 are only 40% of those in 2010, while in the same period, the number of policyholders grew by 67.6%

As shown last year, the sector is characterised by a slow closure of outstanding claims (only 4.6% of complaints received in 2016 received definitive payment by the end of the year) and for the high number of claims closed without payment (for example, one third of claims received in 2010 were closed unpaid). Considering complaints in the whole period, the number of definitively paid claims (58,564) is slightly lower than the number of unpaid claims (59,742).

Table II.25

| Situation at the end of 2016 of claims in medical malpractice, 2010-2016 |                          |      |                           |      |                                         |      |                       |       |                           |
|--------------------------------------------------------------------------|--------------------------|------|---------------------------|------|-----------------------------------------|------|-----------------------|-------|---------------------------|
| (number)                                                                 |                          |      |                           |      |                                         |      |                       |       |                           |
| Year of filing                                                           | Number of claims settled |      | Number of claims reserved |      | Number of claims closed without payment |      | Total claims reported |       | Number of insured persons |
|                                                                          | %(a)                     |      | %(a)                      |      | %(a)                                    |      | %(a)                  |       |                           |
| 2010                                                                     | 20,689                   | 57.6 | 3,203                     | 8.9  | 12,049                                  | 33.5 | 35,941                | 100.0 | 172,274                   |
| 2011                                                                     | 14,913                   | 47.4 | 4,165                     | 13.2 | 12,403                                  | 39.4 | 31,481                | 100.0 | 228,563                   |
| 2012                                                                     | 9,541                    | 36.3 | 4,857                     | 18.5 | 11,853                                  | 45.2 | 26,251                | 100.0 | 249,092                   |
| 2013                                                                     | 5,596                    | 25.9 | 6,099                     | 28.3 | 9,888                                   | 45.8 | 21,583                | 100.0 | 358,378                   |
| 2014                                                                     | 4,381                    | 22.8 | 7,967                     | 41.5 | 6,866                                   | 35.7 | 19,214                | 100.0 | 340,878                   |
| 2015                                                                     | 2,773                    | 15.0 | 11,117                    | 60.1 | 4,618                                   | 25.0 | 18,508                | 100.0 | 340,169                   |
| 2016                                                                     | 671                      | 4.6  | 11,905                    | 81.3 | 2,065                                   | 14.1 | 14,641                | 100.0 | 288,684                   |
| Total                                                                    | 58,564                   |      | 49,313                    |      | 59,742                                  |      | 167,619               |       |                           |

(a) Percentages referring to the total of reported claims.

As a result of the slow claims settlement, the provisions have a very high value compared to compensations. At the end of 2016, the undertakings allocated provisions for 3,035 million Euro for future compensations. The provisions are an estimate of compensation still to be paid for complaints received between 2010 and 2016 (table II.25), for which only 1,213 million Euro have been definitively paid. The value of the compensations already paid exceeds that of the provision only for the oldest complaints, filed before 2012.

Table II.26

| Compensations and provisions at the end of 2016 of claims in medical malpractice, 2010-2016 |                         |                  |                      |                  |                     |                  |
|---------------------------------------------------------------------------------------------|-------------------------|------------------|----------------------|------------------|---------------------|------------------|
| (million Euro)                                                                              |                         |                  |                      |                  |                     |                  |
| Year of filing                                                                              | Definitive compensation |                  | Partial compensation |                  | Technical provision |                  |
|                                                                                             |                         | % <sup>(a)</sup> |                      | % <sup>(a)</sup> |                     | % <sup>(a)</sup> |
| 2010                                                                                        | 420.0                   | 63.8             | 29.1                 | 4.4              | 209.2               | 31.8             |
| 2011                                                                                        | 298.2                   | 49.7             | 15.9                 | 2.6              | 286.3               | 47.7             |
| 2012                                                                                        | 212.0                   | 37.6             | 13.0                 | 2.3              | 338.9               | 60.1             |
| 2013                                                                                        | 169.6                   | 26.9             | 4.0                  | 0.6              | 456.0               | 72.4             |
| 2014                                                                                        | 73.0                    | 12.2             | 7.1                  | 1.2              | 516.3               | 86.6             |
| 2015                                                                                        | 32.3                    | 5.2              | 2.2                  | 0.4              | 588.8               | 94.5             |
| 2016                                                                                        | 8.0                     | 1.2              | 0.3                  | 0.0              | 639.3               | 98.7             |
| <b>Total</b>                                                                                | <b>1,213.1</b>          |                  | <b>71.6</b>          |                  | <b>3,034.8</b>      |                  |

(a) Percentages referring to the total repaid and reserved.

The settlement time of compensations is different for the three types of policyholders. For complaints relating to years 2010-2013, it is higher for public schemes (table II.26) compared with private ones. The claims settlement time is lower for healthcare workers: only 62.5% of claims reported in 2010 were compensated at the end of 2016, compared with 80.5% for public schemes, and 78% for private establishments.

On average, only 2.7% of the amount of compensations are settled within the year of filing. The percentage rises to 13.8% if compensations of the following year are added (for comparison, in the motor liability sector the two percentages are 36.2% and 55.4%<sup>60</sup>).

<sup>60</sup> IVASS, Statistical Bulletin IV, Insurance activity in the auto sector (2010-2015) Annex B, table 15 ([https://www.ivass.it/pubblicazioni-e-statistiche/statistiche/bollettino-statistico/2017/n4/Allegato\\_A.xlsb](https://www.ivass.it/pubblicazioni-e-statistiche/statistiche/bollettino-statistico/2017/n4/Allegato_A.xlsb)).

Table II.27

| Settlement times of compensations <sup>(a)</sup> in medical malpractice, 2010-2016 |                   |      |      |      |      |      |            |
|------------------------------------------------------------------------------------|-------------------|------|------|------|------|------|------------|
|                                                                                    |                   |      |      |      |      |      | (% values) |
| Public health schemes                                                              |                   |      |      |      |      |      |            |
| Years of filing                                                                    | Development years |      |      |      |      |      |            |
|                                                                                    | 2010              | 2011 | 2012 | 2013 | 2014 | 2015 | 2016       |
| 2010                                                                               | 7.3               | 17.8 | 26.6 | 44.6 | 62.0 | 73.2 | 80.5       |
| 2011                                                                               | -                 | 4.6  | 21.8 | 24.3 | 40.5 | 58.8 | 67.2       |
| 2012                                                                               | -                 | -    | 5.6  | 7.7  | 22.2 | 38.2 | 52.0       |
| 2013                                                                               | -                 | -    | -    | 0.8  | 6.6  | 21.4 | 33.8       |
| 2014                                                                               | -                 | -    | -    | -    | 1.0  | 7.0  | 21.5       |
| 2015                                                                               | -                 | -    | -    | -    | -    | 0.8  | 9.3        |
| 2016                                                                               | -                 | -    | -    | -    | -    | -    | 0.5        |
| Private health schemes                                                             |                   |      |      |      |      |      |            |
| Years of filing                                                                    | Development years |      |      |      |      |      |            |
|                                                                                    | 2010              | 2011 | 2012 | 2013 | 2014 | 2015 | 2016       |
| 2010                                                                               | 2.8               | 15.4 | 27.2 | 46.6 | 60.5 | 71.6 | 78.0       |
| 2011                                                                               | -                 | 4.0  | 18.0 | 23.5 | 33.6 | 49.4 | 59.6       |
| 2012                                                                               | -                 | -    | 1.9  | 9.2  | 19.4 | 32.2 | 43.4       |
| 2013                                                                               | -                 | -    | -    | 2.7  | 8.2  | 14.5 | 23.2       |
| 2014                                                                               | -                 | -    | -    | -    | 2.7  | 13.0 | 21.5       |
| 2015                                                                               | -                 | -    | -    | -    | -    | 1.6  | 7.3        |
| 2016                                                                               | -                 | -    | -    | -    | -    | -    | 2.6        |
| Healthcare staff                                                                   |                   |      |      |      |      |      |            |
| Years of filing                                                                    | Development years |      |      |      |      |      |            |
|                                                                                    | 2010              | 2011 | 2012 | 2013 | 2014 | 2015 | 2016       |
| 2010                                                                               | 2.5               | 10.5 | 18.9 | 32.9 | 44.7 | 54.9 | 62.5       |
| 2011                                                                               | -                 | 2.6  | 11.4 | 19.9 | 31.5 | 41.1 | 48.6       |
| 2012                                                                               | -                 | -    | 2.4  | 9.7  | 19.2 | 28.2 | 36.1       |
| 2013                                                                               | -                 | -    | -    | 1.1  | 6.4  | 13.2 | 22.2       |
| 2014                                                                               | -                 | -    | -    | -    | 3.6  | 8.5  | 16.3       |
| 2015                                                                               | -                 | -    | -    | -    | -    | 2.8  | 10.1       |
| 2016                                                                               | -                 | -    | -    | -    | -    | -    | 2.8        |

(a) for each year of filing, the settlement time for a given year of development is the percentage ratio between the total of the compensations (including partials) paid up to that year of development and the sum between the same compensation and the value of the provisions for the year of development.

Among the obstacles to developments in the sector, the undertakings reported with greater frequency the difficulty of quantifying risk, the legislative uncertainty and the low profitability. The problems of measuring risk are slightly more widespread for the cover of healthcare workers, while the worries about profitability, combined with those of excessive growth of compensation costs, are higher in insurance of public healthcare schemes. The entry into force of Solvency II in 2016 does not pose excessive concern, even if it imposes specific capital requirements on the undertakings for reserve risk, relevant in medical malpractice insurance.

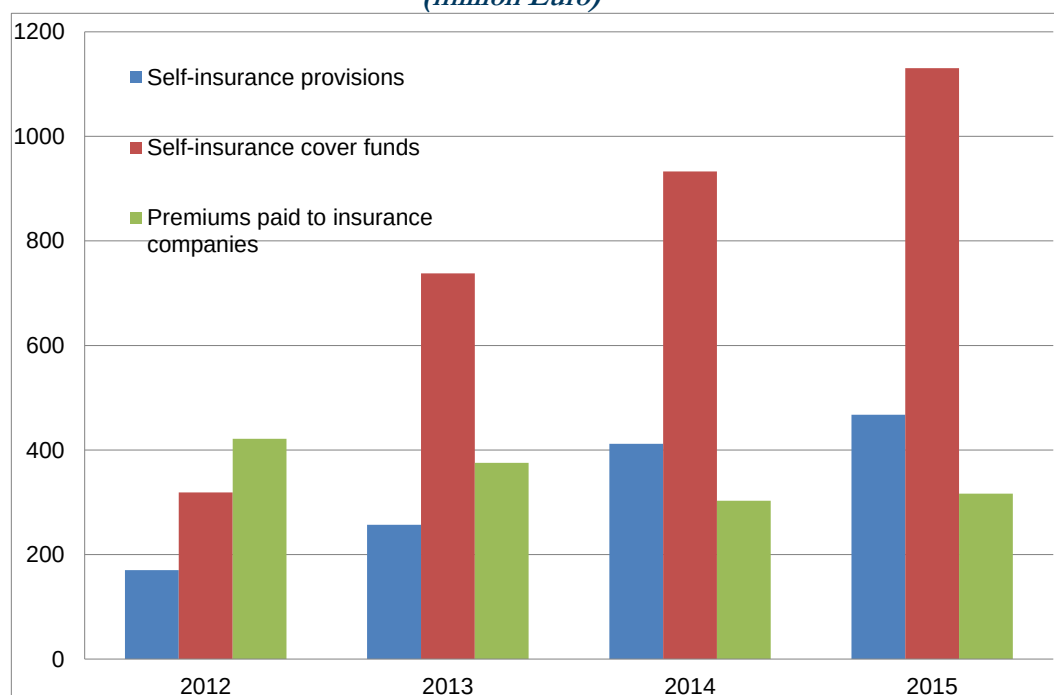
The healthcare establishments that choose to internalise the risk from medical professional liability may establish specific funds for the compensations due to patients who are victims of medical malpractice. The structures that opt for this solution typically adopt a mixed form, which provides the use of insurance cover for only compensations of a value above a certain threshold. Self-insurance would allow budgetary gains in the short and medium term, especially if the funds allocated are not calculated according to actuarial criteria.

The resources set aside for the self-insurance funds grew in the 2012-2015 period (figure II.15). The funds at the end of 2015 amounted to 1,130 million Euro. In 2014 and 2015, the

value of the provisions (412 and 468 million Euro respectively) exceeded that of insurance premiums paid by the public structure for medical malpractice insurance.

Figure II.15

**Medical professional liability of public healthcare structures.  
Self-insurance (provisions and funds) and premiums paid to insurance undertakings  
(million Euro)**



Source: Ministry of Health provisions and cover funds, IVASS for premiums.

In total, 66.4% of the public establishments<sup>61</sup> used self-insurance funds in 2015, compared with 25.3% in 2012.

The choice to use the self-insurance funds tends to be permanent, with an increase in diffusion. In fact, 95.2% of the establishments that used self-insurance in 2012 still use it in 2015 (in the South and Islands, the percentage is 100%, table II.27). On the other hand, 55.6% that did not use self-insurance in 2012, used it in 2015, with higher percentages between the establishments in centre Italy (57.7%) and the South and Islands (58.9%) compared with the North (52.9%).

<sup>61</sup> Regions that have the right to insert these funds in their financial statement are included.

Table II.28

| Use of self-insurance funds by public healthcare establishments (2012-2015) |                         |            |             |           |             |            |              |
|-----------------------------------------------------------------------------|-------------------------|------------|-------------|-----------|-------------|------------|--------------|
| Macro area                                                                  | Fund usage in 2012      | 2015       |             | 2015      |             | Total      |              |
|                                                                             |                         | Yes        |             | No        |             |            |              |
|                                                                             |                         | Number     | %           | Number    | %           | Number     | %            |
| North                                                                       | Yes                     | 28         | 93.3        | 2         | 6.7         | 30         | 100.0        |
|                                                                             | No                      | 46         | 52.9        | 41        | 47.1        | 87         | 100.0        |
|                                                                             | <b>Total macro area</b> | <b>74</b>  | <b>63.2</b> | <b>43</b> | <b>36.8</b> | <b>117</b> | <b>100.0</b> |
| Centre                                                                      | Yes                     | 11         | 91.7        | 1         | 8.3         | 12         | 100.0        |
|                                                                             | No                      | 15         | 57.7        | 11        | 42.3        | 26         | 100.0        |
|                                                                             | <b>Total macro area</b> | <b>26</b>  | <b>68.4</b> | <b>12</b> | <b>31.6</b> | <b>38</b>  | <b>100.0</b> |
| South and Islands                                                           | Yes                     | 21         | 100.0       | 0         | 0.0         | 21         | 100.0        |
|                                                                             | No                      | 33         | 58.9        | 23        | 41.1        | 56         | 100.0        |
|                                                                             | <b>Total macro area</b> | <b>54</b>  | <b>70.1</b> | <b>23</b> | <b>29.9</b> | <b>77</b>  | <b>100.0</b> |
| Total                                                                       | Yes                     | 60         | 95.2        | 3         | 4.8         | 63         | 100.0        |
|                                                                             | No                      | 94         | 55.6        | 75        | 44.4        | 169        | 100.0        |
|                                                                             | <b>Italy total</b>      | <b>154</b> | <b>93.3</b> | <b>78</b> | <b>6.7</b>  | <b>232</b> | <b>100.0</b> |

Source: Ministry of Health.

The critical issues of the sector have prompted to provide a new law (see III.4.2.2), with implementation details delegated to future regulations. The long duration of the outstanding medical malpractice policies and the need to modify them at their expiration according to the requirements of the new regulation will make quantitative analysis of the impact of the regulation possible only in a few years' time. Some measures introduced (maximums for healthcare worker liability, guidelines that define correct medical behaviour, reinforcement of the liability of the healthcare structure, obligation of preliminary review for extra-judicial solutions) are in line with the proposal of the international best-practices as possible solutions to reduce the use of defensive medicine and improve the function of medical liability<sup>62</sup>.

<sup>62</sup> Kessler D.P. (2011), Evaluating the Medical Malpractice System and Options for Reform, *Journal of Economic Perspectives*, 25 (2), p. 93-110.

### 3. - TECHNOLOGICAL INNOVATION AND CYBER RISK IN THE INSURANCE SECTOR

Digitalisation and the spread of the Internet of Things (IoT) and Big Data have brought about a profound transformation in the insurance sector. Digital innovation connects people, integrates data, automates processes, allows for new products and distribution channels.

The impact is widespread on the entire insurance value chain, with a progressive fragmentation and possibility of entrance for new operators at various levels: efficiency and reduction of costs in agency operations (for example, with the use of smart contracts); design of new products, possibility of micro-policies and sliced insurance, pay-per-use or pay-as-you-drive policies; customised pricing using granular data; new methods of intermediation and distribution with digital and peer-to-peer sales<sup>63</sup>; anytime/anywhere post-sale assistance with 24/7 service (for example, healthcare assistance, SOS calls in case of road accident, car localisation in case of theft) thanks to artificial intelligence applications that have impact on the model of claims management and settlement and, earlier, in the underwriting phase, on a better evaluation of risk.

IVASS responds to these solicitations by intensifying the analyses on the national market, contacts with the undertakings, the intermediaries, the technological operators in the insurance context and consumers on aspects of protection and supervision, participating in international initiatives and evaluating the gaps in the regulations and supervisory practices generated by technological innovation and the connected risks. To that end, a dedicated working group has been established, with the goal of following, in a multidisciplinary view, the transformations connected with technological innovation and identifying possible measures that, without inhibiting innovation, maintain a high level of consumer protection and stimulate the undertakings towards greater awareness of the theme.

Monitoring the risk evaluations of the national undertakings continued in 2016 through a **cyber risk questionnaire** in the context of the quarterly survey on vulnerability (see III.1.4). Following previous requests in 2014 and 2015, the update also took into consideration the recent documents published by IAIS<sup>64</sup> and by the G7<sup>65</sup>.

The undertakings in the sample report a sharply increasing sensitivity to cyber risk, as detected in analogous surveys at international level<sup>66</sup>. This risk is classified under the category

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<sup>63</sup> *Smart contracts* are contracts written in a language executable by a computer, whose clauses may produce actions without external intervention, on the basis of information received as input and prepared according to predefined rules (for example, payment of an amount if a determined event occurs); in *sliced insurance* covers relating to specific risks are activated at the option of the client, also for limited periods, composing a partially or totally customised and on-demand policy; *pay-per-use* and *pay-as-you-drive* policies provide a tariff differentiated according to the time and behaviour in the use of the insured asset; the characteristics of the peer-to-peer distribution are described below.

<sup>64</sup> IAIS, *Issues Paper On Cyber Risk To The Insurance Sector*, <http://www.iaisweb.org/page/supervisory-material/issues-papers/file/61857/issues-paper-on-cyber-risk-to-the-insurance-sector>.

<sup>65</sup> G7, *Fundamental Elements Of Cybersecurity For The Financial Sector*, [http://www.mof.go.jp/english/international\\_policy/convention/g7/g7\\_161011\\_1.htm](http://www.mof.go.jp/english/international_policy/convention/g7/g7_161011_1.htm).

<sup>66</sup> For example, the EIOPA *Risk Dashboard* of May 2017 shows the growing threat of cyber attacks among the important factors of change in the insurance sector expected by the market analysts.



of operational risk, with particular attention to business continuity aspects, and assessed by undertakings in the Solvency II regime. Processes of mitigation, control and risk management start to be activated, proportional to the nature, size and operative complexity of the insurance undertaking. In some cases, Business Impact Analysis processes are present to identify critical circumstances subject to prevention and particular management, also through specific contingency plans.

The major operators reported to have established programs of prevention, monitoring and management of cyber risk, supported by an IT governance, in some cases managed by a specific IT committee or a Chief Information Security Officer, and by the application of common security standards. Cooperation in the management of cyber risk provides for the participation in organisations for computer security at various levels (also governmental), the exchange of information with the Postal and Telecommunications Police and with associations of undertakings, also with the aim to build a time series of the economic losses due to technological risks. Not all of the monitored undertakings have reported attempted cyber attacks, those that have reported declare that the systems in place were sufficient to block the attempted intrusions.

With reference to the supply of insurance products for cover of cyber risk, on which there was much prudence in past years in the Italian market, this year shows a change in the trend with a greater number of undertakings active - albeit with volumes still quite low - in the sale of such products. They include cover for cyber risk, not only in the context of expenses connected to legal actions and criminal proceedings, but also in the protection of family assets linked to identity theft and liability for damages arising from violation of the Privacy laws. The catchment area mainly includes the corporate segment (particularly large and medium undertakings), but they intend to promote cover for retail clients and small enterprises.

In the course of a seminar with the main insurance undertakings and ANIA, the spread of cyber insurance products was discussed, as well as the impact of the new technologies on the Italian insurance market and the necessity to grow cyber security, analysing the weaknesses and processes of risk mitigation on the part of the undertakings.

The following have been highlighted:

- the current low penetration of cyber risk policies; in large part they regard stand-alone products aimed at the corporate segment; there is, however, a “hidden” exposure to cyber risk arising from already marketed non-life policies; ancillary services offered take on importance, in the retail segment too, from companies to help the policyholder to respond to the incident and re-establish operations;
- on the demand side, the low awareness and elevated moral hazard (the preference to suffer the consequences of the attack when it happens rather than pay an annual premium to cover the risk);
- on the supply side, the difficulty for a correct pricing, also due to the lack of historic data on maximum losses, the elevated cost of technical experts and the complexity of the evalua-

tions at the time of underwriting. The lack of information reduces the possibility of reinsurance cover;

- since they are complex products, there is a need to provide specific training of personnel and, in particular, the distribution channels. The use of technical specialists (not easily found) and the collaboration with start-up technologies in various points of the production and distribution chain is increasing; for example, for management of the claim there may be difficult quantifying the damage, including all the losses, whether indirect, of reputation, etc.;
- the important impact of the new technologies (for example, block-chain, artificial intelligence, robo-advisory, peer-to-peer) on the insurance offering, particularly in the distribution and settlement phase; important changes are necessary in the approach of the distribution network and, more in general, in the business models;
- the current reduced spread at the moment of “usage based” or short term (weekly or monthly) policies which are facilitated by innovative payment methods and dematerialisation, also promoted by the Authorities;
- the need, to maintain the centrality of the insurer in motor liability insurance, to take account of important socio-behavioural tendencies, among which are the change from ownership to the mere use of some assets (for example, car sharing services and private car sharing cause a reduction of the number of vehicles on the road changing the profiling of insured risk, currently mostly associated to the owner of the vehicle) and the introduction of driverless cars (with advantages in terms of a reduction in less serious accidents and the speed of time of damage evaluation, but also the possible growth of accidents with serious damages and with no intermediation for cover offered directly by car dealers, see below);
- the importance of the processes of data governance, data standardisation and quality, also due to the management of the great volume of data generated by the black boxes and other devices; there is the need to integrate old and new data for the purpose of enhanced knowledge and profiling of the client;
- the urgency of continuous investments in security for software and infrastructure updates, management of security and training for workers, consistent with the evolution of threats. The effectiveness of the measures depends on the widespread application in different contexts and by all the subject that come into contact with the undertakings (suppliers, clients, intermediaries, partners) avoiding weak links in the chain;
- the reinforcement of the security of the device (black box and other devices connected with the Internet of Things) that must be designed in a way that increases their resiliency; since there are no invulnerable systems, the residual risk need to be measured and correct management of the incidents organised;

- the effects of the innovation are potentially relevant, particularly under the reputation (in case of serious incidents) and strategic profile, to maintain the offer aligned with more advanced competitors.

An IVASS report gathers the main experiences at a national and international level on **digital health insurance**<sup>67</sup>, analysing the impact of technological innovation on the design of new products and new relationships between undertakings and consumers. Insurance policies that use portable digital devices were taken into consideration, such as electronic bracelets, other devices connected through the net that collect and exchange data, and diagnostic instruments to obtain the most accurate information on the health and behaviour of the clients so as to define personalised tariffs.

The growing spread of these devices offers the possibility to combine covers with discounts on premiums, encouraging the adoption of healthier lifestyles also with the use of coaching applications<sup>68</sup>. The connected digital instruments allow the offer of additional services in combination with health policies such as telemedicine or remote patient monitoring, useful for the disabled or elderly who live alone, through the remote detection of parameters such as blood pressure, heart rate, blood oxygen level and glucose level.

This developments are not exempt from risks. The personal data shall be used to improve the evaluation of risk covered without damaging to the client with aggressive profiling and segmentation or undermining the mutualistic nature of insurance through limitations on access to the covers for less profitable clients and other discriminatory practices.

The benefits to consumers in terms of discounts and additional services must be real, considering that the wealth of personal information translates into an undeniable advantage for the companies in terms of knowledge on the policyholders, changes in the risk assumed, and potential reduction of costs for claims and fraud.

The **transformation in the field of mobility** is largely due to connected vehicles, equipped with advanced tools for driving assistance, such as automatic emergency braking, adaptive cruise control and parking assistance. Car and technology dealers are engaged in the creation of autonomous driving vehicles, with the possibility for the “driver” to entrust the driving to the automated vehicle for all or part of the journey (the so-called *driverless car*). Experiments were already made in 2016 on public roads, and the diffusion in the market is foreseen in the next five years. Vehicle equipped with sensors interact with the surrounding environment and are integrated in Intelligent Transportation Systems, based on systems that allow vehicles to exchange information between each other and the infrastructure. Better road safety and efficiency can be expected (human error is the main factor in accidents today) with the reduction of traffic congestion, trip times and fuel consumption.

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<sup>67</sup> [https://www.ivass.it/consumatori/azioni-tutela/indagini-tematiche/documenti/Digital\\_health\\_insurance.pdf](https://www.ivass.it/consumatori/azioni-tutela/indagini-tematiche/documenti/Digital_health_insurance.pdf)

<sup>68</sup> Digital assistants that monitor physical activity performed, rest hours and calories intake.

To favour technological development and have citizens benefit from these future features of mobility, a uniform regulatory framework is necessary, with regulations defined at an international level for the standardisation of the systems, technologies and vehicles, and on road traffic. A reflection on the establishment of liability for damage caused by driverless vehicles and of insurance cover for the protection of the users should be initiated in the Italian market. The current regulatory system places the liability towards third parties on the driver and the vehicle owner. The autonomous driving functions introduce other subjects in the liability for accidents: car manufacturers, software developers, vehicle and technology maintenance professionals, providers of communications systems among vehicles, and between vehicles and infrastructures.

In the initial phase of contemporaneous circulation of traditional and automated vehicles, confirmation of the liability of the driver or the autonomous driving system may be complex, effecting the timeliness of claims settlements. There is a need to distinguish the technological malfunction from improper use by the driver (for example, failure to regain control of the vehicle if required by the system, or lack of software updates). The damaged parties in accidents with automated vehicles may be at a disadvantage in terms of safety and timeliness of compensation with respect to conventional vehicles, introducing an obstacle to the spread of benefits in terms of safety and mobility.

IVASS has been in contact with the Ministry of Economic Development and the Ministry of Transportation to launch studies and consultations of the stakeholders on the eventual amendments to the relative regulatory framework (among which the Road Code and the Insurance Code). The theme was also addressed in a seminar organised by IVASS with the participation of ANIA and the main Italian and foreign insurance groups.

The main issues raised by the new European General Data Protection Regulation have been considered with regard to the treatment of personal data, as well as the free circulation of the data<sup>69</sup>. The new discipline takes into account the evolution of the concept of privacy and data protection, considering the technological developments and resulting increase in collection and sharing of such data.

With respect to the regulatory framework in force, the fundamental principles and objective do not change, but some important new rules have been introduced that request important organisational and procedural adjustments from the Supervisory Authority and the market to avoid sanctions in case of violation. It refers particularly to the provisions regarding data breach and violation notification to the control authorities without undue delay, to the obligation of keeping a register of processing operations, to the provision of a high professional profile manager for data protection. In addition to the European guidelines already issued or yet to be adopted, interventions are expected by the Authority for the protection of personal

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<sup>69</sup>The G.U. (Gazzetta Ufficiale - Official Journal) of the European Union of 4 May 2016, repeals Directive 95/46/EC. The Regulation will become definitively and directly applicable in all EU countries on 25 May 2018.

data, with which contacts have been initiated, and possibly by the national legislator in order to define a more specific discipline for the insurance and financial sector.

Technological innovation promotes the spread of **new insurance distribution models**, already present in some European countries and that also concern the Italian market. In particular, peer-to-peer and micro-policies concluded by smartphone are under consideration.

The peer-to-peer model, launched in 2010 in Germany by Friendsurance, aims to lower the premium by sharing the financial liability and the claims cost according to the principles of the sharing economy. Clients register on a web platform and become part of user groups connecting members with similar needs, and who are interested in the same product. An amount is paid composed of two parts: the first, destined to traditional insurance (premium), the second, stored into a common group account (cash back pool). The group assumes all the risk up to a maximum amount (deductible). Claims under the threshold draw upon the common account (self-insurance; in some cases, this component is absent), for claims over the threshold, the insurance undertaking intervenes. For claims under the threshold, in the case where the common fund is insufficient, an insurance policy may be written to cover the loss with a stop loss mechanism.

In Italy, peer-to-peer is coming into being on the initiative of two brokers, with some differences compared to the general scheme, since it provides for the conclusion of individual policies whose claims are entirely settled by insurance undertakings. This mechanism is therefore inserted into a traditional scheme, hinged on the transfer of risk to an insurance company, with the mediation of registered intermediaries (brokers), subject to the obligations of conduct provided by the regulation, and in absence of self-insurance. Commissions paid to the broker are not totally retained by the intermediary, but partially feed an account that will be paid back to the group of customers at the end of the cover period in the form of reimbursement or discount on future policies, as long as the total amounts claims reported by the group are maintained under predefined thresholds.

The expected advantages arise from the containment of moral hazard, since the knowledge and mutual confidence of belonging to the group determines a natural disincentive to fraud and/or to inattentive conduct. For customers, an additional economic benefit is assumed compared to the discount, if the continuity of underwriting and the virtuous behaviour of the group allows the obtaining of a favourable price for the renewal of the cover. The broker compensates the renouncing of the commissions with the prospect of a greater number of intermediated contracts and client loyalty. The undertakings benefit from the reduction of frauds and access to portfolios of policyholders preselected on the basis of risk.

A key factor to the success of peer-to-peer is represented by the ease of access and use by the potential clients. At the same time, it give rise to specific requirements of transparency and disclosure to the customer about the technical performance of the group to which they belong. In addition, the greater segmentation of the clients, if too granular, may compromise the mutual nature of the insurance.

Another innovative distribution method appearing in the international panorama, and that is also spreading in the Italian market, is made up of micro-policies through smartphones. These are low cost policies with a limited time period, generally covering single events (for example, a marathon or other sports competitions) or ancillary to the sale of other goods or services, signed through cellphone applications.

The main associations of brokers, met by IVASS, underline the need to evaluate cyber risk both to prevent risks of an electronic nature of the same brokers (security and privacy) and to provide new services to the clients. The associations provide support in the mapping and analysis of risks of the intermediaries, as well as consultancy to the clients, particularly agencies and professionals, on the impacts of cyber risk and on solutions of insurance cover of the residual risk. To that end, intense training activities on the European data protection regulation are provided, on risk mapping and the cyber insurance solutions.

Among the developments of the sharing economy is the opportunity that it represents in terms of new insurance products. The separation between ownership/possession and use of assets (house, car, etc.) produces further movements towards new forms of insurance cover, for example, in property sectors and general liability, not always easily typed in traditional regulatory schemes, but potentially profitable.

The growing availability of data to profile the clients and pre-identify the insurance cover needs may lead to the offer of personalised products, based on specific characteristics and interests of the client. The use of the data of the policyholders for commercial uses aimed at the positioning of new policies requires adequate safeguards for compliance with privacy regulations. Client profiling to activate highly personalised solutions is subject to regulatory restrictions that the undertakings shall take into account.

Many undertakings are orienting themselves on an interaction between traditional and digital distribution networks. Intermediation is pursued enabling the distribution network with the use of technological instruments to better understand client needs, reinforcing the capacities of the intermediaries to manage and satisfy the clients with the support of the new technologies. The traditional distribution method is still prevalent particularly in the case of complex products.

IVASS is analysing the impact of the new distribution methods on the rules and practices of supervision, mainly on themes of pre-contractual information, evaluation of the adequacy of the contracts offered, of the security of the premium payment transactions and the claims management methods. At the same time, management of operational risk arising from technological innovation and the relative evaluation take on ever greater importance, also in the ORSA process, with a transversal approach that integrates the technological aspect with the potential impacts on business processes and on the reputation aspect.



## 4. - NATURAL DISASTER RISKS: EARTHQUAKES AND FLOODS

### 4.1. - General aspects and panorama of international experiences

Insurance against risks of natural disasters (such as earthquakes and floods) has a fundamental role in alleviating damage caused by these events, since it can guarantee an immediate support to the repair of damage and the reactivation of the economic and social fabric of the effected areas. The insurance system, thanks to the diversification of the risk portfolio, as well as to an adequate capital solidity, is able to offer this type of cover.

For this reason, many countries are equipped with systems for the management of natural disasters, in which in many cases, policy-makers and private insurers cooperate within a precise regulatory framework. Below is an examination of the fundamental aspects of insurance systems for natural risks in seven countries, particularly representative for the economic size and diversity of the solutions adopted.

| Insurance systems for damage from natural disasters: an international comparison |                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| France                                                                           |                                                                                                                                                                                                                       |
| <b>Covered events</b>                                                            | Floods, earthquakes, volcanic eruptions, tsunamis, glacier movement                                                                                                                                                   |
| <b>Insurable assets</b>                                                          | Real estate and contents, commercial/industrial locations, land vehicles                                                                                                                                              |
| <b>Policy type</b>                                                               | Obligatorily ancillary to the fire insurance policy                                                                                                                                                                   |
| <b>Premium determination</b>                                                     | In % of base premium, with single tariff without specific risk classes                                                                                                                                                |
| <b>Deductibles/Maximums</b>                                                      | Low initial levels, may be increased for:<br>1) frequent risks<br>2) to encourage active behaviours of the local administrations in prevention works                                                                  |
| <b>Level of obligation of the system</b>                                         | Non-obligatory system, but insurance obligatorily connected to base cover against fire is very wide-spread                                                                                                            |
| <b>System Governance and the role of the State</b>                               | Strong regulatory role of the State, unlimited state guarantee for the principle reinsurer. A specific public body is provided, which decides, on the request of one of the interested parties, on insurance disputes |
| <b>Role of insurance undertakings</b>                                            | Offer of cover, compensation management, establishment of dedicated provisions in balance sheet                                                                                                                       |
| <b>Reinsurance</b>                                                               | Reinsurer guaranteed by the State, with freedom to operate for other subjects                                                                                                                                         |
| <b>Diffusion of insurance cover</b>                                              | Nearly all buildings insured for these risks                                                                                                                                                                          |
| United Kingdom                                                                   |                                                                                                                                                                                                                       |
| <b>Covered events</b>                                                            | Earthquakes, storms and blizzards, inundations                                                                                                                                                                        |
| <b>Insurable assets</b>                                                          | Real estate and contents                                                                                                                                                                                              |
| <b>Policy type</b>                                                               | Cover generally included in home insurance                                                                                                                                                                            |
| <b>Premium determination</b>                                                     | Risk-based tariff for natural disasters other than earthquakes<br>Single tariff for cover against earthquakes (very rare event in the United Kingdom).                                                                |
| <b>Deductibles/Maximums</b>                                                      | Predefined deductions provided in relation to risk                                                                                                                                                                    |
| <b>Level of obligation of the system</b>                                         | The system is not obligatory. Optional insurance connected to base cover relatively wide-spread                                                                                                                       |
| <b>System Governance and the role of the State</b>                               | No regulatory action by the State. No public compensation provided in case of natural disaster                                                                                                                        |
| <b>Role of insurance</b>                                                         | Offer of cover, compensation management, establishment of dedicated provisions in                                                                                                                                     |

|                                                    |                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>undertakings</b>                                | balance sheet, that enjoy tax relief                                                                                                                                                                                                                                                  |
| <b>Reinsurance</b>                                 | The undertakings reinsure themselves on the market                                                                                                                                                                                                                                    |
| <b>Diffusion of insurance cover</b>                | Cover generally required for the establishment of mortgage loans                                                                                                                                                                                                                      |
| <b>Turkey</b>                                      |                                                                                                                                                                                                                                                                                       |
| <b>Covered events</b>                              | Earthquakes                                                                                                                                                                                                                                                                           |
| <b>Insurable assets</b>                            | Residential real estate                                                                                                                                                                                                                                                               |
| <b>Policy type</b>                                 | Specific policy for seismic risk. Contractual conditions defined at a central level and not variable                                                                                                                                                                                  |
| <b>Premium determination</b>                       | Risk-based tariffs. Premium defined on the basis of single coefficients at a national level                                                                                                                                                                                           |
| <b>Deductibles/Maximums</b>                        | Maximum of 45 thousand Euro provided                                                                                                                                                                                                                                                  |
| <b>Level of obligation of the system</b>           | Obligatory for all residential properties (except those in small centres). Obligatory insurance for some contracts, but not directly verified                                                                                                                                         |
| <b>System Governance and the role of the State</b> | Strong regulatory role of the State, but management left to private parties Tax incentives for securing residential buildings and for reconstruction of buildings at seismic risk                                                                                                     |
| <b>Role of insurance undertakings</b>              | A single company originates the contracts, provides for their reinsurance and manages compensations. The other undertakings are obliged to place these policies on the market                                                                                                         |
| <b>Reinsurance</b>                                 | Reinsurance made on international markets, with the State that underwrites a part of the risks                                                                                                                                                                                        |
| <b>Diffusion of insurance cover</b>                | Cover on 42% of residences                                                                                                                                                                                                                                                            |
| <b>Japan</b>                                       |                                                                                                                                                                                                                                                                                       |
| <b>Covered events</b>                              | Earthquakes                                                                                                                                                                                                                                                                           |
| <b>Insurable assets</b>                            | Residential buildings and contents: insurance scheme based on the 1996 law. For cover on non-residential buildings, insurance is left to the free market                                                                                                                              |
| <b>Policy type</b>                                 | Non-obligatory guarantee, ancillary to the fire policy                                                                                                                                                                                                                                |
| <b>Premium determination</b>                       | Risk-based tariffs. Discounts on base tariffs encourage safeguarding buildings                                                                                                                                                                                                        |
| <b>Deductibles/Maximums</b>                        | Limit of insurable capital: 30-50% of that insured with the fire cover, up to a maximum of 435 thousand Euro for property                                                                                                                                                             |
| <b>Level of obligation of the system</b>           | The system is not obligatory. Insurance connected to base-cover (against fires), very diffuse                                                                                                                                                                                         |
| <b>System Governance and the role of the State</b> | Strong role of the State, which receives a part of the premium portfolio in reinsurance, managed in a separate fund the fund feeds the compensations borne by the State. Tax deductions encourage both insurance and improvement of the anti-seismic characteristics of the buildings |
| <b>Role of insurance undertakings</b>              | Offer of cover, compensation management, establishment of dedicated provisions in balance sheet                                                                                                                                                                                       |
| <b>Reinsurance</b>                                 | The entire portfolio is reinsured through a single monopolist reinsurer (JER), subject to the reinsurance obligation. JER, in turn, returns the portfolio to the insurance sector and the State. In case of earthquake, the State pays damaged above a given total amount             |
| <b>Diffusion of insurance cover</b>                | 16 million policies active in 2015 (2.1 billion Euro of premiums in the same year). 30% of Japanese residences are insured. Market in growth                                                                                                                                          |
| <b>United States</b>                               |                                                                                                                                                                                                                                                                                       |
| <b>Covered events</b>                              | Specific policies for hurricanes, blizzard, other specific policies for floods and                                                                                                                                                                                                    |



|                                                    |                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                    | <p>earthquakes</p> <p>Flood cover: obligatory for mortgages, with federal insurance programs (public-private partnership)</p> <p>California: public-private partnership for non-obligatory earthquake cover</p> <p>Floods: centralised risk-based tariffs, policies distributed also by private companies that set aside a fund (NFIP) that manages the compensations</p> |
| <b>Insurable assets</b>                            | Content also insured for flood cover                                                                                                                                                                                                                                                                                                                                      |
| <b>Policy type</b>                                 | Specific policies provided for flood and seismic risk. Seismic risk: offered both as extension of the home owners policy and as a separate policy                                                                                                                                                                                                                         |
| <b>Premium determination</b>                       | <p>Floods: centralised risk-based tariffs. Facilitations provided</p> <p>Seismic risk: free risk-based tariffs. Higher premiums for seismic risk.</p>                                                                                                                                                                                                                     |
| <b>Deductibles/Maximums</b>                        | Floods: Maximums 0.25 mil. \$ per building, 0.10 mil. \$ for contents (237 thousand and 95 thousand Euro). Deductions provided for seismic risk                                                                                                                                                                                                                           |
| <b>Level of obligation of the system</b>           | <p>Floods: obligatory cover in flood risk areas for buildings covered by mortgages.</p> <p>Earthquake: cover not obligatory</p>                                                                                                                                                                                                                                           |
| <b>System Governance and the role of the State</b> | <p>Floods: role of federal government in the determination of risk and tariffs.</p> <p>The fund grants subsidised policies</p> <p>Earthquake: Partnership in CEA (California Earthquake Authority) California Fund, which enjoys tax benefits and grants subsidised policies</p>                                                                                          |
| <b>Role of insurance undertakings</b>              | Offer policies in collaboration with the various forms of partnership, where provided                                                                                                                                                                                                                                                                                     |
| <b>Reinsurance</b>                                 | Reinsurance free market, cat bonds also issued by the CEA Fund                                                                                                                                                                                                                                                                                                            |
| <b>Diffusion of insurance cover</b>                | Flood risk: 12% of residential buildings covered. Seismic risks: 900 thousand policies in California sold by the CEA                                                                                                                                                                                                                                                      |
| <b>Chile</b>                                       |                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Covered events</b>                              | Floods, earthquakes, tsunami                                                                                                                                                                                                                                                                                                                                              |
| <b>Insurable assets</b>                            | Buildings and their contents, commercial/industrial locations                                                                                                                                                                                                                                                                                                             |
| <b>Policy type</b>                                 | Formally optional, but required for properties with mortgages                                                                                                                                                                                                                                                                                                             |
| <b>Premium determination</b>                       | Uniform premium (% of reconstruction cost)                                                                                                                                                                                                                                                                                                                                |
| <b>Deductibles/Maximums</b>                        | <p>Deductibles are provided for:</p> <p>risks of residential properties: 1% of total insured value with a minimum of 25 UF;</p> <p>for risks of commercial buildings: 2% of total insured value with a minimum of 50 UF</p>                                                                                                                                               |
| <b>Level of obligation of the system</b>           | Non-obligatory system, but requested by Credit Institutions for buildings with mortgages                                                                                                                                                                                                                                                                                  |
| <b>System Governance and the role of the State</b> | Strong regulatory role of the State                                                                                                                                                                                                                                                                                                                                       |
| <b>Role of insurance undertakings</b>              | Offer of cover, compensation management, establishment of dedicated provisions in balance sheet                                                                                                                                                                                                                                                                           |
| <b>Reinsurance</b>                                 | Reinsurance mechanism provided on international market                                                                                                                                                                                                                                                                                                                    |
| <b>Diffusion of insurance cover</b>                | Wide-spread among commercial and residential buildings, and low among public buildings                                                                                                                                                                                                                                                                                    |
| <b>New Zealand</b>                                 |                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Covered events</b>                              | Earthquakes, volcanic eruptions, tsunami                                                                                                                                                                                                                                                                                                                                  |
| <b>Insurable assets</b>                            | Real estate and contents, commercial/industrial locations, land vehicles                                                                                                                                                                                                                                                                                                  |
| <b>Policy type</b>                                 | Obligatorily ancillary to the fire insurance policy                                                                                                                                                                                                                                                                                                                       |
| <b>Premium determination</b>                       | In % of base premium, with single tariff without specific risk classes                                                                                                                                                                                                                                                                                                    |
| <b>Deductibles/Maximums</b>                        | Maximum of 100 thousand NZ\$ for properties, 20 thousand for the contents (66 thousand and 13 thousand Euro).                                                                                                                                                                                                                                                             |

|                                                                                                                                                     |                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Level of obligation of the system</b>                                                                                                            | Non-obligatory system, but insurance obligatorily connected to cover against fire is very wide-spread                                                                                                                                       |
| <b>System Governance and the role of the State</b>                                                                                                  | Strong regulatory role of the State that, through a commission (EQC - Earth Quake Commission), manages the Natural Disaster Fund, fed by withholdings on premiums paid. Unlimited State guarantee on damage in excess of reinsurance covers |
| <b>Role of insurance undertakings</b>                                                                                                               | Offer of cover, establishment of dedicated provisions in balance sheet<br>A single publicly controlled insurance company (Southern Response LTD) settles all catastrophe claims without collecting premiums                                 |
| <b>Reinsurance</b>                                                                                                                                  | The EQC writes reinsurance policies in order to maintain the value of the Natural Disaster Fund. In case where the reinsurance cover is insufficient, the State intervenes for the cover of losses generated from the Fund                  |
| <b>Diffusion of insurance cover</b>                                                                                                                 | 90% of buildings insured for these risks                                                                                                                                                                                                    |
| Source: official reports of the local authorities or trade associations; analyses performed by financial experts of the Bank of Italy at Embassies. |                                                                                                                                                                                                                                             |

Insurance systems can be classified on the basis of three factors (table II.28): 1) degree of sector regulation by the public policy maker; 2) level of insurance cover obligation; 3) degree of sharing (mutuality) of risks by policy holders (sharing diminishes if the premiums increase with risk, increasing in the opposite case).

Table II.29

| Most significant characteristics of the major insurance systems for natural disasters |                                                |                                                  |                                        |
|---------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------|----------------------------------------|
| Countries                                                                             | Strong regulatory role of public policy makers | Obligation or semi-obligation of insurance cover | Mutuality of risks among policyholders |
| France                                                                                | ✓                                              | ✓                                                | ✓                                      |
| UK                                                                                    |                                                |                                                  |                                        |
| Turkey                                                                                | ✓                                              | ✓                                                |                                        |
| Japan                                                                                 |                                                |                                                  |                                        |
| United States                                                                         |                                                |                                                  |                                        |
| Chile                                                                                 | ✓                                              | ✓                                                | ✓                                      |
| New Zealand                                                                           | ✓                                              | ✓                                                | ✓                                      |

On the basis of these factors, the countries considered may be divided into two groups:

1. countries with a limited role of the public sector decision maker, with voluntary insurance (United Kingdom, Japan and United States)<sup>70</sup>. In these systems, the premium is correlated to the level of risk;
2. countries with a wider regulatory role of the public sector decision maker, characterised by insurance cover somewhat obligatory (France, Turkey, Chile and New Zealand). The

<sup>70</sup> In 2016, China began equipping itself with this type of system.

premiums are defined by law and, with the exception of Turkey, are undifferentiated with regard to the risk.

In the insurance management of natural disasters, each possible choice presents both advantages and disadvantages.

For example, as far as the two premium pricing options are concerned, a premium growing with the degree of natural disaster risk allows for the insurance undertakings better conditions to finance their commitments and encourage risk prevention measures both of private citizens (who, in this way, may obtain cover at lower premiums) and public operators (interested in obtaining insurance cover at lower costs for the collective through these measures); however, it may cause excessive premiums for very high risk zones, besides entailing high costs for insurance undertakings in risk assessment. On one hand, the undifferentiated premium responds to the insurance principle of reciprocal sharing of risks and makes costly assessment procedures by the insurers unnecessary, even if it encourages moral hazard behaviours by the policyholders in the riskiest areas, that are not encouraged by relatively low premiums to implement risk prevention measures, and does not stimulate the policy makers to adequately consider the risk of natural disasters in the planning of the territory.

Also, different choices in the degree of obligation of covers against natural disaster risks have positive characteristics and critical aspects. Obligatory covers facilitate the reduction of individual insurance costs because they widen the population of policyholders, eliminate the problems of self-selection of an insurance collective too exposed to risk and may avoid costly public spending in areas hit by natural disasters. On the other hand, obligation may be unpopular, discouraging the control of its compliance and risking to bias the supply mechanisms, a risk that can be checked only by costly controls by the public regulator. The contrary solution, of free purchase of these covers, would encourage only the subjects most exposed to risk to buy them, with evident problems of anti-selection of the risk portfolio.

The disadvantages of these extreme choices can be tempered by intermediate solutions. For example: 1) a differentiation of the lower premiums from those purely based on risk would lower the premium variability; 2) an automatic extension of more widespread policies to cover against natural disasters (in some countries, this is the case of fire insurance) would prevent the unpopularity of the mandatory requirement and would be a vehicle for its further diffusion. Other instruments to better adapt the policies to different situations are the use of deductibles and maximums, that maintain the premiums at acceptable levels, and, finally, the taxation. The latter may act both directly (through tax deductions on the premium paid) and indirectly (with tax breaks for the expenses to strengthen the buildings, which would lower the risk level).

#### **4.2. - Protection against natural disasters in Italy**

In this context, in Italy the management of damages from natural disasters is traditionally entrusted to state intervention after the event and in the reconstruction phase. This

characteristic contributes to explaining the low diffusion of the insurance cover for these events<sup>71</sup>, e.g. as an optional extension of the fire policy. Under-insurance against natural disasters is also connected to the low Italian propensity for buying non-obligatory non-life cover<sup>72</sup>.

To understand the importance of these problems, it is necessary to consider that a notable number of municipalities and residents are exposed to seismic or flood risks of varied intensity (table II.29). The municipalities with medium-high seismic risk are 5,157, with 36.9 million residents. For flood risk, there are 237 municipalities with medium-high risk, with 2.7 million residents.

In terms of residential units (34.8 million total), 5.5% (nearly 1.9 million) are exposed to very high seismic risk, with an estimated reconstruction cost of 241 billion Euro (table II.30). For flood risk, the residential units exposed are those positioned, at least in part, on the ground floor or semi-underground. The number of these is estimated at 15.6 million: among these, 0.68 million are at medium-high flood risk, for a reconstruction cost of 22 billion.

Table II.30

| Exposure of Italian municipalities and the resident population to various levels of seismic and flood risk |                                    |     |            |      |            |      |            |      |
|------------------------------------------------------------------------------------------------------------|------------------------------------|-----|------------|------|------------|------|------------|------|
| Municipalities (units) <sup>(a)</sup>                                                                      |                                    |     |            |      |            |      |            |      |
| Level of seismic risk <sup>(b)</sup>                                                                       | Level of flood risk <sup>(c)</sup> |     |            |      |            |      | Total      |      |
|                                                                                                            | Medium-high                        |     | Slight     |      | None       |      |            |      |
|                                                                                                            |                                    | %   |            | %    |            | %    |            | %    |
| Very high                                                                                                  | 0                                  | 0   | 304        | 3.8  | 400        | 5    | 704        | 8.8  |
| High                                                                                                       | 31                                 | 0.4 | 994        | 12.4 | 1,172      | 14.6 | 2,197      | 27.3 |
| Medium                                                                                                     | 34                                 | 0.4 | 847        | 10.5 | 1,375      | 17.1 | 2,256      | 28.1 |
| Slight                                                                                                     | 172                                | 2.1 | 732        | 9.1  | 1,972      | 24.5 | 2,876      | 35.8 |
| Total                                                                                                      | 237                                | 3   | 2,877      | 35.8 | 4,919      | 61.2 | 8,033      | 100  |
| Very high                                                                                                  | 0                                  | 0   | 628,299    | 1.1  | 2,249,684  | 3.8  | 2,877,983  | 4.9  |
| High                                                                                                       | 464,176                            | 0.8 | 5,072,930  | 8.6  | 16,037,538 | 27   | 21,574,644 | 36.4 |
| Medium                                                                                                     | 229,736                            | 0.4 | 2,514,033  | 4.2  | 9,689,546  | 16.3 | 12,433,315 | 21   |
| Slight                                                                                                     | 2,017,685                          | 3.4 | 2,915,725  | 4.9  | 17,477,935 | 29.5 | 22,411,345 | 37.8 |
| Total                                                                                                      | 2,711,597                          | 4.6 | 11,130,987 | 18.8 | 45,454,703 | 76.7 | 59,297,287 | 100  |

a) Source: Istat. - (b) Source: Protezione Civile - (c) Report on ISPRA data (Istituto Superiore per la Protezione e la Ricerca Ambientale - Institute for Environmental Protection and Research) - (d) Source: Istat (Census 2011).

<sup>71</sup> The Emilia earthquake of 2012 involved areas with a high density of firms, normally more inclined than families to use insurance cover. However, also on this occasion, the contribution of the insurance compensations to the reconstruction costs was modest (approximately 10% of the total costs for the reconstruction).

<sup>72</sup> In this regard, see the IVASS Report of 2015 (I.6.2 - structure of motor liability prices). At an international level, the literature sees a general tendency of the economic agents to undervalue risks that occur with low probability and high impact, like natural disasters (optimism bias), that would justify public interventions to encourage insurance against them.

Table II.31

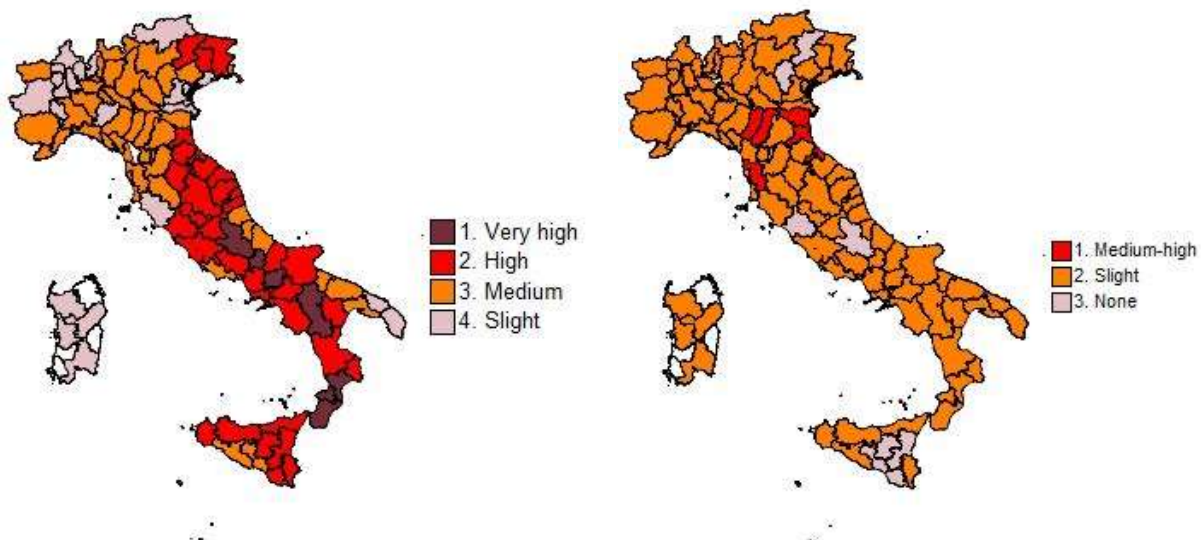
| Residential units and reconstruction costs for the various levels of seismic and flood risk |                                                |              |                                                                   |              |
|---------------------------------------------------------------------------------------------|------------------------------------------------|--------------|-------------------------------------------------------------------|--------------|
|                                                                                             | Residential unit<br>(number, %) <sup>(a)</sup> |              | Estimated reconstruction cost<br>(billion Euro, %) <sup>(b)</sup> |              |
| <b>Level of seismic risk<sup>(c)</sup></b>                                                  |                                                |              |                                                                   |              |
| Very high                                                                                   | 1,896,765                                      | 5.5          | 241                                                               | 4.4          |
| High                                                                                        | 12,288,518                                     | 35.3         | 1,783                                                             | 32.4         |
| Medium                                                                                      | 7,406,401                                      | 21.3         | 1,243                                                             | 22.6         |
| Slight                                                                                      | 13,182,919                                     | 37.9         | 2,244                                                             | 40.7         |
| <b>Total</b>                                                                                | <b>34,774,603</b>                              | <b>100.0</b> | <b>5,510</b>                                                      | <b>100.0</b> |
| <b>Level of flood risk<sup>(d)</sup></b>                                                    |                                                |              |                                                                   |              |
| Medium-high                                                                                 | 684,240                                        | 4.4          | 22                                                                | 4.5          |
| Slight                                                                                      | 3,188,714                                      | 20.4         | 108                                                               | 22.3         |
| None                                                                                        | 11,767,378                                     | 75.2         | 355                                                               | 73.2         |
| <b>Total</b>                                                                                | <b>15,640,331</b>                              | <b>100.0</b> | <b>485</b>                                                        | <b>100.0</b> |

(a) Source: Agenzia delle Entrate (Italian Revenue Agency) - Observatory of the real estate market For flood risk: estimate of the number of residential units positioned at least in part on the ground floor or semi-underground (data ISTAT-CRESME).

(b) Report on data of IVASS, CRESME and the Bank of Italy. For flood risk, only the estimated damage for ground floors and semi-underground residential units was used. - (c) Source: Protezione Civile - (d) Report on ISPRA data (Istituto Superiore per la Protezione e la Ricerca Ambientale).

Figure II.16

**Territorial diffusion of seismic and flood risk**  
*(provincial average of risk indicators at a municipal level, weighted by the population)*  
**a) Seismic risk** **b) Flood risk**



Source: reports on data of the Protezione Civile for the seismic risk, and ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale) for flood risk; ISTAT for the municipal population.

In the first months of 2017, IVASS conducted a census survey involving all companies that on 30 September 2016 insured against fire in residential units located in Italy. The undertakings reported the main characteristics of the single contracts, including any extension of cover to damages caused by earthquakes and floods (indicated hereinafter as Catnat).

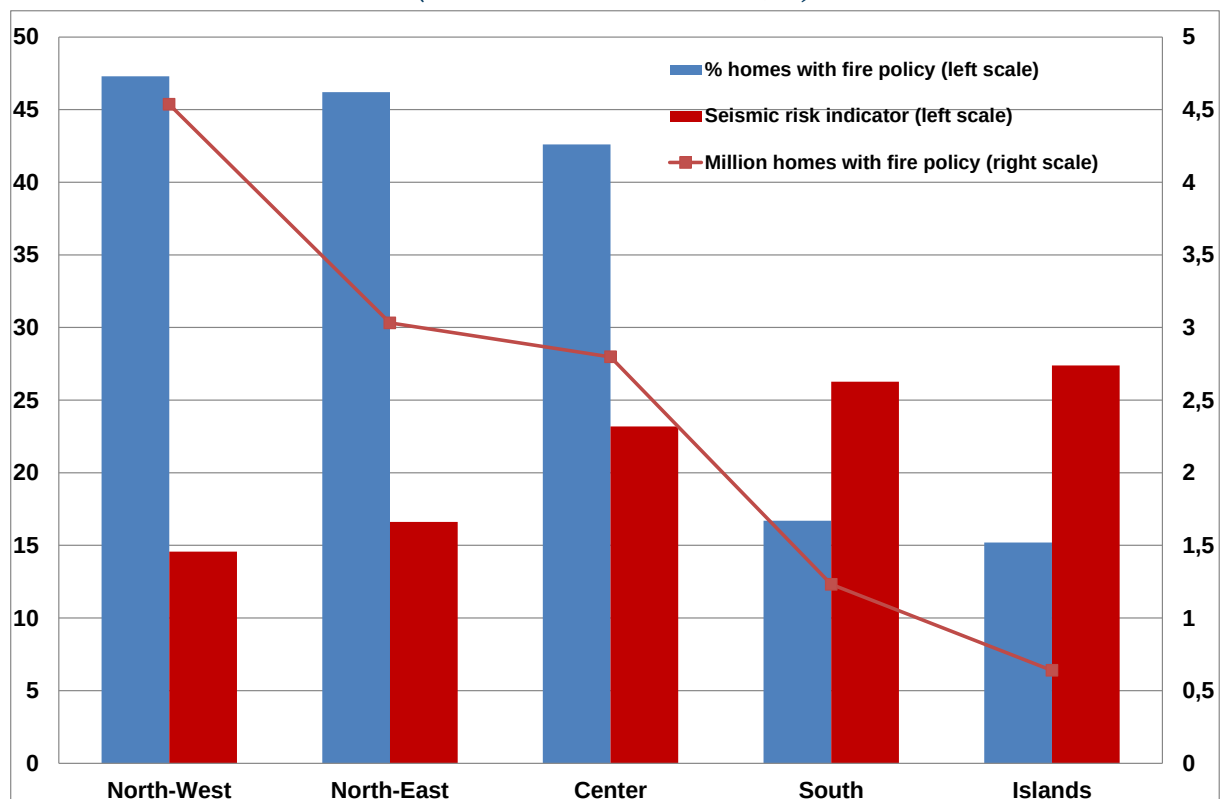
The cover against fire protects 12.2 million residences (35.4% of the total) (figure II.17). Strong geographic gaps are evident in the spread of the policy, that concerns more than 40% of the residences of the Centre-North, but just 15% in the South and Islands. It is noted that fire policies are less widespread where seismic risk is higher.

The premiums actually charged for earthquake cover are proportional to the risk. It costs just 13.3 Euro for the annual premium to insure 100 thousand Euro of capital in areas with low seismic risk, but costs 131.3 Euro in areas with very high risk (figure II.18). There is, therefore, a considerable growth of the premium from less risky areas to those more vulnerable.

The premiums for cover against flood risk are lower: on average, 2.8 Euro insures 100 thousand Euro of capital. Premiums for this type of covers are also correlated to the risk level (figure II.17), although in a lower measure compared with earthquake cover.

Figure II.17

Diffusion of fire policies for residential units (a) (b)  
(millions of residential units, %)

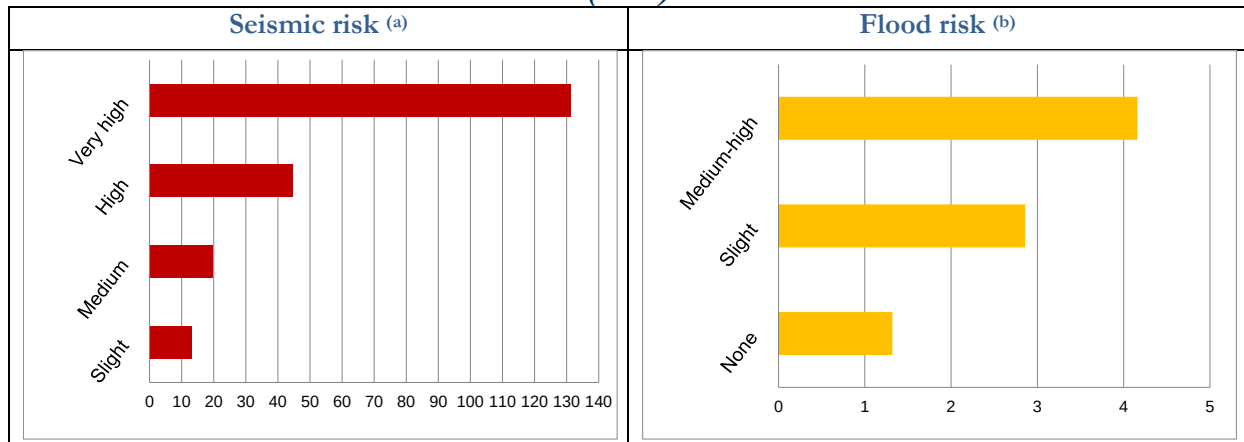


Source for residential units: Agenzia delle Entrate - Observatory of the real estate market.

Seismic risk indicators obtained by reports on data from Protezione Civile (Civil Defence) and Istat.

Figure II.18

Premium for 100 thousand Euro of capital insured to vary the risk of natural disasters  
(Euro)



(a) Source for levels of seismic risk: Protezione Civile - (b) Level of flood risk obtained from reports of ISPRA data (Istituto Superiore per la Protezione e la Ricerca Ambientale).

The extension of fire policies to the Catnat is very limited: respectively in 2.4% of cases for the extension to earthquake only, in 2.8% for the extension to flood only and in 3.6% for cover against both phenomena (table II.31). The diffusion increases for policies connected to mortgages for the purchase of homes: one policy out of ten has integrated cover for earthquakes and floods, one out of twenty is insured against flood risk only. The values of annual premiums collected are obviously reduced for cover against the Catnat (22 million Euro, corresponding to 3.4% of total annual premiums for fire cover).

Table II.32

| Cover against fire and natural disasters for residential buildings |                          |                                    |     |                                  |     |                                            |      |                        |
|--------------------------------------------------------------------|--------------------------|------------------------------------|-----|----------------------------------|-----|--------------------------------------------|------|------------------------|
|                                                                    | Cover<br>against<br>fire | Cover against<br>seismic risk only |     | Cover against<br>flood risk only |     | Cover against<br>seismic and flood<br>risk |      | Total                  |
|                                                                    | Number of covers         |                                    |     |                                  |     |                                            |      |                        |
|                                                                    | <i>thousands</i>         | <i>thou-<br/>sands</i>             | %   | <i>thou-<br/>sands</i>           | %   | <i>thou-<br/>sands</i>                     | %    | <i>thou-<br/>sands</i> |
| Policies<br>covering<br>mortgages                                  | 1,949                    | 18                                 | 0.9 | 99                               | 5.1 | 206                                        | 10.6 | 323                    |
| Other<br>policies                                                  | 6,835                    | 189                                | 2.8 | 148                              | 2.2 | 109                                        | 1.6  | 446                    |
| Property type                                                      |                          |                                    |     |                                  |     |                                            |      |                        |
| Residential<br>unit                                                | 7,316                    | 190                                | 2.6 | 227                              | 3.1 | 293                                        | 4.0  | 710                    |
| Commer-<br>cial unit*                                              | 388                      | 1                                  | 0.3 | 2                                | 0.4 | 0                                          | 0.1  | 3                      |
| Buildings                                                          | 1,080                    | 16                                 | 1.5 | 18                               | 1.7 | 22                                         | 2.0  | 56                     |
| Total                                                              | 8,784                    | 207                                | 2.4 | 247                              | 2.8 | 315                                        | 3.6  | 769                    |

(continue)

(continued): Table II.31

| Cover against fire and natural disasters for residential buildings |                    |                                 |     |                               |     |                                      |     |         |     |
|--------------------------------------------------------------------|--------------------|---------------------------------|-----|-------------------------------|-----|--------------------------------------|-----|---------|-----|
|                                                                    | Cover against fire | Cover against seismic risk only |     | Cover against flood risk only |     | Cover against seismic and flood risk |     | Total   |     |
|                                                                    | Amount of premiums |                                 |     |                               |     |                                      |     |         |     |
|                                                                    | million            | million                         | %   | million                       | %   | million                              | %   | million | %   |
| Policies covering mortgages                                        | 96.7               | 0.9                             | 0.9 | 0.1                           | 0.1 | 0.4                                  | 0.4 | 1.4     | 1.4 |
| Other policies                                                     | 549.0              | 13.2                            | 2.4 | 1.4                           | 0.3 | 6.0                                  | 1.1 | 20.6    | 3.8 |
| Property type                                                      |                    |                                 |     |                               |     |                                      |     |         |     |
| Residential unit                                                   | 413.8              | 11.6                            | 2.8 | 0.8                           | 0.2 | 5.3                                  | 1.3 | 17.7    | 4.3 |
| Commercial unit*                                                   | 45.5               | 0.1                             | 0.3 | 0.0                           | 0.0 | 0.0                                  | 0.1 | 0.1     | 0.2 |
| Buildings                                                          | 186.4              | 2.4                             | 1.3 | 0.7                           | 0.4 | 1.1                                  | 0.6 | 4.2     | 2.3 |
| Total                                                              | 645.7              | 14.1                            | 2.2 | 1.5                           | 0.2 | 6.4                                  | 1.0 | 22.0    | 3.4 |

\* For example, commercial business on ground floor in building for prevalently residential use.

The diffusion of cover against the Catnat on the Italian housing supply is low. In total, 836 thousand homes, corresponding to 2.4% of the total are equipped with some form of this cover (table II.32). Among these, 567thousand units (1.7% of the total) have cover against earthquake and also against flood risk. The propensity to insure against natural events does not seem to depend on the risk level of these phenomena: covers are less widespread compared with the average in the area at higher seismic risk.



Table II.33

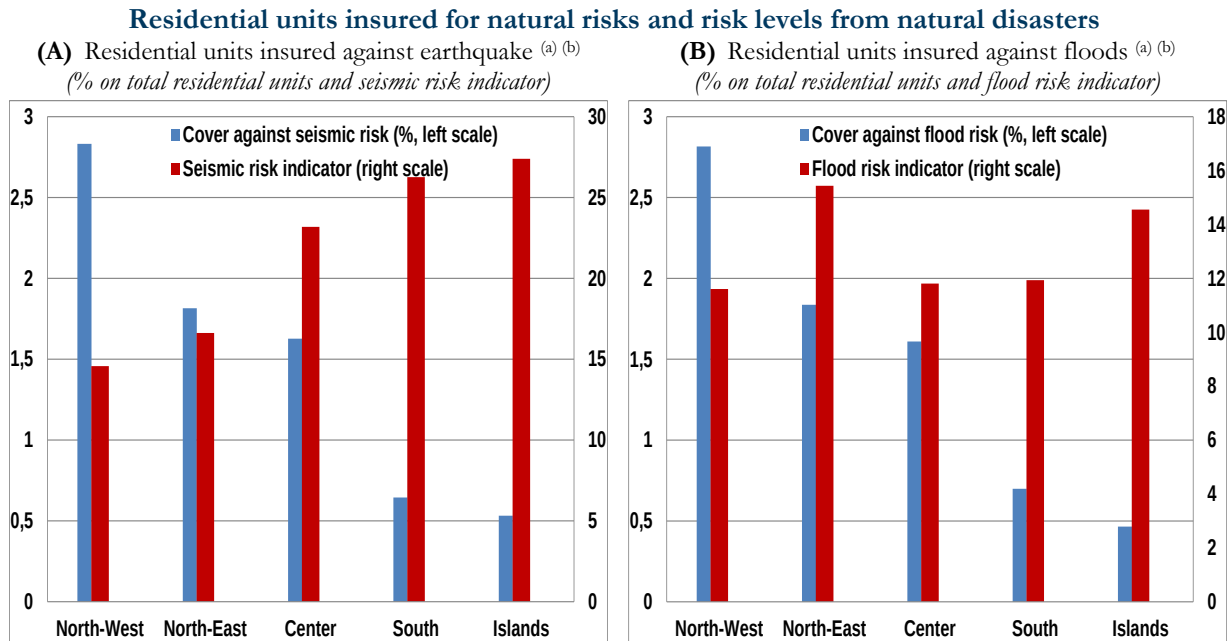
| Diffusion of cover for residential units<br>against natural disasters according to different risk levels |        |                                                                      |            |
|----------------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------------|------------|
| Total number of residential units ( <i>thousand</i> ) <sup>(a)</sup>                                     |        | Residential units covered for risk                                   |            |
| Level of seismic risk <sup>(b)</sup>                                                                     |        | against seismic risk only                                            |            |
|                                                                                                          |        | Number ( <i>thousand</i> )                                           | % on total |
| Very high                                                                                                | 1,469  | 1                                                                    | 0.1        |
| High                                                                                                     | 12,249 | 31                                                                   | 0.3        |
| Medium                                                                                                   | 14,703 | 185                                                                  | 1.3        |
| Slight                                                                                                   | 6,368  | 50                                                                   | 0.8        |
| Total                                                                                                    | 34,788 | 268                                                                  | 0.8        |
| Level of flood risk <sup>(c)</sup>                                                                       |        | Cover against flood risk only                                        |            |
|                                                                                                          |        | Number ( <i>thousand</i> )                                           | % on total |
| High                                                                                                     | 451    | 3                                                                    | 0.7        |
| Medium                                                                                                   | 1,064  | 5                                                                    | 0.5        |
| Slight                                                                                                   | 30,718 | 252                                                                  | 0.8        |
| None                                                                                                     | 2,555  | 9                                                                    | 0.3        |
| Total                                                                                                    | 34,788 | 269                                                                  | 0.8        |
| Level of seismic and flood risk <sup>(d)</sup>                                                           |        | Against seismic and flood risk                                       |            |
|                                                                                                          |        | Number ( <i>thousand</i> )                                           | % on total |
| A                                                                                                        | 1,516  | 12                                                                   | 0.8        |
| B                                                                                                        | 26,913 | 232                                                                  | 0.9        |
| C                                                                                                        | 6,359  | 55                                                                   | 0.9        |
| Total                                                                                                    | 34,788 | 299                                                                  | 0.9        |
| Total                                                                                                    |        | Total residential units covered against<br>risk of natural disasters |            |
| Total                                                                                                    | 34,788 | 836                                                                  | 2.4        |

Source: (a) for residential units: Agenzia delle Entrate - Observatory of the real estate market - (b) Protezione Civile - (c) Report on ISPRA data (Istituto Superiore per la Protezione e la Ricerca Ambientale)

(d) A = medium, high or very high seismic risk, medium or high flood risk; B = medium, high or very high seismic risk, slight or absent flood risk; C = slight seismic risk, slight or absent flood risk.

As for the fire policies, of which they are an extension, the factor more connected to the diffusion of Catnat covers is geographical (figure II.19a), with the higher proportion of homes protected in North-West with respect to that of the North-East and the Centre, and much lower in the South and the Islands. The modest level of protection against these risks is not connected to their intensity (figure II.19b).

Figure II.19



(a) Source for residential units: Agenzia delle Entrate. - Observatory of the real estate market. Residential units insured against seismic risk are those protected from seismic risk and possibly also from flood risk. Residential units insured against flood risk are those protected from flood risk and possibly also from seismic risk. - (b) Level of seismic and flood risk obtained from reports of Protezione Civile, ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale) and ISTAT data.

## 5. - HEALTHCARE AND LONG-TERM CARE FUNDS

The Italian national health system, although still lacking a comprehensive and consistent regulation, can be allocated into three distinct schemes:

1. public management of the National Health Service (NHS), set up with Law no. 833/1978;
2. Supplementary healthcare funds, governed with Legislative Decree no. 502/1992, and successively adjusted with Ministerial Decree of the Minister of Health;
3. individual forms of healthcare assistance.

Table II.34

| Division of healthcare costs 2015                                       |                |               |                |
|-------------------------------------------------------------------------|----------------|---------------|----------------|
|                                                                         | Public         | Private       | Total          |
| <b>Healthcare costs</b>                                                 | <b>112,408</b> | <b>34,887</b> | <b>147,295</b> |
| <i>of which: out-of-pocket</i>                                          |                | 30,411        |                |
| <i>intermediated by private healthcare funds and insurance policies</i> |                | 3,574         |                |

Source: Report of the Court of Auditors 2017 on coordination of public finances.

The per capita private healthcare expenditure in 2015 was 574 Euro<sup>73</sup> with notable differences by geographic area, higher in the regions of the North, and lower in the South and Islands.

The secondary regulation, issued by the Ministry of Health, has outlined the case of private healthcare funds, distinguishing between:

- supplementary healthcare funds (so-called “doc funds”) that integrate the provisions of the National Health System with the goal of enhancing the provision of medical treatment and provisions not included in the levels of public assistance;
- Institutions, funds and mutual societies (so-called “non-doc funds”) referred to in art. 51 of the Decree of the President of the Italian Republic no. 917/1986, on the condition that the obligation of the destination of 20% of the resources for exclusively social security uses.

Private healthcare funds constitute mutual-type forms aimed at covering the health risks that have specific tax advantages, such as the deductibility of annual contributions up to 3,615.2 Euro and the deduction of the share of healthcare costs paid by the patient.

<sup>73</sup> Data inferred from the cited 2017 Report on coordination of public finances of the Court of Auditors

The analysis of the existing healthcare funds was assigned to the Ministry of Health, which manages a demographic list which is not available to the public. The following data is from unofficial public sources.

Table II.35

| Persons registered in private healthcare funds |          |                  |
|------------------------------------------------|----------|------------------|
| Year                                           | N. funds | Total registered |
| 2015                                           | 2972     | 9,145,336        |
| 2014                                           | 293      | 7,493,179        |
| 2013                                           | 286      | 6,913,373        |

The intermediate expenditure in 2015 is estimated at 4.5 billion Euro, divided between private healthcare funds for 3.6 billion Euro (II<sup>nd</sup> pillar) and insurance undertakings for 0.9 billion Euro, through the individual forms (III<sup>rd</sup> pillar).

Table II.35 summarises the comparison between private healthcare funds and the individual insurance forms, from which show the differences between the forms belonging to the II<sup>nd</sup> and III<sup>rd</sup> pillars.

Table II.36

| Difference between healthcare funds and insurance policies |                          |                                                           |
|------------------------------------------------------------|--------------------------|-----------------------------------------------------------|
|                                                            | Funds<br>Healthcare      | Policies<br>Insurance                                     |
| <i>Relation with registered person</i>                     | Statute/Regulation       | Insurance contract                                        |
| <i>Costs</i>                                               | Fixed contribution       | Variable premium                                          |
| <i>Risk selection</i>                                      | No                       | Yes                                                       |
| <i>Previous health cover</i>                               | Yes                      | No                                                        |
| <i>Withdrawal</i>                                          | No                       | Yes                                                       |
|                                                            | 3,615.20 Euro            | No                                                        |
| <i>Tax advantages</i>                                      | Deduction quota expenses | Deduction of healthcare costs not reimbursed by insurance |
|                                                            |                          | Obligation to pay tax on insurance                        |

An estimation of the division of the intermediated health costs indicates the quota entrusted to funds affiliated with insurance undertakings at 42%, 33% to services of self-managed fund, 5% to mutual societies and 20% relating to individual insurance contracts. The insurance undertakings have, therefore, intercepted, through the use of collective contract and individual policies, more than 60% of the intermediate cost on health risk in 2015.

Italy is one of the countries with a higher ageing rate that, combined with the reduction in the number of births, determines an increase of the relative weight of the elderly compared with the young on the total population. On 1 January 2017, every 100 young people of less than 15 years of age correspond to 165.2 people of more than 65<sup>74</sup>. Population ageing will inevitably have repercussions on the universe of the needs of care, in expansion despite the increase in the number of years lived without limitations daily life after 65 years (from 9.0 to 9.9 years for men between 2008 and 2015, from 8.9 to 9.6 years for women in the same period).

Public spending directed at the elderly and disabled who are not self-sufficient, better known as Long Term Care (LTC) costs, include three components: i) the healthcare component, ii) cost for indemnity payment for accompaniment and iii) cost for other LTC services. The aggregate, calculated by the State General Accounting Office, is 1.9% of the GDP<sup>75</sup> in 2015, and includes the total of services provided to non-self-sufficient subjects, regardless of the age of the beneficiary. Considering that the incidence of non-self-sufficiency is strongly correlated to age, and that the portion of the cost more exposed to ageing is referable to the elderly population, the LTC cost (tax deductible up to 1,219.14 Euro) is sometimes circumscribed to the only services provided to those over 65. In that case, the corresponding aggregate is reduced by approximately a third. In any case, from a projection conducted by the State General Accounting Office, it has emerged that the relation between LTC cost and GDP will pass from 1.9% in 2015 to 3% in 2060.

Substantial difficulties emerge for the State to cope with the present and future needs of non-self-sufficient elderly people who live alone. The goal is to stimulate the development of new technologies able to improve old age, and provide insurance responses, adopting solutions starting from young age.

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<sup>74</sup> The ageing index is given by the percentage ratio between the population of 65 years and above and the population of 0-14 years.

<sup>75</sup> See “Medium-long term tendencies of the pension and socio-healthcare system - Provisions of the State General Accounting Office, updated in 2016, Report no. 17”.



### **III. - THE EVOLUTION OF THE REGULATORY ENVIRONMENT**

The regulatory developments are aimed at adapting the legal order of the sector to the evolution underway in the insurance activity in national and international contexts and, particularly, to the harmonisation process at European level. The following works are part of this background::

- at domestic level, works for the transposition of the Solvency II prudential regime, with participation in the review, at EU level, of certain aspects of the Directive as well as in the harmonization of methodologies, evaluation criteria, of supervisory practices, of the intervention activities, creating a robust and transparent regulatory framework;
- the active participation in EU works directed at reinforcing and aligning regulatory safeguards for policyholder protection and those entitled to benefits through uniform rules for the distribution of insurance products (IDD Directive);
- The development of a macro-prudential framework of monitoring and intervention on the systemic stability of the insurance sector, enriched in perspective by more effective powers regarding crisis prevention and management of insurance undertakings.

IVASS devotes a great deal of attention to the work of EIOPA, body that carries out, at European level, a central role in the regulatory forum, where different requests are made to get to the convergence of cultures, practices and behaviours of supervision.

#### **1. - DEFINITION AND DEVELOPMENT OF THE SOLVENCY II REGULATORY FRAMEWORK**

In order to implement the European regulatory framework, IVASS has worked through the issue of secondary regulation for the transposition of the EIOPA Guidelines, and with update of the supervisory procedures.

At the same time, IVASS has contributed, in a European context, to the completion of the Solvency II project. Once the production of primary and secondary legislation is closed, and in compliance with the provisions of Framework Directive and the Delegated Regulation, EIOPA works were aimed at:

- drafting of the Supervisory Handbook, cornerstone tool to promote the convergence of the supervisory practices among European countries;
- revision of assumptions and parameters underlying the standard formula for the calculation of the solvency capital requirement;
- determination and monthly publication of the risk-free interest rate curves for the calculation of the technical provisions;

- drafting of the annual report on the application of the Long Term Guarantees (LTG) measures to transmit to European co-legislators.

In line with the agenda of the European Commission on the Capital Markets Union, IVASS collaborates in the EIOPA works on the revision of the delegated acts to encourage investment on the part of the insurance undertakings in long term and infrastructure products.

### **1.1. - The EIOPA Guidelines and the national transposition**

IVASS, in continuity with the activity performed the prior year, has continued in 2016 in implementing more than 700 Guidelines issued by EIOPA regarding Solvency II, supervising the transposition through the revision of existing Regulations, the issue of new Regulations or the publication of letters to the market. These interventions were preceded, as is customary, by extended phases of consultation with the market. For the Guidelines exclusively containing indications for supervisors, implementation occurred through the update of the internal procedures contained in the Supervision Guide.

With regard to the quantitative requirements, the regulatory framework aimed at giving certainty to the calculation methods of the technical provisions and the Solvency Capital Requirement has been completed. In implementation of EIOPA Guidelines, the following Regulations have been issued:

- IVASS Regulation no. 26 of 26 July 2016, regarding evaluation profiles of the technical provisions and calculation of the risk margin and the Solvency Capital Requirement;
- IVASS Regulation no. 27 of 26 July 2016 provides indications on the assumptions underlying the calculations of the Solvency Capital Requirement for the health catastrophe risk sub-module;
- IVASS Regulation no. 28 of 26 July 2016 provides clarification regarding the application of the look-through method. The provisions of the Regulation clarify, among other things, that the look-through method is not applicable to the Listed Joint Stock Company specialized in the real estate letting/leasing activity (SIIQ), since these constitute equity investments, to be evaluated in the equity risk sub-module;
- IVASS Regulation no. 31 of 9 November 2016 governs the quantification of the effect of risk-mitigation in the evaluation of catastrophe risks with the standard formula, at the individual and group levels, connected to the passive reinsurance program of the undertaking;
- IVASS Regulation no. 35 of 7 February 2017 provides, taking into account a consultation initiated with the Letter to the Market of 10 August 2016, applicative clarifications on the adjustment for the loss absorbing capacity of the technical provisions and the deferred taxes in the individual and group Solvency Capital Requirement. The Regulation also implements the provisions contained in Annex IV of the Solvency II Directive concerning the standard formula.



With regard to own funds, IVASS Regulation no. 25 of 26 July 2016 standardised details of the discipline, largely defined by EU Regulation 35/2015, concerning the classification of the own fund elements in three tiers (tiering) in function of the nature and quality in terms of permanence, degree of subordination, loss absorbing capacity and flexibility in the remuneration. Clarifications were given on the quantitative limits, on the transitory regulations and on the authorisation process provided by the Community legislation, identifying, among other things, the authorisation procedure of the classification of the own fund elements not already identified and classified by the Community legislation (so-called items not included in the lists).

In 2016, IVASS revised or introduced important safeguards regarding corporate governance, ensuring compliance with specific EIOPA Guidelines. In particular:

- IVASS Regulation no. 24 of 6 June 2016 indicates the new provisions regarding investments in compliance with the prudent person principle, thus completing the regulatory framework defined by the Solvency II Directive and transposed by the Code of Private Insurance. Assets for cover of the technical provisions are also regulated, with particular reference to financing granted to subjects other than the physical persons and micro-undertakings, as well as changes to the regulation on the formation and keeping of registries of assets covering the technical provisions;
- IVASS Regulation no. 32 of 9 November 2016 concerning the internal evaluation on ORSA risks and solvency (Own Risk and Solvency Assessment), resumes and expands the indications provided in the preparatory phase con letters to the market of 15 April 2014 and 24 March 2015, giving coherence and consistency of terminology to the total of the provisions. In particular, the Regulation identifies the minimum contents of the corporate policy regarding the ORSA and the documentation that the undertakings are required to maintain in the phases of the process and the relative evaluations. The reference dates and the date of transmission of the ORSA supervisory report to IVASS were also clarified.
- IVASS Regulation no. 34 of 7 February 2017 deals with the evaluation of assets and liabilities different from the technical provisions for the solvency balance sheet, clarifying the organisational and informational safeguards that the undertakings must be included in its corporate governance system, to safeguard the recognition and evaluation of these items.

IVASS has also specified the important safeguards for the operations of the groups and undertakings in the group:

- IVASS Regulation no. 22 of 1 June 2016 provides that, with reference to the sub-groups in which the ultimate parent company has the head office in another EU member state, does not exercise supervisions at a national sub-group level, unless IVASS decides the application of one or more supervisory instruments. For subgroups with head office in third countries, the Regulation provides the application of all group supervisory instruments, except for the possibility that IVASS decides not to apply one or more instruments. The Regulation implements the EIOPA Guidelines on equivalence of the supervisory regime of third Countries for the purposes of exercise of group supervision;

- IVASS Regulation no. 30 of 26 October 2016, concerning provisions regarding supervision of intra-group operations and the concentrations of risks, implements the new provisions in articles 215-quater, paragraphs 2 and 216, paragraph 3 of the Code of Private Insurance and two EIOPA Guidelines regarding group governance. The Regulation provides the identification by the undertakings of the “significant”, “very significant and “to be reported in all circumstances” operations, and identifies the communication methods with IVASS.

IVASS intervened on the obligations regarding supervisory reporting and public disclosure of the undertakings, in large part deriving from the directly applicable community regulation:

- IVASS Regulation no. 33 of 6 December 2016, in accordance with the EIOPA Guidelines, specifies the content of determinate sections of the reports to the public (SFCR) and to the authority (RSR) provided by the new regulatory framework and, in particular, by the Regulation of the European Commission 2015/35 (so-called Delegated Acts). The Regulation also governs the additional information to supply in specific cases and provides, among other things, that the RSR has a yearly frequency. The Regulation also incorporates provisions coming from other EIOPA Guidelines, relative to the right of IVASS to grant limitations or exemptions from the quarterly quantitative and analytic reporting;
- the Letter to the Market of 7 December 2016 requested placing the information and data of Solvency II relating to the balance sheets and own funds under statutory audit, and to prepare a control on process and data for the calculation of the capital requirements, by external experts or internal audit within the undertakings and included in a report. The requested activity regards individual and group reporting. The intervention is in line with one public statement of EIOPA about the quality of the Solvency II public disclosure. It is a temporary intervention, governing the disclosure on 2016 and aimed at improving quality and reliability; a more structured intervention is planned in 2017.

The Solvency II reports are based on valuation criteria based on the market-consistency principle, very different from the valuations of the statutory accounts, based on historic price. The introduction of the new reporting framework has allowed the simplification of the former supervisory reporting regime. IVASS Measure no. 53 of 6 December 2016 has amended the accounting regulation (Regulation 22/2008 for the individual local gap financial statements and Regulation 7/2007 for IFRS balance sheets) pursuant to articles 90, paragraph 1 and 102, paragraph 2 of the Code of Private Insurance. The modifications intend:

- to reclaim and organise the evaluation criteria of the technical provisions prior to the new prudential regime for the preparation of the financial statement;
- rationalise the supervisory disclosure, eliminating the schedules no longer necessary, and preventing duplication with the new disclosure provided by the Solvency II regime (third pillar);
- reconfigure the work first done by the appointed actuary and by the auditing actuary, which no longer exists in the passage to Solvency II, and are now respectively assigned to the actuarial function and to the statutory auditing firms;

- complete the amendments to the primary accounting legislation (Civil Code and Legislative Decree 173/97) intervened with the transposition of the Accounting Directive (2016/34/EU) by Legislative Decree 139/2015, regarding the balance sheet, suspense accounts and disclosure to provide with regard to the intangible assets.

Finally, IVASS Regulation no. 29 of 6 September 2016 was issued that defines the legal environment applicable to the undertakings excluded from the application of Solvency II. In practice, the regime developed by the Regulation for those undertakings consists of the application of the pre-existing regime, Solvency I, with some adjustments and corrections.

In Europe, work has progressed on the drafting of the EIOPA Supervisory Handbook, that has the dual purpose of contributing to the creation of a culture and uniform supervision practices in the European Union, institutional goal of EIOPA, and of presenting a useful reference for the single supervisory authorities in the new Solvency II context.

The Handbook, now directed only towards supervisors, contains recommendations regarding supervision of the administrative body, risk assessment framework, governance and key functions, ORSA, investments, technical provisions, group supervision and internal models. Issue of the first complete version of the Handbook is planned within this year.

In parallel, the works of IVASS on the new Supervision Guide proceed, with the revision of the supervision methods and procedures to adapt them to the new regulatory context, taking into account the recommendations of the EIOPA Supervisory Handbook (see III.2.2).

## **1.2. - Revision of the standard formula for the calculation of the solvency capital requirement**

In 2016, IVASS actively participated in the works of EIOPA on the revision of the standard formula for the calculation of the solvency capital requirement following the experience acquired by the insurance and reinsurance undertakings and national supervisors in the starting phase of the new European prudential discipline. The areas of the formula subject to revision were defined by the European Commission in a formal request to EIOPA for expert opinion (Call for Advice). EIOPA is called upon to prepare, in 2018, a study document laying down the proposals for amending the delegated regulation. The governing principles defined by the Commission are as follows:

- promote simplification of the complexity of the calculation present in the standard formula in a view to “proportionality”;
- eliminate inconsistencies in the technical system of the discipline;
- remove any obstacles to the development of long-term investments.

In the second part of 2016, IVASS directly involved the Italian undertakings through a structured data request. In 2017, studies and analyses of the data received will continue, with the objective of contributing to the revision of the European prudential regulation, taking into account the specificities of the Italian insurance industry.

### **1.3. - Annual report on the measures for products with long term guarantees (LTG)**

The study on the LTG measures was conducted by IVASS in the wider five-year monitoring project initiated in 2016 by EIOPA on the use of LTGs by insurance undertakings<sup>76</sup>. The analysis was performed on the basis of the quantitative information acquired from the stress test exercise<sup>77</sup> (see chapter IV, paragraph 1.3).

The results of the analyses, published by EIOPA in December 2016<sup>78</sup>, show a wide usage of these measures: from the beginning of 2016, approximately 900 European undertakings, corresponding to a market share of nearly 70% in terms of technical provisions, apply at least one LTG measure.

The measures that produce the greatest benefits for the undertakings are the Transitional measure on technical provisions, used in all the large countries (United Kingdom, Germany, France and Spain, but also Portugal, Finland and Norway) and the Matching Adjustment (applied only in Spain and the United Kingdom).

The Volatility Adjustment (VA) is the most widely used measure (852 undertakings in 23 countries), and the only measure used by the Italian industry (88 undertakings, with a market share in terms of technical provisions of more than 97%).

Notwithstanding the wide diffusion, the VA brings about a quite small improvement in the Solvency Ratio (19 percentage point, compared with a European average of 34 percentage points)<sup>79</sup>.

While the Italian undertakings have chosen to use only the VA among the available measures, other large European Countries benefit from the joint use of more measures, with a significant total effect on the solvency position; for some Countries, the average solvency index, without the application of the LTG measures, would be lower than 100%.

### **1.4. - Monthly determination of the interest rate curve for the calculation of technical provisions and the impact study on the UFR**

IVASS participates in EIOPA works for the determination of the risk-free interest rate term structure (risk-free rate curve) and the relative matching or volatility adjustments. These

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<sup>76</sup> The multi-year monitoring aims to provide information to the European bodies for a possible regulatory revision of the LTG measures planned for 2021. Out of these measures, Volatility Adjustment and Matching Adjustment are aimed at mitigating the short term artificial volatility due to exceptional variations in interest rates. The transitory measures on the technical provisions and interest rates have the purpose of making the passage of the calculation of the technical provisions between Solvency I and II gradual.

<sup>77</sup> 16 Italian undertakings and 236 European undertakings participated, for a market share calculated in terms of technical provisions respectively of 76% and 77%.

<sup>78</sup> The 2016 report was published on the EIOPA website ([https://eiopa.europa.eu/Publications/Responses/EIOPA-BoS-16-279\\_LTG\\_REPORT\\_2016.pdf](https://eiopa.europa.eu/Publications/Responses/EIOPA-BoS-16-279_LTG_REPORT_2016.pdf)) and is intended to inform the European Commission, Council and the European Parliament for the purposes of a possible regulatory revision.

<sup>79</sup> See also box “Measures envisaged by Solvency II. The impact of the volatility adjustment on Italian and European companies”, in the Report on financial stability, 1/2017 published by the Bank of Italy (<http://www.bancaditalia.it/pubblicazioni/rapporto-stabilita/2017-1/RSF-1-2017.pdf>).

structures constitute the discount rate curve that, in the new Solvency II regime, shall be used to calculate the technical provisions.

After the preparatory phase to Solvency II, during which these curves were published in an informal way to facilitate the undertakings and European insurance groups in the transition to the new framework, in 2016, EIOPA officially began the monthly publication of the curves which are also communicated to the European Commission on a quarterly basis to be transposed in its legislative act (Implementing Regulation) published in the European Official Journal.

EIOPA publishes the risk-free rate curve for 34 currencies (for a total of 53 countries) and volatility adjustments for 37 countries.

Over the year, a methodological proposal for the determination of the Ultimate Forward Rate (UFR) of the risk-free rate curve has been subject to public consultation. This rate identifies the level at which the risk-free return curve converges in the long term. The level of 4.2%, currently provided by the regulation, is considered unrealistic in the current market conditions. At the end of the year, a study was conducted in Europe, in which IVASS participated, to measure the impact of the first application of the new methodology and the modification of the UFR on the items of the balance sheet such as the technical provisions, the capital requirement, own funds and deferred taxes, based on two predefined scenarios (reduction of the UFR by 20 bp and 50 bp). The values tested in the two scenarios correspond respectively to the level of rate that will be used in the first year of modification of the UFR (4%) and at the level identified as the target by EIOPA (3.7%).

The exercise was performed by the insurance undertakings that offer products with long term guarantees. For Italy, IVASS involved 17 undertakings: the 16 life undertakings that participated in the European analyses of the stress test (see chapter IV, paragraph 1.3) and a multi-sector undertaking that markets some types of non-life products characterised by long term guarantees.

The reduction of the UFR has an extremely small impact on the financial position and of solvency of the Italian undertakings subject to analysis. The solvency index for the sample experiences a small reduction passing from 2.77 of the base scenario to 2.75 of the first scenario and 2.74 of the second. The results on the national market are in line with those at the European level.

On the basis of the results of the impact study, the methodology was approved by the EIOPA Board of Supervisors in March 2017.

### **1.5. - EIOPA works on the Capital Markets Union**

IVASS contributed to the definition of the Italian response, curated by the MEF (Ministry of Economy and Finance), to the public consultation on the subject of the medium-term revision of the objectives of the Capital Markets Union (CMU), namely the plan of measures of

the European Commission to reinforce the capital market in Europe and mobilise resources towards forms of investment that favour the growth and economic development of the Union.

In 2016, IVASS continued to provide its contribution to the EIOPA works on the prudential treatment to associate to determined types of long term investments. On the request of the Commission, EIOPA has continued its analytic studies on the investments in infrastructure projects through corporate investment structures, that have led to the release of a second technical opinion to the Commission for the introduction of the prudential regulation of new qualitative and quantitative requirements, more consistent to their profile of specific risk.



## **2. - THE ACTIVITY OF THE INTERNATIONAL BODIES**

### **2.1. - Revision of the identification methodology of systemically important groups**

In 2016, IVASS continued to work in the IAIS environment for the identification of the financial institutions of global systemic importance. The focus of the work concerns the identification of the globally systemic insurance entities (Global Systemically Important Insurers, G-SIIs<sup>80</sup>) whose distress or disorderly failure, because of their size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity. In 2016 the designation was made on the basis of a revised version of the assessment methodology (introduced in 2013), and has identified the same nine insurance groups already identified in 2015, among which were no Italian groups.

Parallel to the methodology revision, IVASS has guided the IAIS works on the definition of those products (previously known as Non-Traditional and Non- Insurance - NTNI) whose characteristics can create, increase or spread systemic risk. These works impact the process of the definition of the additional capital requirement for the G-SIIs (Higher Loss Absorbency - HLA<sup>81</sup>), in the wider context of the reinforced supervisory measures to the systemic entities.

### **2.2. - Development of one standard of global capital for groups operating at international level**

In 2016, IVASS took part in the impact study - so-called Field Testing - conducted by IAIS to evaluate, in qualitative and quantitative terms, the effects of the introduction of a risk-based global capital standard for all the insurance groups active at international level, called the Insurance Capital Standard (ICS). In addition to Field Testing, IVASS has contributed to the second IAIS public consultation document on the three key components of the ICS: the valuation of assets and liabilities, the classification of capital resources and the standard method for the determination of the capital requirement.

Both activities have contributed to discarding the technical bases for a new and advanced exercise of Field Testing in 2017, with the objective of defining the conceptual bases for a first stable version of the global capital requirement within the year.

### **2.3. - Revision of the Insurance Core Principles and the ComFrame by IAIS**

IVASS follows the revision works of the Insurance Core Principles (ICP), aimed at increasing the convergence of global insurance supervision both in terms of quantitative requirements and in corporate governance and organisation requirements. The revision of the

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<sup>80</sup> The list of these entities is updated annually and published by the FSB on the proposal of the IAIS, and together with the national supervisory authorities in the month of November.

<sup>81</sup> The additional capital requirement represents an encouragement for the undertakings to reduce their systemic risk, and has the primary goal of reducing the probability and impact on the financial market of a G-SII crisis situation.

ICPs also occurs following self-assessment and peer review processes, conducted within IAIS since 2013.

To make the development of these principles more efficient, IAIS has adopted a thematic approach<sup>82</sup> to the ICPs, aimed at all the insurance undertakings and groups, and to the other two measurement levels, which are based and are added to the ICP requirements.

- The Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame): is a set of qualitative and quantitative supervisory requirements, on the supervision of groups active at an international level (IAIG). Taking into account the higher degree of complexity and the impact of that these groups present, the ComFrame responds to the need to ensure greater coordination and information exchange between supervisors involved in the supervision of their businesses and correlated risks, identifying and preventing regulatory gaps;
- G-SIIs Policy Measures, specific group supervision principles for Global Systemically Important Insurers.

Following this decision, in 2016 the two sets of ICP and ComFrame requirements were developed on the basis of a new structure that sees the ComFrame principles integrated into the single ICP, in an organic whole. This revision, which regards the near totality of the ICP, and that provides a public consultation in different phases from 2017, will conclude in 2019, the year in which the adoption of ComFrame is expected.

#### **2.4. - International accounting standards**

IVASS follows the standard setting activity of the IASB at national and international level, collaborating with the various actors. In 2016, the work of the IASB on the accounting of insurance contracts ((IFRS 4 – phase II) has continued.

In July 2016, the IASB launched a field test for the application, by the insurance undertakings, of six themes relevant for the insurance standard, among which the accounting of contracts with discretionary benefits (participating contracts), the aggregation level of the contracts, and the measurement of the expected profits.

The IASB has also faced problems arising from the interrelation of IFRS 4 with IFRS 9 (accounting of the financial instruments) and the mismatch between the relative application dates (2018 for IFRS 9 and 2021 for the future insurance standard). In September 2016, the IASB issued the Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts document, bringing the amendments to IFRS 4 to allow the insurance undertakings to limit the negative consequences, such as greater volatility of the economic results represented in the financial statement, and the increase of the undertakings' operations costs, arising from the non-concurrent application of the two standards.

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<sup>82</sup> These themes include: *governance*, patrimonial adequacy, group supervision, cooperation between supervisors, *recovery and resolution measures*.



The technical solutions proposed by the IASB are summarised in two optional and alternative approaches:

- c) temporary exemption from IFRS 9 (deferral approach): allows the undertakings with a prevalence of insurance business a temporary exemption (until 2021) of the application of IFRS 9 and parallel use of the IAS 39 rules;
- d) overlay approach: allows the undertakings that issue insurance contracts to use IFRS 9 and, at the same time, recreate, limited to investments connected to insurance contracts, the effects on income statements that would be produced with the use of IAS 39, so as to reduce the problem of volatility in the economic results produced by the new standard<sup>83</sup>.

The IASB has recently concluded the *Insurance contracts* project with the issue of the definitive IFRS 17 standard on 18 May 2017. This standard substitutes IFRS 4, which allow the current limits of accounting of the insurance contracts to be surpassed, guaranteeing a greater consistency at a European level.

## 2.5. - Works on the Effective Resolution Regime

In 2016 international work continued on resolution of the insurers, beginning from the shared matrix, represented by the insurance annex to the Key Attributes of Effective Resolution Regimes for Financial Institutions (KA), completed by the FSB in 2014, followed by, in June 2016, the publication of an FSB document (Developing effective Resolution Strategies and Plans for Systemically Important Insurers) that identifies the salient aspects of the definition of a resolution strategy for a systemically important insurance group.

Alongside the other international initiatives, like the constitution of the Crisis Management Group for the systemically important insurers (GSII), in 2016, the works of IAIS and EIOPA continued.

The IAIS analysis is mainly focused on the amendments to the Insurance Core Principles (ICP) and on the introduction of a *Common Framework for the Supervision of Internationally Active Insurance Groups* (ComFrame, see II.2.4) – addressed respectively to all the insurance entities and the *International Active Insurance Groups* (IAIG) - necessary to adapt the international framework regarding crisis management of the insurance sector

Within EIOPA, the work started in 2015 continued with the development of a proposal - subject to public consultation between the end of 2016 and the early months of 2017 - on the introduction of regulation regarding the specific resolution for the insurance context. On this topic, EIOPA will formulate, within 2017, a specific Opinion to the European Commission.

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<sup>83</sup> In particular, the variations of the fair value (or the differences between the amount that would be recognised in the income statement with the use of IFRS 9, and the amount that would have been recognized if IAS 39 had been applied) they are reclassified from the income statement to the *other comprehensive income section* (OCI).

In 2016, the works of the ESRB were started - to which IVASS participates - on the implications of a possible European framework for the insurance sector regarding resolution, the results of which ESRB may formulate into a Recommendation to forward to the European Commission.

### 3. - EVOLUTION OF EUROPEAN REGULATIONS

#### 3.1. - The measures under discussion

##### *3.1.1. - The provisions implementing the Directive about distribution*

Directive 2016/97 of 20 January 2016 on insurance distribution (Insurance Distribution Directive - IDD), which repealed Directive 2002/92/EC on insurance mediation, provides for the issuance of secondary community regulations aimed at ensuring a uniform application in the EU. Four delegated acts, a regulatory technical standard (RTS), an implementing technical standard (ITS), as well as a set of obligatory EIOPA Guidelines and two sets of Guidelines are expected to be implemented at the discretion of the European Authority.

IVASS has actively participated in the EIOPA works aimed at the drafting of the following secondary regulations:

- the technical advice provided by EIOPA on 1 February 2017 to the European Commission aimed at the issue of the delegated acts of the Directive. The subjects of the opinion regard the requirements of government and control for all insurance products (Product Oversight and Governance - POG), the conflicts of interest and incentives for financial insurance products (IBIPs), the evaluation of suitability and adequacy of the product, the criteria to identify non-complex insurance-based investment products, the content and format of the registrations and agreements for supply of services to the client and the periodic reports to clients on services provided;
- the *implementing technical standards* project (ITS), forwarded by EIOPA to the European Commission on 7 February 2017, regarding the format of the standardised information document for non-life products (art. 20 of the Directive) with one single standard in the EU, identical in content and format, enacted to provide the key information in a clear and simple way on non-life products and facilitate their comparison;
- the *Preparatory Guidelines* regarding the POG, issued by EIOPA in the month of April 2016, aimed at gradually aligning the market to the new provisions of the IDD Directive, avoiding inconsistent national implementations, and to guarantee a level playing field with the sector disciplines. The Guidelines set out organisational and information obligations of the subject that makes the product (so-called manufacturer) and the distributor. In particular, the obligation for the producer to identify for each type of product, a determined target client and the relative distribution strategy is reported.

##### *3.1.2. - Implementation regulations on the information of insurance-based investment products*

As represented in the Report on 2014 (see. II.2.2), Regulation (EU) no. 1286/2014 on packaged retail and insurance-based investment products (PRIIPs), including the insurance-based investment products (IBIPs), has introduced a standardised pre-contractual information system for the protection of the potential contractor of complex products. In particular, it is expected that the originator of the PRIIP product would provide an information document

containing the key information on the product (Key Information Document - KID) for the distributor to give to potential contractors in the pre-contractual phase.

The Joint Committee, composed of the European supervision authorities EBA, EIOPA and ESMA, has formulated proposals to the European Commission for the adoption of Regulatory Technical Standards on the drafting of key information in the KID.

After a long process, that saw the rejection by the European Parliament of the first draft of the technical standards, the Commission, with the support of the Joint Committee, adopted the regulatory technical standards with Delegated Regulation (EU) no. 2017/653 of 8 March 2017.

### *3.1.3. - The evaluation of the Directive on Financial Conglomerates*

In July 2016, the European Commission initiated a public consultation to collect input and comments on a possible revision of the Directive relative to supplementary supervision on financial conglomerates (Directive 2002/87/EC, so-called FiCOD). In the document, the Commission<sup>84</sup>, in reiterating that the legislation regarding financial conglomerates is important for the systemically important groups, notes that the recent approval of the CRD IV and Solvency II has heightened the need for a rationalisation of the discipline to prevent duplications and complexity. In the view of the Commission, the FiCOD Directive should be re-examined, simplifying the legislation and reducing the costs to the supervised subjects.

With reference to the scope, it is important to stress the need to collect information on entities external to the conglomerate, such as mixed activity holding companies, and increase the powers of the authorities with reference to the entities not regulated at the sector level. Concerning the patrimonial adequacy, it is worth noting the need to review the relative delegated regulation is noted (reg. EU no. 342/2014) resolving interpretation and application problems in the light of recent developments of the sector legislation. On the discipline of corporate governance and risk management processes, the need to clarify the provisions in the light of the sector regulations is emphasised. Finally, the reinforcement of the sanctioning system is highlighted, particularly towards the Mixed Financial Holding Company (MFHC).

IVASS, together with the Bank of Italy, has participated in the consultation, collaborating in the preparation of the observations formulated by the *Joint Committee on Financial Conglomerates*.

### *3.1.4. - The revision of the Community Regulation exempting certain agreements between insurers from the general prohibition on anti-competitive practices*

EU Regulation no. 267/2010 exempted two categories of agreements in the insurance context from the general prohibition on anti-competitive practices (exchange of data and information from compilations, tables and studies carried out in common by the insurance undertakings and pool of co-insurance or co-reinsurance that do not exceed determined

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<sup>84</sup> [http://ec.europa.eu/finance/consultations/2016/financial-conglomerates-directive/index\\_en.htm](http://ec.europa.eu/finance/consultations/2016/financial-conglomerates-directive/index_en.htm).

thresholds) until 31 March 2017. The Regulation is expired, and therefore, its provisions are no longer in effect.

The European Commission, following the report on the application of the Regulation published in March 2016, has decided not to renew the exemptions for the insurance sector considering that the reason to maintain them no longer exists. The reasons adopted by the Commission refer to the guidelines on horizontal cooperation adopted in 2010, which regulate correct cooperation between insurers. In addition, the Commission has declared that the exemption was used in very few cases up to today, which do not justify its renewal.

### **3.2. - The activity of the European supervisory authorities.**

#### *3.2.1. - Consumer protection*

EIOPA, in addition to the work on the secondary regulations regarding insurance distribution referred to in point 3.1.1, has continued its activity on the subject of consumer protection.

IVASS actively collaborated on the Thematic Review, conducted by EIOPA in the Committee on Consumer Protection and Financial Innovation (CCPFI) regarding monetary and remunerative incentives among suppliers of asset management services of unit linked policies and insurance undertakings. The objective of the Thematic Review is to investigate potential sources of detriment to consumers arising from the relation between insurance undertakings and asset managers in the construction of unit-linked policies, with particular reference to the way in which the remunerations paid by asset managers may influence the choices of the insurance undertaking on the investments, and how, by consequence, these choices may impact on the correct application of the *best interest of consumers* principle. The conclusive Report, approved by EIOPA in March 2017, shows potential sources of detriment for consumers arising from the relation between insurance undertakings and fund managers in the construction of unit linked policies. In particular, the remunerations paid by asset managers could influence the choices of the insurance undertakings on the investments and, therefore on the correct application of the *best interest of consumers* principles.

In 2016, EIOPA work on the revision of the Collaboration Protocol regarding insurance intermediation began, following the new items introduced by the IDD on the theme of cross border activity. In particular, a homogeneous definition of activities under freedom to provide services for intermediation was identified, or examples that could cover the possible cases were provided. It would be appropriate to proceed in a manner consistent with what has already been achieved with the General Protocol to allow uniform application of the principles of collaboration, with particular reference to cases in which it is necessary to act simultaneously, on both the undertaking front and on that of the intermediaries involved in the distribution.

In implementation of art. 15, paragraph 1 of the PRIIPs Regulation, which provides that EIOPA monitors the financial-insurance products marketed and distributed in the EU, alongside the monitoring carried out by the single Authorities, IVASS participates in EIOPA works to define a proposal of periodic exchange of data and information useful to that purpose.

### *3.2.2. - Revision of the Collaboration Protocol between the insurance Supervisory Authorities*

EIOPA has approved the revision of the General Protocol of Collaboration of the Supervisory Authorities, introducing new information requirements between Home and Host Authorities, both in the authorisation phase of a new undertaking and on-going. A requirement for the exchange of information between the Authorities concerned has been introduced, at the moment of granting authorisation and, subsequently, in the course of business of the undertaking, on shareholders and senior executives of an undertaking in the case in which one or more of these subjects come from, or is in any way linked with a country other than that of origin, as well as an obligation of cooperation between the Home and Host Authorities at the moment of authorisation of an undertaking in the case in which the intention of the same is evident, to operate exclusively or mainly in the host Country.

### *3.2.3. - EIOPA Peer reviews*

In 2016 the Handbook on the execution of the peer reviews was developed by the EIOPA Review Panel, defining roles and responsibilities of the subjects involved in the business, and providing a detailed description of the programme management.

The peer review regarding the proportionality applied to the key functions of the insurance undertakings has been initiated. The review aims to identify the approaches adopted by European supervisors for the application of the proportionality principle to the different organisational solutions present on the market (in particular, in case of combinations, subordination and outsourcing of the key functions) and for the management of conflicts of interest and application of the fitness requirements to owners of the functions.

On this basis, a self-assessment questionnaire addressed to national Authorities has been launched, followed by successive insights among single Authorities; the publication by EIOPA of the report on the results of the peer review is expected in the upcoming months.

In the first months of 2017, EIOPA initiated a peer review to verify the actual control arrangements by the national Authorities of the good reputation requirements of the Board Members of the insurance undertakings and shareholders, for the purposes of standardising the application of the community regulation regarding the relative supervision practices.

### *3.2.4. - Joint Committee of the European Supervisory Authorities*

In 2016, the Joint Committee, a cooperation forum between European supervision Authorities EBA, EIOPA and ESMA (hereinafter ESAs), has worked on issues relating to the consumers protection and to the regulatory/ monitoring activities of the financial sector.

The most important activities concerned the packaged retail and insurance-based investment products (PRIIPs, see II.3.1.4) and the revision of the Directive on financial conglomerates (see II.3.1.2).

For the purposes of consumer protection, the use of big data was analysed, which would allow the financial institutions to profile the clients, identify habits and consumption patterns and offer products targeted to specific market segments.

The Committee has worked on the drafting of guidelines on a risk-based supervision approach on money laundering and monitoring terrorism financing in the European financial sector. On the request of the European Commission, to guarantee uniformity of interpretation and evaluation, the Joint Committee has also revised the proposed guideline on the prudent evaluation of acquisitions of holdings in the financial sector that require the control or acquisition of a qualifying holdings.

To ensure the consistency and convergence of the supervisory practices among the national European Authorities, the Joint Committee has developed a report on the best practices of supervision to reduce reliance on external credit ratings in the valuation of the requirements of the supervised bodies, and has deepened the risk mitigation techniques for the over-the-counter derivatives contracts (OTC) not regulated through clearing houses (EMIR).

Finally, other contributions have regarded the periodic monitoring of the market conditions, the evaluation of cross-sectoral risks and the vulnerability of the financial system, as well as the activities connected to the collaboration and exchange of information with the supranational Authorities (ESRB, ESAs, BCE).



## **4. - THE EVOLUTION OF NATIONAL REGULATIONS**

### **4.1. - Implementation of the EU regulations**

#### *4.1.1. - PRIIPs and MIFID 2*

In the Official Journal of 28 November 2016, Legislative Decree no. 224 of 14 November 2016 was published, with which EU Regulation no. 1286/2014 was implemented relating to documents containing key information for packaged retail and insurance-based investment products (PRIIPs). The new regulation will be applied from the date of entry into force of the EU Regulation (1 January 2018). EU Regulation no. 2016/2340 has, in fact, postponed the application of the PRIIPs Regulation in consideration of the postponement of the issuing of the technical regulations regarding the simplified information document (KID), finally adopted with Delegated Regulation no. 2017/653.

The EU Regulation is directly applicable in its main parts with reference to the requirements of preparation and delivery of the KID for the PRIIPs, non-insurance (PRIIPs) and insurance (IBIPs) and the attribution of the power to EIOPA and the national Authorities to prohibit the marketing of an IBIP in specific circumstances. The PRIIPs Regulation is applied to sector III, sector V and sector I life assurance products unless the services provided by the contract are due solely to death or disability due to an injury, illness or infirmity.

The new national regulation of implementation, maintaining the active and fragmented division of competencies on the distribution channel already present in the TUF (agents and brokers supervised by IVASS, undertakings, banks and financial intermediaries supervised by CONSOB), has defined the following division of competencies, considered as a whole in the European regulation, on the insurance-based investment products based on three criteria (purpose of protection, sales channel, product type):

- with reference to the product intervention and market monitoring powers.
  - a) attributes to CONSOB the competence on the distribution of the IBIPs through banks, stock brokerage companies and insurance undertakings for reasons linked to consumer protection and protection of market integrity;
  - b) attributes to IVASS the competence regarding the stability of the financial and insurance system, of stability of the insurance undertakings, as well as, in the case of distribution through agents and brokers, for reasons connected to the protection of the consumer and the protection of market integrity;
- with reference to the obligations of pre-contractual transparency, attributed to CONSOB the power to receive the prior notification of the KID for all the IBIPs products, in which traditional products of the life insurance sector also fall, to evaluate the compatibility of the documents with respect to the European regulation.

The drafting of the MIFID 2 Directive is still in progress (Directive no. 2014/65/EU) which contains, among other things, amendments to the first Directive on insurance



intermediation 2002/92 introducing Chapter III bis on IBIPs products. The implementation of this amendment, contained in the European delegation Law 2014 (Law no. 114/2015) has been superseded for effect by the successive repeal of Chapter III bis by Directive 2016/97 on insurance distribution.

The draft measure of the Legislative Decree that amends the TUF for the implementation of the MIFID 2 Directive was approved by the Council of Ministers on 28 April 2017, and transmitted to the Parliament on 3 May for the release of the prescribed opinions; it amends and supplements the discipline applicable to products of sectors III and V, supervised by CONSOB, although the insurance products are not in the context of the application of the Directive.

#### *4.1.2. - Implementation of the European Directive on non-financial reporting of the large undertakings and of large sized groups*

Legislative Decree no. 254 of 30 December 2016 was published in the Official Journal of 10 January 2017, implementing Directive no. 2014/95/EU, on which IVASS made a technical contribution. The decree provides for the obligation to include a non-financial declaration in the management report for large sized bodies of public interest (including insurance undertakings and banks), containing environmental and social information, related to the personnel, with respect to human rights and the fight against corruption.

The information, as far as insurance undertakings and groups are concerned, may be submitted through:

- an individual declaration, included in the management report provided under art. 94 of the CAP (Code of Private Insurance), which - in this case - constitutes a specific marked section, or with a separate report, marked by similar wording.
- a consolidated declaration, for a group, contained in the management report under art. 100 of the CAP, which in this case constitutes a specific marked section, or with a separate report, marked by similar wording.

The provisions will be applied to the declarations and reports referring to the financial years from 1 January 2017.

CONSOB should issue a regulation, after hearing the Bank of Italy and IVASS, to:

- discipline the transmission of the non-financial declarations to CONSOB, the methods of publication and transmission of the information or supplements, in the case of incomplete or non-compliant declarations;
- define methods and times for the control of the declarations;
- indicate the principles of behaviour and procedures for carrying out the task of verifying the compliance of the information by the auditors.

## **4.2. - National initiatives**

### *4.2.1. - Obligatory insurance linked to the new provisions on the voluntary early retirement*

Law no. 232 of 11 December 2016 (so-called budget law 2017) published in the Ordinary Supplement of the Official Journal no. 297 of 21 December 2016, set out by art. 1, paragraph 166 that from 1 May 2017 and on an experimental basis until 31 December 2018, established the financial advance on pension guarantees (APE), for which the IVASS has provided a technical contribution. The APE is a loan covered by an obligatory insurance policy for the risk of premature death, which may be used by subjects possessing the requirements set by the regulation.

The law provides that the insurance undertakings allowed to give these guarantees are chosen from those that adhere to the framework agreements to be concluded between the MEF, the Ministry of Labour, ABI, ANIA and other insurance primary insurance undertakings.

The pre-contractual and contractual information required by law will be provided, in electronic format and on a durable medium, to the requester directly from INPS, which does not assume the role of insurance mediator for this activity.

For the purposes of the anti-money laundering regulations, the transaction is subject to simplified customer due diligence, to be defined with a MEF decree, after hearing the Financial Security Committee.

The implementation of the regulations and criteria, conditions and function of the offer will be disciplined by Decree of the President of the Council of Ministers.

### *4.2.2. - The law on medical liability*

The Law “Provisions regarding the security of the care of the assisted person, as well as the professional liability of healthcare professionals”, in force since 1 April, was published in the Official Journal of 17 March 2017.

After more than 15 years of Parliamentary debate and various attempts to discipline the subject with the general law on the insurance of the freelance professionals of 2011 and with the so-called Balduzzi Law of 2012, the new law aims to give an overall response to the subject of liability of healthcare facilities and personnel.

In accordance with the constitutional principle of the right to healthcare, it establishes the objective of the law as the security of care, in the interest of the individual and the community. The prevention and management of risk requires the implementation, through the public and private healthcare facilities, of a system of monitoring, evaluation and prevention of clinical risk.

Among the fundamental objectives of the new regulation there are the reduction of the medical malpractice litigation, which caused a substantial increase of the cost of insurance for healthcare professionals and facilities, and the guarantee for patients of a sure settlement in a

short time. To limit the use of the courts in more serious cases, legal action should not be taken without first making an attempt at conciliation.

Medical negligence is redefined, abandoning the distinction between slight and serious fault, and providing a non-punishable malpractice when the recommendations of the specific guidelines or good clinical-welfare practices are complied with.

The law provides that the healthcare facility responds to the patients by way of contractual liability, while the healthcare professionals respond by way of non-contractual liability, unless they acted in the fulfilment of a contractual obligation assumed directly with the patient, and introduce the insurance obligation as the responsibility of the health facilities (or other similar measures such as self-insurance i.e. the establishment of a fund for compensations) and healthcare professionals for liability toward third parties. There is the obligation for healthcare professionals, punishable by administrative action on recourse by the Court of Auditors or in civil court, to conclude appropriate insurance policies against grave negligence.

The patient who believes to have been damaged may request compensation directly from the insurance undertaking (direct action), within the maximum amount covered.

Time limits of the insurance guarantees are defined, which shall also cover events occurring in the ten years prior to the conclusion of the contract provided that they are reported to the insurance undertaking during the term of the policy. In case of permanent cessation of work, an extension period of the cover shall be provided for requests for compensations presented for the first time within the following ten years and referring to events occurring during the effective period of the policy, including the retroactive period.

Law provides future ministerial decrees to be defined, among which:

- the criteria and methods of IVASS control and supervision on insurance undertakings that intend to underwrite policies with the healthcare facilities or with healthcare professionals (MiSE Decree, together with the Ministry of Health);
- the minimum requirements of the insurance policies for the healthcare facilities (MiSE Decree, together with the Ministry of Health and the MEF, hearing the opinion of IVASS, ANIA and other subjects representing doctors and healthcare facilities and trade unions). The same Decree shall establish the minimum requirement of guarantee and the general operating conditions of the “other similar measures”, also the direct assumption of risk, rules for the transfer of risk in case of replacement of another insurance undertaking, as well as the provision in the balance sheets of the structure of a risk fund and of a compensations provision fund on reported claims;
- The dates on which the policies underwritten and the self-insurance measures that the facilities and healthcare workers shall be transmitted to the National Agency for Regional Healthcare Systems, with the related arrangements for access (MiSE Decree, together with the Ministry of Health, hearing the opinion of IVASS).

The law provides for the establishment, by the Ministry of Health, of a Guarantee Fund for victims of medical malpractice, managed by Consap, and fed by the contribution of the

insurance undertakings authorised in the liability insurance market for damage caused by medical malpractice, which intervenes in the following cases:

- the damage exceeds the maximum coverage;
- The healthcare facilities or healthcare practitioner are insured through an undertaking that, at the moment of the claim, is insolvent, in compulsory winding up or will soon be.
- The facility or healthcare practitioner are without insurance cover due to unilateral termination of the undertaking or for the non-existence or cancellation from the register of the undertaking.

#### *4.2.3. - The law establishing the Committee for financial education*

Law no. of 17 February 2017, in conversion of Law-Decree no. 237 of 23 December 2016, on urgent measures for the safeguard of the savings of the credit sector, has provided that the MEF adopts the program for a “National strategy for financial, insurance and pension education”. It provides the establishment of a Committee for the planning and coordination of the activities of financial education, with the task of promoting and planning financial awareness and education initiatives. IVASS also participates in the Committee, which is composed of eleven members, and is presided by a Director appointed by the MEF.

#### *4.2.4. - Temporary suspension of premium payments for residents of areas hit by 2016 earthquake*

Law-Decree no. 189 of 17 October 2016, converted, with amendments, by Law no. 229 of 15 December 2016, disciplines urgent measures for the populations hit by the earthquake, has provided the suspension of payment terms of insurance premiums relative to policies issued with effect from 24 August or from 28 October 2016, to implement by IVASS measure. IVASS has implemented the regulation with Measure no. 56 of 2017 (see II.4.3.2).

### **4.3. - Other regulations and regulatory interventions of IVASS**

#### *4.3.1. - Regulations*

- Regulation no. 23 of 1 June 2016, adopted in accordance with article 135 of the Code of Private Insurance, substitutes the ISVAP Regulation no. 31 of 1 June 2009, providing applicative provisions regarding:
  - a) the procedures of organisation and functioning of the Claims Data Bank and Database with the register of witnesses and injured parties;
  - b) the methods and conditions of access to the data banks by the public administrations, judicial authorities, police, insurance undertakings and third parties;
  - c) the obligations of consultation of the data banks by insurance undertakings in the claims settlement phase;

- with Regulation no. 36 of 28 February 2017 IVASS laid down instructions to the market for the communication of data and information to IVASS for the purpose of statistical investigations, studies, insurance market analyses in the implementation of art. 190-bis of the Code of Private Insurance.

#### *4.3.2. - Measures*

- Measure no. 47 of 1 June 2016 intervened on the functioning of the Integrated Anti-fraud Archive (AIA), defining analytic indicators and summaries and relative parameters, identifying the level of detail of the information sent to the undertakings, and providing technical indications for correct feed of the archive;
- IVASS Measure no. 56 of 9 February 2017 regulates the suspension of payment for the insured residents on areas hit by earthquakes (article 48, paragraph 2, of Law-Decree no. 189 of 17 October 2016 converted, with amendments, by Law no. 229 of 15 December 2016). The insurer has the obligation to pay the claim for facts occurring during the suspension period, even without having received the premium. The regulation aims to reconcile the benefit of the suspension enjoyed by the policyholder with the management needs of the undertaking, allowing the reimbursement of the premium through adjustment on the claim. The adjustment shall not operate if the person who is entitled to the benefit of insurance is different from the subject required to pay the premium;
- IVASS Measure no. 58 of 14 March 2017 brings important innovations on the presentation of the requests and communications to IVASS, due from the intermediaries and undertakings for the purpose of keeping the Single Register of insurance and reinsurance intermediaries (RUI), continuing with the project of simplification and dematerialisation initiated in 2015, in line with the provision of art. 15, paragraph 2 of Legislative Decree no.82 of 7 March 2005 and with the strategic objectives of IVASS. The Measure aims to facilitate the relations between IVASS and the operators, and to streamline the internal management processes dedicated to the turnover and update of the RUI, introducing a more modern, entirely digital system, of the collection of the data contained in the requests and communications to IVASS (see IV.1.7.5).

#### *4.3.3. - Letter to the market*

- With the Letter to the Market of 15 December 2016, indications were given regarding the obligation to give reason for the refusal of the offer, in order to prevent unfounded refusals and the consequent unjustified dilution of the payment terms, and to contribute, through the demonstration of the reasons, to the reduction of litigation (see IV.1.3.2);
- with the Letter to the market of 11 January 2017, indications were provided on the policy of distribution of the dividends and remuneration to the latter, based on maximum prudence in the distribution of dividends and other assets as well as the payment of the variable component of remuneration to the company representatives in the light of the entry into force of Solvency II (see II.2.3);

- with the Letter to the market of 7 February 2017, indications were given for the update of the summary profiles of the life insurance contracts, on the basis of the inflation rate and the average return of government bonds registered in 2016;
- with the Letter to the market of 16 March 2017, IVASS gave indications for the application of the regulations concerning the issuing of compulsory insurance of tour operators in case of insolvency or bankruptcy (see IV.1.4.2);
- with the Letter to the market of 3 April 2017, it was recommended to the undertakings to implement, in the case of policies combined with financing, adequate procedures for the restitution, in case of early termination, the part of the premium not used (see IV.1.4.3);
- with the Letter to the Market of 21 April 2017, IVASS hopes that the undertakings include in the internal evaluation of risks and solvency (ORSA) scenarios similar to those included in the EIOPA stress test of 2016, characterised by the persistence of extremely low interest rates and consistent increase of the credit spread on the financial activity, encouraging further stress analyses that reference scenarios conceivably able to generate vulnerability for the company.

#### **4.3.4. - Frequently Asked Questions**

In transposing the EIOPA Guidelines regarding complaints of insurance intermediaries, IVASS issued Measure no. 46/2016 referred to in the Annual Report of last year (see II.4.3), which amended Regulation no. 24/2008, introducing Chapter III bis dedicated to the management of complaints about the behaviour of insurance and reinsurance intermediaries.

The new management procedure of complaints is in force since November 2016: Measure no. 46/2016 is in force since 31 May 2016, but a period of 180 days from this date was recognised for the operators for the adaptation to the new procedure.

*Numerous requests have been received, mainly from trade associations of insurance intermediaries and undertakings, concerning the interpretation of some provisions: to provide some useful clarifications to the operators, IVASS has published the relative replies in the form of FAQ on its website, in a section dedicated to the “Management of intermediaries’ complaints”. The main clarifications regard the policy of complaints management, the management of reports relating to the behaviour of the intermediaries registered in sections B and E of the RUI, analysis and any outsourcing, the procedure of complaints registration.*



## **IV. - PRUDENTIAL SUPERVISION**

### **1. - MACRO-PRUDENTIAL SUPERVISION**

#### **1.1. - Solvency and profitability of the Italian undertakings in the Solvency II regime**

As shown in chapter 1, the persistence of extremely low interest rates did not make an excessive impact on profitability in 2016 (see I.4.4) and solvency (see I.5.5) of the Italian undertakings, thanks to the good alignment of the financial duration of the assets and liabilities on the balance sheet.

The tensions on the financial markets in the year have brought on a significant variability of the solvency indicators of the undertakings; they have, however, been maintained, on average, at sustainable levels.

The solvency indicators of the Italian undertakings, calculated according to Solvency II, have remained adequate, amounting on average to higher levels for the life sector, compared to European competitors, while for the non-life sector, by comparison, levels are lower.

The better quality own funds (Tier 1) amount, on average, to 90% of the own fund total, a higher percentage than the European average.

#### **1.2. - Overview of the risks for the Italian insurance industry - Risk Dashboard**

The instrument used by IVASS to represent the evolution of the risks and vulnerabilities of the national insurance sector, the Risk Dashboard, has been updated, taking the entrance into force of Solvency II into account. The Directive modified the solvency evaluation metrics of the insurance undertakings and provided new information flows, in content and timing.

The new Risk Dashboard is based on indicators constructed with defined methodologies in the European context, adapted to the peculiarities of the national insurance market. Seven risk areas are considered (macroeconomic risks, market risks, credit risks, liquidity risk, profitability and solvency risks, “interconnection” and insurance risks) in addition to the area introduced to take account for the risks perceived by the market.

*The riskiness of each area is summarised by a score (Tier) and by the variation in comparison with the preceding quarter (trend). The analyses are based on information referring to the quarter analysed<sup>85</sup> for the insurance indicators, and on the most updated information for the market indicators that, in some cases, also take account of the estimates aimed at reinforcing the forward looking view.*

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<sup>85</sup> For example, the *Risk Dashboard* as at 31 December uses the fourth quarter information.

The summary situation that emerges from the fourth quarter 2016 Risk Dashboard is as follows:

| Risks                               | Score Q4 <sup>86</sup> | Trend <sup>87</sup> |
|-------------------------------------|------------------------|---------------------|
| 1. Macro Risks                      | 7.1                    | →                   |
| 2. Credit Risks                     | 6.6                    | →                   |
| 3. Market risks                     | 6.7                    | ↔                   |
| 4. Liquidity Risks                  | 6.5                    | →                   |
| 5. Profitability and solvency risks | 3.3                    | ↔                   |
| 6. Interconnection Risks            | 2.7                    | ↓                   |
| 7. Insurance risks                  | 2.3                    | →                   |
| 8. Risk perceived by the market     | 3.3                    | ↔                   |

The main risk factors for the Italian insurance sector are related to the macro risks, credit risks and liquidity risks, while the other areas of risk - insurance, profitability and solvency - present lower levels of vulnerability, below European values<sup>88</sup>.

With reference to the market risks, a slight improvement is observed thanks to the reduction of the volatility of the credit spread on corporate bonds and the securities market.

In the year, a reduction of insurance risks is observed, thanks also to a lower level of the claims ratio on premiums of the non-life sector, and the interconnection risks.

The risk perceived by the market is also decreasing.

A lower use of reinsurance in the Italian market is confirmed, compared with the European average. In contrast, the Italian insurance market is characterised by a greater concentration of the investments compared to European competitors.

### 1.3. - EIOPA 2016 Stress Test and focus on the Italian market

The European Stress Test 2016 exercise, coordinated by EIOPA, with the collaboration of the national Authorities, aims to evaluate the vulnerability of the insurance sector with respect to a situation of significant worsening of the macroeconomic framework, denoted by a prolonged phase of low interest rates.

<sup>86</sup> The score varies from 1 (minimum risk) to 10 (maximum risk). The risk level, in addition by numbers, is indicated by colour (green = low, yellow = medium, orange = medium-high, red = high).

<sup>87</sup> The arrows indicate the variation compared with the previous quarter (→ = significant increase (>1), ↗ = increase (>0,5), ↔ = constant, ↘ = reduction (>0,5), ↓ = significant reduction (>1).

<sup>88</sup> <https://eiopa.europa.eu/financial-stability-crisis-prevention/financial-stability/risk-dashboard>.



IVASS has requested the stress test from all of the companies operating in the life business of traditional products with guarantee. The results of 16 undertakings, large, small and medium sized, equal to 76% of the national market in terms of life technical reserves, were transmitted to EIOPA for the European analyses.

The stress test analysed the surplus of the assets on the liabilities measured on the Solvency II data available on 1 January 2016 (day-one reporting) in two adverse financial situations: one (Low for Long) on the assumption of a further reduction of the returns curve without risk on all terms, and another (Double Hit) more severe, in which the reduction of returns without risk occurs simultaneously to the reduction of the value of all the major categories of investment of the companies.

The results of the exercise, published by EIOPA last 15 December, have confirmed in total the stability of the national insurance sector. The impact of the Low for Long scenario was 5.4% for all the undertakings examined, and 5.1% for the 16 undertakings of the EIOPA sample, in the face of an average European value of 18%. In the Double Hit scenario, the reduction of the surplus of assets on liabilities was 32.5% for all of the companies examined and 33.8% for the sixteen undertakings included in the EIOPA sample, a value slightly higher than the European average of 28.9%, but in line with those of the principle markets. In absolute value, the reduction of the assets on the liabilities for all of the undertakings is 3.7 billion Euro in the Low for Long scenario, and nearly 22 billion in the Double Hit scenario, even in the more penalising scenario the overall surplus of the sample maintains high levels (about 46 billion Euro).

The good stability of the Italian insurance sector even in the more penalising scenario, the double hit, reflects a financial management of assets and liabilities of the undertakings usually aligned in terms of duration of cash flows.

#### **1.4. - Analysis of the risks and vulnerabilities of the sector**

The quarterly investigation has proceeded on the main sources of risk and vulnerability of the insurance sector conducted on a sample of ten groups and six individual undertakings.

In 2016, the investigation concentrated on the initiative taken by the companies in response to the prolonged phase of low interest rates, on the marketing of multi-sector products, on cyber risk, on the alternate instruments of risk transfer, on climate change and on technological innovation. The investment policies of the undertakings were also analysed, with focus on particular categories of financial instruments.

The analyses show the persistence of a low propensity of the national insurance market to invest in innovative financial instruments: no undertaking has used the possibility of granting

direct unsecured loans, and the investment in minibonds is very low. The alternative forms of investment and financing remain underutilised<sup>89</sup>.

On the contrary, a trend of increase of non-traditional life products marketed by the undertakings is confirmed. The premium income of the sample relative to multi-sector products was 30.6 billion Euro (27% of the life income of the sample) and the undertakings have estimated a prospective increase of 18.6%. This growing spread responds to the dual needs of offering clients' product with guarantees, but with greater possibilities of return, and containing the risks and the absorption of capital of the traditional sector I products. Most of the undertakings manage, however, the risks of these products with the same instruments developed for sectors I and III; only a few undertakings have indicated that they have implemented specific safeguards to face the risks generated, for example, by the possibility offered to the underwriter of the policy to move the investment between the various funds.

Only the large insurance groups have paid attention in the face of emerging risks, for example, the risks connected to climate change, equipping themselves with internal policies and getting involved in initiatives to support the environment. Greater awareness has emerged in the management of the risks and opportunities of cyber risk.

### **1.5. - Risks table with the insurance industry and stakeholders**

In the view of the many events and changes that characterise the reference scenario for the insurance - from the evolution of the regulatory framework in a geopolitical context, from the technological innovation to climate change - IVASS, in 2016 launched initiatives of direct discussion with operators of the market.

Two "Round Tables" of study were organised, the first, with the main consultancies and national ratings companies, and the second, with the representatives of the main Italian insurance undertakings and with the top management of the trade association.

From the meeting emerged a substantial sharing of the perception of the most important financial and insurance risks of the national insurance sector: the risks connected to the prolonged phase of low interest rates, to credit, macroeconomic and operative, whose main component is cyber risk.

With regard to strategic risk, defined as the risk of loss of competitiveness and efficiency, there is a worry about the less active attitudes of some insurances in the face of the market opportunities deriving from new areas of business and new risks to ensure, of digital innovation and the impacts linked to the entrance of new non-traditional players into the market.

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<sup>89</sup> They are liquidity swaps, alternative risk transfer, cat bond, term structured repo and short-term funding.

### 1.6. - Macro-prudential activity at the international level. Work in ESRB

After the publication in December 2015 of the report dedicated to the systemic importance of the insurance sector, risk analysis has continued in Europe by the European Systemic Risk Board (ESRB), with focus on the consequences of the prolonged phase of low interest rates. The results of the work conducted by the Joint Task Force created in 2015 are included in the report published in November 2016.

The report identifies three principle areas of risk that could spread from the insurance sector to the financial sector - the sustainability of the business models of some financial institutions; the assumption of excessive risks; the evolution towards a financial system based on the markets - and some potential measure for their relative mitigation are indicated.

With regard to the European life insurance sector in particular, the sustainability of the traditional business model - characterised by the offer of products with guarantee - would be compromised by the current context of prolonged low economic growth and low yields that would compromise the profitability of the undertakings. The reduction of the profitability would push, in addition, the undertakings towards high-yield investments (feeding a search for yield behaviour) exposing them to potential future risks especially with elevated volatility of the financial markets. Finally, the ongoing period of low interest rates would grow the propensity to a change in the strategies and risk profiles of the undertakings, creating new sources of vulnerability. The report shows how the distancing of the insurance undertakings from the traditional business of secured products in favour of products with a greater financial features (for example unit-linked products) would imply a transfer of the effects of low interest rates on the investors, and especially on families.

The measures identified in the report for the mitigation of risks arising from the prolonged phase of low interest rates result:

- a. in the strengthening of the resilience of the undertakings toward this risk by implementing, even through the revision of the primary legislation (Solvency II Directive), with particular reference to the Ultimate Forward Rate discipline, LTG measures and additional macro-prudential instruments with respect to those foreseen. Among these, for example, the possibility for the supervisor to request a reduction in the maximum level of the cover of the interest rates offer in the new contracts, or to prohibit or postpone the distribution of dividends to prevent that the own funds decrease below the solvency capital requirement;
- b. in the discipline of resolution or consolidation of the entities with unsustainable businesses, to provide in the definition of a harmonized Recovery and Resolution framework for the insurance sector.

To give effect to the proposals contained in the Report, the ESRB will continue the works until 2018 through the group of experts charged with analysing, under the macro-prudential profile, the implementation of Solvency II, the implications linked with the use of the risk-free yield rate curve and the development of a Recovery and Resolution regime for the insurance sector.

## **2. - MICRO-PRUDENTIAL SUPERVISION**

### **2.1. - Supervision in the first year of application of the Solvency II regulation**

The launch, in 2016, of the new European Solvency II regime contributes to the definition of a strong and transparent national regulatory framework, and allows the establishment of a micro-prudential supervisory system based on risk, to identify and manage in a timely way the vulnerabilities and allocate resources in an efficient manner.

In the first year of the entrance into force of the new solvency regime, the supervision put particular attention on the verification of the compliance required by the first and second pillars of the Solvency II regulation, also with regard to the organisational arrangements adopted by the undertakings and groups consistent with the new prudential requirements.

The verification of the adequacy of the solvency levels has taken account of the risk profile of the undertaking and its group and of the quality of the own funds. If on one hand, the level of capitalisation provides indications on the cover of the capital requirements, whether they are calculated with the standard formula, with the USPs or with an internal model, the quality of the own funds is a qualifying element of the stability of the undertakings. For this reason, the supervisory body has adopted analysis models that, on the basis of the data reported by undertakings, allow the monitoring of the evolution of the solvency from the qualitative-quantitative point of view through the allocation of a score that identifies the cases in which it is necessary to reinforce supervision.

At the end of 2016, 111 undertakings authorised to pursue insurance and reinsurance business were subject to supervision (among which were three branches of undertakings with head office in third countries), of which 13 were composite undertakings, 58 carrying on non-life business and 40 life business.

#### *2.1.1. - Adoption of internal models*

The authorisation of the adoption of an internal model for the calculation of the capital requirement instead of the standard formula is preceded by an informal pre-application process, in which a preliminary evaluation is made on the substantial compliance with the regulatory requirements model, and terminates with the application phase, in which the evaluations of the Authority are finalised and the approval is granted.

By the authorisation, the Authority may request that the undertaking or group adopt the measures necessary for a correct application of the model, formalised in a remedial plan, approved by the Board of Directors. For models jointly approved with remedial plans, aimed at implementing and improving specific areas (of minor importance) of the same model, IVASS performs monitoring on the progress of the planned solutions.

In the pre-application phase, as in past years, a comparison has been initiated with the undertakings, through meetings, document analyses and on-site visits, that regarded both aspects of a quantitative nature - with reference to methodologies and assumptions underlying the modelling - and of a qualitative nature, on aspects of governance and use of the models for

business purposes. In the pre-application processes concerning cross-border groups, collaboration with the European Supervision Authorities involved has been implemented.

The pre-application and application activity has also been initiated on the changes to already approved internal models (model change) for the inclusion of additional risks and/or the extension of the scope of application to other undertakings of the group: similarly to what was carried out in the approval of the internal models, the activity is performed through document analysis and on-site visits.

In 2016, IVASS was occupied in three processes of pre-application of Italian groups, begun the prior year, in which one was concluded on 7 February 2017, with the granting of the authorisation to use the partial internal model for UnipolSAI and Arca Vita. The process has also been initiated for another Italian undertaking.

Inspections were executed at the undertakings/groups authorised for the use of the internal model, to verify the implementation and effectiveness of the actions proposed in the remedial plans presented in the approval phase.

In 2016, the pre-application was completed for Gruppo Generali, reaching a decision shared among the main Authorities involved (BaFin, ACPR and CNB) of approval of the model change inherent to the extension of the scope of application of the internal model to the French undertaking Generali Vie, and the modifications to the partial internal model at a consolidated level, and of the single insurance and reinsurance undertakings in the context of application.

For Allianz Group, IVASS examined seven major changes of the internal model of groups relating to quantitative and qualitative aspects. The authorisation procedure, which involved IVASS in the joint decision with the other Authorities, was successfully completed on 8 March 2017. IVASS took part in the joint decision for the approval of the extension of the internal model of AXA Group to French undertaking Avanssur, a process successfully completed on 20 December 2016.

In 2017, the low level of interest rates continuing, IVASS, together with the other Authorities involved, made studies on the effects on the internal models used by the main European groups, of the currently observed negative trend of the interest rates. Currently, evaluations of the communication received in 2017 are underway, with which two European insurance groups operating in Italy and one Italian insurance group requested to make changes to the already approved internal models, for the purpose of taking account in the representation of the risks of the negative trend of the interest rates.

#### *2.1.2. - Undertaking and Group Specific Parameters (USP/GSP)*

In 2016, IVASS issued five authorisations for the use, beginning from 1 January 2016, of specific USP/GSP parameters, in the place of those defined in the standard formula, for the purposes of the calculation of the solvency capital requirement limited to underwriting risks in some segments of the non-life insurance sector. The authorisation regarded, at an individual level, UnipolSai, SARA Assicurazioni, Europ Assistance and DAS, and UGF at the group level. In the first months of 2017, after an intense pre-examination activity, the requests for

authorisation were formalised for use of the USP by Cattolica Assicurazioni, Tua Assicurazioni and Vittoria Assicurazioni, as well as of GSP by Cattolica. The examinations concluded with the granting of the relative authorisations.

The authorisation examination for the use of USP is carried out on the basis of a methodological guide arranged by IVASS to facilitate the identification of areas to be tested and to guarantee a consistent approach.

After the first authorisations were granted, IVASS initiated the verification activities and monitoring in the determination of the USPs. Sensitivity analyses have already been requested on the parameters used.

### *2.1.3. - Company evaluation of risk and capital adequacy*

The ORSA process, performed at least once per year by the undertakings or every time that circumstances occur that may modify the risk profile of the undertaking, represents one of the major innovations in the second pillar information of Solvency II. The ORSA reports transmitted to the supervisory authority contain the evaluation by the undertakings of the total solvency requirement calculated on the bases of internal assumptions specific to the undertaking - which include, but are not limited to the mere regulatory capital requirement - as well as the forward looking assessment of risks and the adequacy of the capital management policy.

IVASS effected an examination of the ORSA reports of the insurance undertakings and the ultimate parent companies, drafted in the light of the provisions contained in the Delegated Regulations and the EIOPA Guidelines. The analysis was focused on the results of the evaluations, on the completeness and compliance of the reports to the regulations and the EIOPA Guidelines, on the appropriateness of the methods and the assumptions used, as well as on the governance of the process and the use of the ORSA results in the strategic planning and capital management process. The treatment of the government bonds and the relative actual risk profile were also the subject of particular attention.

IVASS has developed an analysis instrument of the ORSA reports to attribute priority and calibrate the supervisory actions. This instrument has facilitated the comparison between the different undertakings of the market and the evaluation of the progress of process implementation for the same undertaking. The instrument allows the identification of areas of analysis that require improvement, and to express a summary judgement on the adequacy of the ORSA to represent the risk profile of undertakings.

The reports presented by the undertakings in 2016 show the cultural change, with greater sensitivity and involvement of the administrative body, both showing the need for reinforcement of the prospective solvency estimation methodologies and greater integration with the strategic planning and capital management processes. Areas of improvement have been identified in the involvement of the administrative body in monitoring the tolerance thresholds of risks with respect to strategic planning.

The request of full awareness of the undertaking in the self-evaluation of the solvency requirement, also in the light of market performance, requires accurate identification of the



stress scenarios, not yet fully found in the supervisory analysis. Wide margins of improvement were detected in the necessity of stress tests designed to capture in detail the combined effects of negative scenarios on the risks to which the undertakings are more exposed. In addition, the evaluation of qualitative risks and not quantified risks needs strengthening, for which the undertakings are required to make impact estimates and implement appropriate safeguards.

The process of the ORSA self evaluation also takes on strategic importance at the group level. In the action plan for the colleges defined at EIOPA, aimed at harmonising the evaluations of cross-border groups in which IVASS is group supervisor, the host supervisors were asked to evaluate the ORSA process in supervised undertakings through one specific questionnaire. The analysis of the questionnaire, provided by IVASS and considered a best practice at European level, has allowed the identification of the areas of improvement discussed in the meetings of the Colleges of Supervisors and communicated to the undertakings. Analogous activity was performed by IVASS for groups in which it is host supervisor.

#### **2.1.4. - Solvency II Reporting**

The Solvency II regulatory regime subjects the European insurance undertakings to new, wider obligations of annual and quarterly, individual and group supervisory reporting. EIOPA laid down detailed rules of the reporting system, which defines a set of common reporting for the European undertakings on the prudential data, governed by qualitative standards and harmonised transmission deadlines. In Italy, the collection, management and maintenance of the data occur through the use of IT platforms provided by the Bank of Italy and adapted to IVASS on the basis of the technical standards required by EIOPA.

In 2016, a working group was launched that implemented the management processes of the quality of the Solvency II data to forward to EIOPA and the ECB, and has prepared a summary report (Management Report) for a first examination of the information collected. This report makes accessible to the supervisory analysts, quickly and with guided analysis, a summary of the data with evidence of the changes over time and possible comparison between undertakings in order to direct successive analyses.

As provided by the Directive, an evaluation is in progress of the existence of requirements for exemption from the Solvency II reporting requirement concerning quarterly information of two insurance undertakings whose size, complexity or type of risks assumed may not justify the reporting requirement.

## **2.2. - Capital, financial and technical controls on the insurance undertakings**

In 2016, monitoring was performed on the stability of the supervised groups and undertakings, also as a result of the new solvency regime, in a risk based view, through the analysis of the risks and technical, financial and capital profiles of the undertakings. The analysis was made on the total of the supervisory reports sent by the undertakings.

An adjustment to the new regulatory framework of the methodology described in the “Guide to Supervision” is in progress, for the preventive identification of not adequately managed risks or of imbalances in the undertakings’ profiles. The Guide will define the Supervisory

Review Process which allows, according to a risk based approach, to arrive at a total evaluation of the undertaking and, in particular, of its financial and solvency position, as well as the technical and organisational aspects, directing, by result, the supervisory strategies of IVASS and possible corrective actions.

In the period of adjustment of the Supervisory Guide to Solvency II and the EIOPA Handbook, a methodology was prepared that allows the analysts to evaluate the position of capital adequacy of the undertakings through the assignment of a score, whose measure is defined considering mainly the level of the Solvency Ratio and the tiering quality. To that end, account is taken, among other things, of the impact of the LTG measure on the position of capital adequacy, of the incidence of the reconciliation reserve within the own funds and of the weight of the LACs for deferred tax in the solvency requirement.

As a result of the process of prudential control, remote monitoring has been reinforced to 24 undertakings subject to interventions through meetings of company management or requests for corrective actions and/or of additional information. The interventions have focused on, in addition to financial, technical and corporate governance profiles (see below), the exposure to financial risks and counterparty, the claims cycle, the policy of capital management (even prospective) and the adequacy of the organisational structure and the supervision functions. The analysis has shown, also for effect of the current economic context, a significant volatility of the solvency ratio essentially attributable to the market consistent evaluations requested by the new metric. The results of the evaluation cycle were used to identify the undertakings on which to initiate inspections (see III.3).

In 2016, 17 undertakings, of which eight on the request of IVASS increased their assets for a total of 568 million Euro.

With the entrance into force of the new regulation on own funds, a preventive evaluation of IVASS is no longer required on the suitability of subordinate liabilities to be included among the own funds of the undertaking<sup>90</sup>, while repayments of subordinate loans continue to be approved. The repayment plans of subordinate loans of five undertakings were evaluated, among which in two cases the repayment followed the intention of the undertaking to replace the subordinated liabilities with longer duration instruments and at more advantageous economic conditions. On 31 December 2016, the subordinate loans in the liabilities of the balance sheet of the Italian undertakings amounted to 14.3 billion Euro.

Monitoring continued over the year, in accordance with the Bank of Italy, on two insurance-based financial conglomerates, to verify the capital adequacy and the concentration of the risks, as well as to ensure a systematic control of the exposures. The monitoring on intra-group operations and on the concentration of risks of the financial conglomerate took into account the provisions introduced by the Delegated Regulation EU 2015/2303 of 28 July 2015.

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<sup>90</sup> Before entrance into force of the new regulation, IVASS made a pre-evaluation of the existence of requirements for inclusion of subordinated loans in the available own funds of 3 undertakings.



*Technical provisions*

The measurement of the solvency level, in addition to depending on the enhancement of capital requirements, cannot ignore a correct representation in the Solvency II balance sheet of own funds and the commitments towards policyholders and injured parties. This has led IVASS to explore the evaluation methods and the assumptions underlying the determination of the technical provisions, and in particular the Best Estimate of Liabilities (BEL)

On-site controls have been conducted (see III.3.1) which have shown profiles of attention and areas of improvement, among which are: IT constraints on greatly time consuming computational activities; the widespread use of external suppliers for complex parts of models (Economic Scenario Generator, cash-flow models, etc.) that would require more thorough knowledge of the undertakings; weakness of the key functions (Risk Management and Actuarial Function) not sufficiently informed and aware of the functions of the calculation engines used; the widespread use of unjustified and non-formalised expert judgement in the BEL determination process, , as well as the application of technical and financial assumptions not supported by suitable quantitative analyses.

IVASS has occasionally found deficits in the quantification of the BEL due to the lack of enhancement of all the contractual options present in policies (so-called *contract boundaries*). The lack of modelling of the payment of additional premiums also falls into this area, as well as the possibility to suspend the payment of premiums (policy reduction), of the option of conversion of the service from capital into annuity (and vice versa), of the possibility to extend the insurance cover term (policy deferrals) and of the switch operations between composite/multi-management products.

With the Letter to the market of 9 August 2016, an investigation was conducted on the impacts of the volatility adjustment to the interest rates terms structure (VA) and on compliance with the conditions provided by the regulation for its use, taking account that differently from other countries, the use of the measure is not subject to prior assessment and approval by the Authority. The investigation has shown that the impact of the corrective measure for the Italian undertakings was smaller compared with that found in Europe.

From the controls on the management actions applied in the segregate funds, for the purposes of the quantification of the BEL, it has been found, in numerous cases, that there is a lack of alignment of the investment strategies projected at the effective business operations.

*Segregate funds and internal funds*

IVASS has authorised one division and 15 mergers, of which 14 referring to segregate funds, in large part closed to the entrance of new contracts. The operations in question were motivated by the need to rationalise the segregate funds, to improve the management efficiency, also in a view of Asset Liability Management in the low interest scenario, as well as to produce a reduction in costs.

In two cases, IVASS did not grant authorisation on the grounds that the conditions for the protection of the interests of policyholders and insured persons were not met.

### **2.3. - Controls on the corporate governance system**

Although quantitative requirements perform a central role in the evaluation of the assets of the undertaking, they do not constitute the only protection to safeguard the solvency. In the Solvency II system, particular importance is given in the second pillar to the governance structure and to the ultimate responsibility of the governing body.

A wider awareness is found among the insurance undertakings on the role and responsibilities of the Board of Directors; in the composition of the Boards of Directors, the importance attributed to professionalism and specific skills emerges. The new challenges for the administrative body require a continuous raising of the level of professionalism, which shall go beyond the mere compliance with the regulatory requirements of fit and proper, and take into account the existence of adequate capacity for the complexity of business reality.

Studies on the key functions provided by the Directive have been performed, such as the risk management function, the compliance function, the internal audit and actuarial functions, analysing their placement in the corporate organisational structure. The activities were aimed to control the independence and effectiveness of the functions in relation to the tasks attributed by the law.

Significant innovations have been introduced to the role, as well as duties and responsibilities of the actuarial function, also in consideration of the importance that the function has in the formation of the decision making process (see. II.1.1). In 2016, the stocktaking of the problems of implementation of the new regulation was completed at the undertakings, with particular regard to the organisational structure, to the business status, to the duties and the possibility of externalising the function. Interventions were made in this respect, for clarifications and to ask for corrective measures.

The launch of Solvency II also reinforced the supervision on the budgetary policies and policies of remuneration of the company bodies. In view of the closure of the accounts for the 2016 financial year, and taken account of the intrinsic variability of capital requirements in the new regime and the tensions registered on the financial markets, IVASS has called the attention of the undertakings to the need to adopt policies marked by the maximum prudence in the distribution of dividends and other capital elements, and in the payment of the variable component of the remuneration to the company management.

In 2016, interventions were made with respect to two undertakings that had been asked for an update of the remuneration policies to make them consistent with the regulation in force.

Analysis of the organisational frameworks is continuously performed by IVASS on the basis of document examination and on-site visits. For 10 undertakings, corrective actions were requested to the organisational frameworks, procedures and processes. These interventions concerned, in particular, inadequacy in the internal control system and of the outsourcing procedures of the actuarial function. IVASS, in consideration of the proportionality principle, has taken account of the different needs of less complex realities or realities with reduced exposure to risks.

12 prior communications have been examined relative to the outsourcing of the internal audit, risk management or compliance functions, as well as 11 communications regarding the actuarial function. IVASS positively judged the outsourcing of some activities to providers resident outside of the EEA by three national undertakings.

In 2016, 43 statutory amendments were approved that regarded mainly aspects of governance, adjustments to laws and updates of the amount of the share capital following capital injections.

Monitoring continued of potential conflicts of interest for members of the corporate bodies of the undertakings (interlocking), in line with the criteria laid down in the Memorandum of Understanding with the Bank of Italy, CONSOB and AGCM.

In five cases, IVASS intervened to request clarifications and other information from the undertakings regarding the possession of the good repute, professional and independence requirements of the members of the administrative and control bodies.

#### **2.4. - The coordination with other Authorities and Institutions**

IVASS examined, for ten cross-border groups, the existence of the condition provided by the regulation for supervision on the Italian sub-group. The subject of the analysis was the specifics with respect to the group to which the undertaking belongs in terms of insurance activity, organisation and risk profile. Following the IVASS evaluation, a consultation was held with the foreign Authorities concerned, to achieve a shared approach on the supervisory safeguards of the sub-group. This activity has led to the application of sub-group supervision to three national sub-groups, while, in one case, the identification of instruments for reinforced exchange of information was agreed with the foreign group supervisor.

With reference to the supervision on international groups, in 2016 IVASS organised eight meetings of the College of Supervisors of six cross-border groups for which IVASS is group supervisor, and participated, in the role of host supervisor, in 25 meetings of colleges organised by foreign Authorities.

In the Colleges of Supervisors, information was exchanged 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. For groups that have developed internal models for the calculation of the prudential requirements, many meetings of the Colleges were dedicated to the comparison between Authorities on the joint decisions between group and host supervisor relative to the use, monitoring and modification of these models.

The Collaboration tool project has continued, for the secure exchange of information over the web with the other European Authorities involved in the Colleges of Supervisors for which IVASS is group supervisor. The production launch of the new tool is expected in 2017.

With regard to the supplementary supervision on financial conglomerates, activities of the conglomerate colleges have continued, in which the European Authorities of the banking and

insurance sectors participate. IVASS has organised, as coordinator of the supplementary supervision, meetings of the colleges of Generali and Unipol (conglomerates having insurance as main business) and has participated as a member in the meetings of the conglomerate colleges of Intesa San Paolo and Mediolanum (conglomerates with prevalent banking activity) coordinated by the Bank of Italy.

The Supervision Directorate has been engaged in work on systemically important insurance entities (G-SII) identified by the Financial Stability Board (FSB), as group supervisor of the Generali group and host authority for the Allianz Group (for which BaFin is the group supervisor). Analogous to that provided for the systemically important banking entities (G-SIB), the FSB recommends the application of enhanced supervision to the aforementioned insurance entities.

For systemically important groups, in line with the recommendations of the FSB, the Crisis Management Group (CMG) has continued working, with the participation of the national supervisors of the main countries involved, as well as, in dedicated sessions, the representatives of the undertakings involved. In the course of these meetings, annual updates of the Systemic Risk Management Plan (SRMP), the Liquidity Risk Management Plan (LRMP) and the Recovery Plan (RP) were shared.

Although Gruppo Generali was not included in the list of global systemically important insurers for the second consecutive year, published by the FSB (respectively on 3 November 2015 and 21 November 2016) (see II.2.1), IVASS has continued to apply the enhanced supervision measures to the group.

The collaboration with the other Authorities in the CMG of the Generali group (Italy, Germany and France) was executed in 2016 in compliance with the Coordination Agreement (COAG), signed by the Authorities involved (IVASS, BaFin and ACPR) at the end of 2015, containing the necessary elements to facilitate cooperation between the supervisors and favour unified crisis management.

The drafting of the Resolution Plans by the Supervisory Authorities continues in the CMG, aimed at guaranteeing that the crises of the systemically important insurers can be resolved in the respect of the objectives of financial stability and protection of the policy holders.

In 2016, IVASS released eight opinions to the MEF on the granting of various State guarantees in favour of the “non market” operations made by SACE. The operations that were the subject of the request in 2016 regarded the cruise sector (7 opinions) and the Oil & Gas sector (1 opinion). The entrance into force of the implementing provisions of art. 32 of Law Decree no. 91/2014 in fact provide that IVASS release an opinion to the MEF regarding the consistency of the allocation of the premium to the State and to SACE. IVASS participated as a technical member without voting rights in the meetings of the analysis and control Committee of the SACE portfolio, set up in accordance with art. 3 of the Decree of the President of the Council of Ministers of 19 November 2014.

## 2.5. - Controls on extraordinary operations

### 2.5.1. - Mergers

In 2016, work continued of market streamlining, also for effect of the new Solvency II system, confirmed in the early months of 2017.

In 2016, IVASS authorised eight merger operations:

- incorporation of Nationale Suisse S.p.A. into Helvetia Schweizerische Versicherungs AG, with simultaneous transfer of the merged firm to the Italian branch of the merging company;
- incorporation of ITAS Assicurazioni S.p.A. into ITAS Società Mutua di Assicurazioni;
- incorporation of FATA Assicurazioni Danni into Società Cattolica di Assicurazione - Società Cooperativa;
- incorporation of AVIVA Assicurazioni Vita S.p.A. into AVIVA Vita S.p.A.;
- incorporation of Antoniana Veneta Popolare Vita S.p.A. into Allianz S.p.A.;
- incorporation of Dialogo S.p.A. (in winding up) into UnipolSai Assicurazioni S.p.A.;
- incorporation of Nationale Suisse Vita S.p.A. into Helvetica Vita Compagnia Italo-Svizzera di Assicurazioni sulla Vita S.p.A. (the merger will take effect 1 June 2017);
- incorporation of CBA Vita S.p.A. and of InChiaro Assicurazioni S.p.A. into HDI Assicurazioni S.p.A (approved with order of 28 February 2017).

## 2.6. - Shareholdings and intra-group transactions

### 2.6.1. - Acquisition of holdings

In 2016, nine authorisations for the acquisition of controlling or qualifying interests in insurance undertakings were issued (pursuant to art. 68 of the Code of Private Insurance) and two authorisations for the acquisition of controlling interests in other companies by insurance undertakings (pursuant to art. 79 of the Code of Private Insurance). A further measure was issued rejecting a request for authorisation of the acquisition of a controlling interest in an insurance undertaking since the applicant did not meet the conditions provided by the regulation in force regarding the ownership structure.

Pursuant to the new regulation of the Code of Private Insurance, in 2016 two other requests were presented by the two qualified shareholders of the ultimate Italian parent company of a conglomerate. The investigation procedures concluded with the issue, in agreement with the Bank of Italy, of an authorisation, in one case, and a rejection in the other case.

#### *2.6.2. - Update of Register of ultimate parent companies*

IVASS issued two registration measures of companies in the Insurance Group Register. It also cancelled SACE BT S.p.A. from the register of ultimate parent companies, given the non-existence of the conditions for the maintenance by the same of the qualification of ultimate parent company, in consequence of the exclusion from the supervisory area of the sole instrumental subsidiary SACE SRV s.r.l.

#### *2.6.3. - Intra-group transactions*

With the issue of Regulation no. 30 of 26 October 2016, concerning the provisions on supervision on the intra-group transactions and on the concentrations of risks, IVASS, transposing the EIOPA Guidelines on the monitoring of risk concentrations and intra-group operations, has updated the discipline on the theme of intra-group operations contained in the previous ISVAP Regulation no. 25 of 27 May 2008 which obliged, for some types of significant transactions or made with non-market conditions, the prior communication to IVASS.

The new regulations provide a reinforcement of the government safeguards and risk management (individual and group) and impose on the ultimate Italian parent company the obligation of ex-post communication to IVASS of transactions considered significant (annually), or those considered very significant, or to be reported in all circumstances (as quickly as possible), identified on the basis of the criteria defined in a specific policy adopted by the same undertaking.

In the period prior to the issue of the Regulation, IVASS pre-examined 10 intra-group operations, in large part relating to the renewal of loans, issuing of guarantees, acquisition or sale of shares, purchase/sale of securities and property leasing. In all of the cases it was verified that the transactions were not in contrast with the principles of healthy and prudent management, and would not undermine the interests of the policyholders and others entitled to insurance services, confirming, where provided, that the transactions occurred at market prices.

### **2.7. - Supervision on the taking up of insurance business**

#### *2.7.1. - Authorisations to pursue business*

Three authorisations were issued, of which one for the pursuit of insurance business in the life classes, and two of extension of the authorisation to pursue insurance business in some non-life classes.

Nine communications were also verified relating to the intention of Italian undertakings to operate in free provision of services, of which four were for the access in member countries and five in third countries.

#### *2.7.2. - Verification of requirements for registration in the Register of local undertakings*

IVASS confirmed that SLP - Assicurazioni Spese Legali Peritali e Rischi Accessori S.p.A. meets the requirements to be qualified as a local insurance undertaking, and registered it in the register of insurance undertakings, in the “local undertakings referred to in Title IV, Chapter III of the Code of Private Insurance” section.

## **2.8. - Safeguards, reorganisation and winding up measures**

IVASS has intervened against two companies belonging to the same group. It required the ultimate parent company which, in the passage to the Solvency II regime has shown a lack of own funds for the cover of the Solvency Capital Requirement in 2016, (under art. 344 septies of the Code of Private Insurance) to adopt measures to guarantee observance of the solvency capital requirement. With respect to the subsidiary, which showed a lack of solvency also at the end of 2015, adoption was required (under art. 222 of the Code of Private Insurance) of measures to guarantee observance of the relative requirement. The subsidiary showed that it was meeting the solvency requirement already in 2016, while the adjustment of the undertaking to the legal requirements is being monitored by the supervision.



### **3. - ON-SITE INSPECTIONS**

#### **3.1. - Insurance undertakings**

In 2016, 26 inspections were performed at the insurance undertakings, compared with 19 in the prior year, with a significant increase of the controls on the Solvency II themes, as provided by the 2015-2017 IVASS Strategic Plan.

The inspections were conducted on the basis of the standard methodologies provided by the inspection guidelines, which focus the investigation on the risks and effectiveness of the safeguards through a governance and management analysis.

The undertakings were selected on the basis of evidence arising from the annual evaluation cycle, founded on the off-site risk analyses requiring further study, and on the basis of the policies for the coverage of the system, with a view to integration and optimisation of the off-site and on-site activities within the prudential revision cycle.

As regards the subject of the on-site interventions, all of the controls were targeted, except for a small-sized undertaking with business in a niche sector.

Half of the on-site interventions regarded specific issues of Solvency II, with the performance of three controls on the determination of the best estimate of the technical provisions (BEL) and on the technical and financial assumptions used for the calculation of the Solvency Capital Requirement and other controls on compliance of the key functions of the requirements requested by the new regulatory framework. Six inspections addressed the issue of the effectiveness of the remedial plans connected with the authorisation to use internal models for the calculation of the capital requirement, and one was functional to the approval for the use of the Undertaking Specific Parameters (USP).

Consumer protection has represented the main goal of six controls on the transposition of the indications contained in the IVASS - Bank of Italy joint letter to the market of 26 August 2015 regarding policies combined with financing and loans (Payment Protection Insurance) and of a control at a medium/large sized life undertaking, focused on the risk management of hybrid products.

Two inspections were performed of insurance holdings, using the inspection powers provided by the regulations regarding group supervision under art. 214 of the Code of Private Insurance. The exercise of these powers has allowed, in one case, a more effective evaluation of the risks connected to the real estate investments, using the governance, management and control profiles, also referring to the parent company, and in the other case, the control of the activity performed as outsourcers of the key functions of all the insurance undertakings of the group.

Other interventions were aimed at analysing specific risk areas, and in particular:

- the operation of the main segregate funds and risk evaluation in terms of asset liability management;



- the sustainability of the guaranteed minimum rate recognised in the main segregate funds;
- the management and control of the underwriting and settlement risks in accident and sickness insurance;
- the correct and timely handling of motor liability claims reported both in the insurance registers and in the supervisory forms;
- the follow-up on the claims area of a non-life undertaking;
- the effectiveness of fraud prevention in the motor liability sector;
- the correct feeding of the IVASS Claims Data Bank.

It has emerged from the investigations that 7 undertakings received an unfavourable assessment, due to weaknesses in the safeguards for risk control and in the corporate governance system. Timely interventions have been requested, aimed at the reinforcement of the guidance by the administrative body and the control functions. The undertakings shall also develop processes and methods able to ensure the effective safeguard of risks and the punctual implementation of activities programmed in the company actions plans.

### **3.2. - Insurance Intermediaries**

The on-site investigations concerned 12 insurance intermediaries registered in the RUI, of which one agent (section A of the RUI), four brokers (section B) and seven collaborators (section E).

The checks on the intermediaries, in general for the purposes of consumer protection, were focused on the following aspects:

- transparency and the pre-contractual and contractual information released, in the case of policies sold together with financing, by intermediaries who also act as loan brokers, for the purposes of discouraging forced sales of the insurance product (so-called tie-ins);
- the existence of adequate internal structures and procedures to prevent, especially for the intermediaries with an important business volume, inefficiencies and anomalies to the detriment of policyholders.

The remaining interventions were targeted to verify the compliance of the operation to the primary and secondary legislation on insurance intermediation with regard to specific requirements, such as:

- compliance with the provisions on the obligation to keep separate accounts;
- the timely registration of the premiums earned and their reporting to the principal undertakings;

- compliance with the regulatory provisions regarding professional training and update of the intermediaries and their collaborators;
- procedure for the handling of consumers' complaints;
- the possession of valid professional indemnity insurance.

### **3.3. - Anti money laundering**

IVASS submits life undertakings to on-site investigations regarding anti-money laundering and anti-terrorism. The activities in 2016 involved five undertakings, whose premiums represent approximately 10% of the life assurance market.

The investigations revealed elements of weakness:

- structural deficiencies in the process of customer due diligence, with resulting poor customer profiling, which did not take account of all the information necessary for an evaluation commensurate with the actual risk profile;
- failure to identify the actual holder of the policy when the policyholders were trust companies, associations or foundations;
- insufficient controls on the procedures to feed the Single Computerised Data Bank, with resulting delayed, or occasionally, omitted registrations for some specific cases, such as multiple transactions or transactions where the beneficial owner is a legal person;
- lack of evidence of the analyses on the positions characterised by anomalous transactions;
- due diligence on the recipient of the insurance benefit, different from the beneficiary, only after the payment and, sometimes, without analysing the relation between the two subjects;
- unsuitable administrative organisation for the control of risk, the lack of adequate human and/or technical resources.

Comments were submitted regarding the dysfunctions and anomalies detected, urging the adoption of interventions aimed at bringing the activities into compliance. For two undertakings, in 2016, IVASS made formal notices for infringements subject to administrative sanctions relating to the fulfilment of the customer due diligence obligations, administrative organisation and the internal control system..

For one undertaking, the unfavourable assessment on the money laundering risk prevention system made it necessary to issue an order requesting timely corrective measures, also extended to the insurance group parent company, which performs the anti-money laundering activities outsourced by the subsidiary.

Close cooperation between IVASS and UIF has continued.

#### 4. - COMPULSORY WINDING UP

In 2016, IVASS continued its supervision on the regular performance of winding up operations, and issued 670 authorisations, including the renewal of the bodies that have come to the end of their term and, in some cases, the appointment of new liquidators and members of the supervisory committees.

As at 31 December 2016 there were 51 procedures of winding up: 39 insurance undertakings, of which 5 had already deposited the final allocation plan, 3 parent or subsidiary undertakings also placed under compulsory winding up, and 9 belonging to the Previdenza group. In 2017, the final allocation plan and/or the cancellation of further procedures from the register is expected, while for the remaining cases, the closure will take place in the coming years since the settlement of a large number of motor liability claims, the disposal of real property assets, to recovery of receivables or the definition of outstanding litigations are still pending.

The efforts of IVASS to speed up the closure of the winding up procedures allowed, in 2016:

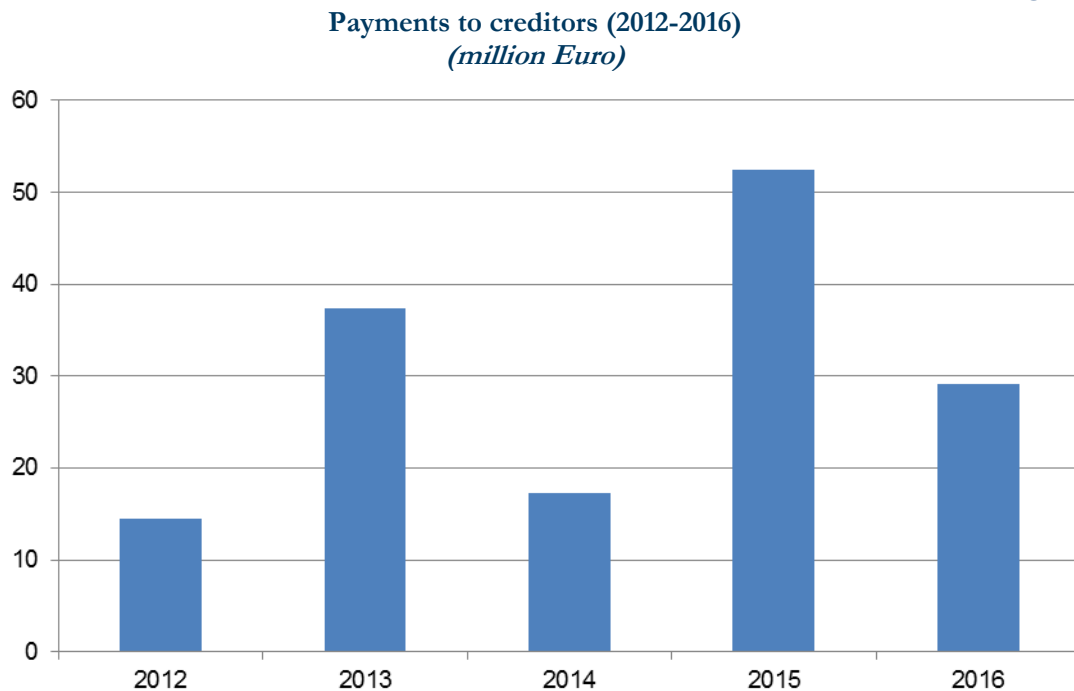
- the cancellation from the Register of Undertakings of 2 procedures that had previously submitted the final allocation plan (La Potenza s.m.a. and Sarp s.p.a.);
- the submission of the final allocation plan and the cancellation from the Register of undertakings of two other procedures (Comar s.p.a. and OTC s.p.a., the latter belonging to the Previdenza group);
- the submission of the final allocation plan of 4 other procedures (Columbia s.p.a., Compagnia di Firenze s.p.a., Euro Lloyd s.p.a. and Nordest s.p.a.).

In relation to the distribution of sums to creditors of the insurance undertakings in compulsory administrative winding up, on the basis of the data provided by Consap - Fondo di garanzia per le vittime della strada (National Guarantee Fund for the Victims of Road Accidents -F.G.V.S.), in 2016, compensations were paid for motor liability accidents caused by policyholders of undertakings subject to compulsory administrative winding up for an amount of 45.6 million Euro.

IVASS has also authorised the disbursement of 29.2 million Euro to creditors admitted to the statement of liabilities of Comar s.p.a, Columbia, Compagnia di Firenze, Euro Lloyd and Nordest procedures. Among the creditors are Consap and the appointed undertakings, since they are subrogated to creditors having paid the compensation for MTPL accidents referred above.

The following graph shows the payments to creditors authorised since the setting up of IVASS.

Figure IV.1



With reference to the winding up of foreign undertakings licensed in Italy under the free provision of services, IVASS maintains contacts with the *Home Country* Supervisory Authorities which are in charge of the supervision on said undertakings, in order to understand how policyholders and injured parties may claim their rights against the above undertakings and consequently provide the public with adequate information. In 2016, the winding up procedures of Enterprise Insurance Company, with head office in Gibraltar, and Gable Insurance AG, with head office in Liechtenstein, both licensed in Italy by way of freedom to provide services in non-life business (see IV,1,5,2), were of particular importance.

## V. - CONSUMER PROTECTION

Objective of the IVASS action is to improve relations between companies/intermediaries and customers, with regard to the adequacy, simplicity and clarity of the contracts offered as well as in terms of the timely and fair provision of insurance services

An effective safeguard of consumers of insurance services is achieved through strong instruments of insurance education, initiatives to improve the quality of services offered, also with a view to simplification, analysis of trends in insurance offerings with specific regard to innovative products. It is also important to refine *ex-post* instruments, including analysis of complaints submitted to insurance undertakings and IVASS, transparency checks on products and on selling practices.

### 1. - CONSUMER PROTECTION SUPERVISORY ACTION

#### 1.1. - Consumer complaints

Through the management of complaints presented by policyholders, IVASS gains important information on the way in which insurance undertakings treat their clients.

Using the direct experience of the policyholder or person injured in an accident, it is possible to immediately perceive any deficits or incorrect behaviours and intervene both to solve the individual cases, and to prevent that the same problems are repeated, also protecting those who did not make complaints.

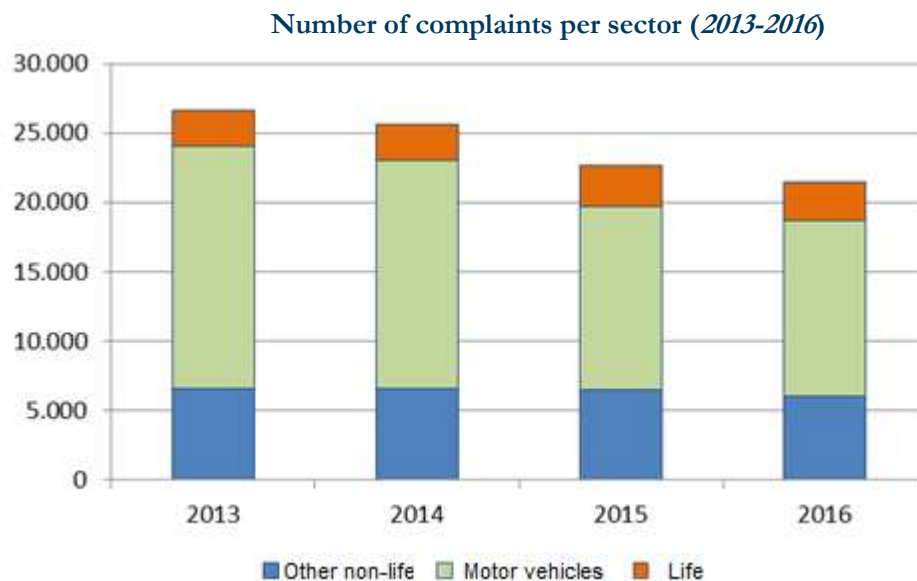
In 2016, IVASS received 21,432 complaints, nearly 90 per work day (table V.1).

Compared to 2015, there was a decrease of 5.3% (equal of 1,212 complaints), confirming the progressive reduction of the past three years (figure V.1), also thanks to the **effectiveness** of the IVASS interventions on the system and the actions put in place by the undertakings.

Table V.1

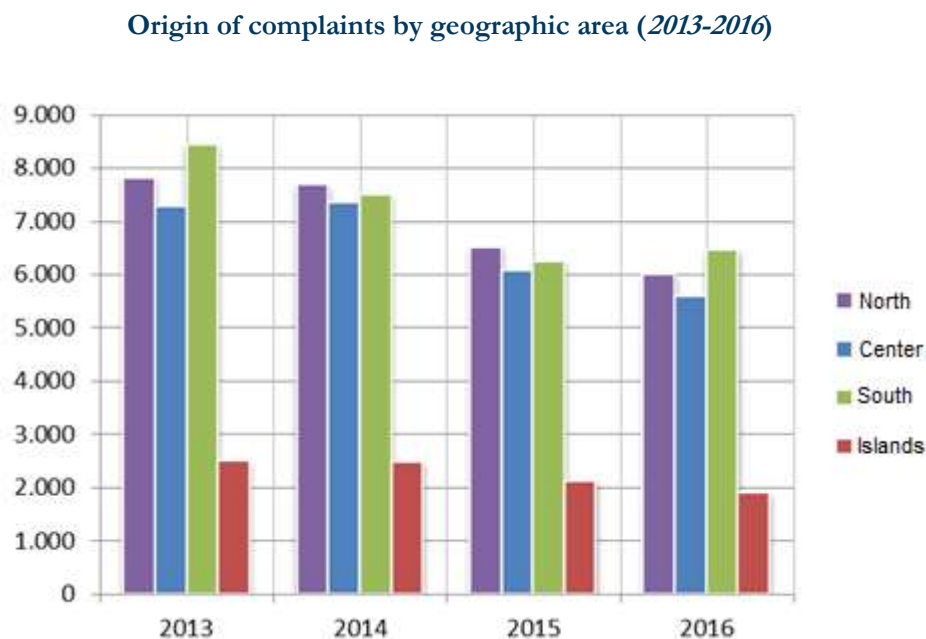
| Complaints: distribution by sector (2016) |               |            |                     |             |
|-------------------------------------------|---------------|------------|---------------------|-------------|
|                                           | Number        | % on Total | variation 2016/2015 |             |
|                                           |               |            | Number              | %           |
| Motor liability Insurance                 | 12,712        | 59         | -527                | -4.0        |
| Other non-life classes                    | 5,987         | 28         | -486                | -7.5        |
| <b>Total Non-life</b>                     | <b>18,699</b> | <b>87</b>  | <b>-1,013</b>       | <b>-5.1</b> |
| Life                                      | 2,733         | 13         | -199                | -6.8        |
| <b>Total</b>                              | <b>21,432</b> | <b>100</b> | <b>-1,212</b>       | <b>-5.3</b> |

Figure V.1



Taking into account the area of origin, the reduction trend widely concerns the North, the Centre and the Islands, while the Southern area shows an increase of 3.5%.

Figure V.2



In total, in 2016, IVASS processed 19,012 complaints, with totally or partially favourable results to consumers in 53.3% of the cases.

Table V.2

| Result of complaints to IVASS (2016)     |               |                      |
|------------------------------------------|---------------|----------------------|
| Result                                   | Number        | % over total exposed |
| Totally accepted by the undertaking      | 6,971         | 36.7                 |
| Partially accepted by the undertaking    | 3,163         | 16.6                 |
| Not accepted by the undertaking          | 5,890         | 31.0                 |
| Sent to undertakings for direct handling | 2,905         | 15.3                 |
| Complaint transmitted to other Authority | 83            | 0.4                  |
| <b>Total</b>                             | <b>19,012</b> | <b>100.0</b>         |

66.7% of complaints processed, equal to more than 12,600 positions, were received in 2016; the remainder regarded the conclusion of positions open in 2015.

#### 1.1.1. - Complaints in the non-life classes

Complaints regarding the non-life sector continue to be concentrated in motor liability (68% of the total non-life in 2016, 67% in 2015), with particular reference to the claims area (86.5% of the total sector) and contractual area (13.1%).

Table V.3

| Motor liability complaints: distribution by type (2016) |               |              |
|---------------------------------------------------------|---------------|--------------|
| Type                                                    | Number        | % total      |
| Claims area                                             | <b>10,994</b> | 86.5         |
| Of which: Direct compensation                           | 5,424         |              |
| Ordinary compensation                                   | 1,964         |              |
| Application for access to documents                     | 1,140         |              |
| Other                                                   | 2,466         |              |
| Complaints about the contract                           | <b>1,670</b>  | 13.1         |
| Of which: Assignment of bonus class                     | 683           |              |
| Failure to issue certificates of claims experience      | 180           |              |
| Termination of insurance policy                         | 65            |              |
| Repudiation of policy                                   | 536           |              |
| Other                                                   | 206           |              |
| Commercial Area                                         | <b>48</b>     | 0.4          |
| <b>Total</b>                                            | <b>12,712</b> | <b>100.0</b> |

Consumers complain, in the first place, of slowness and inefficiency in the management and settlement procedures of claims. Different complaints are connected to the lack of clarity of the communication between undertaking or intermediary and customer in the policy placing

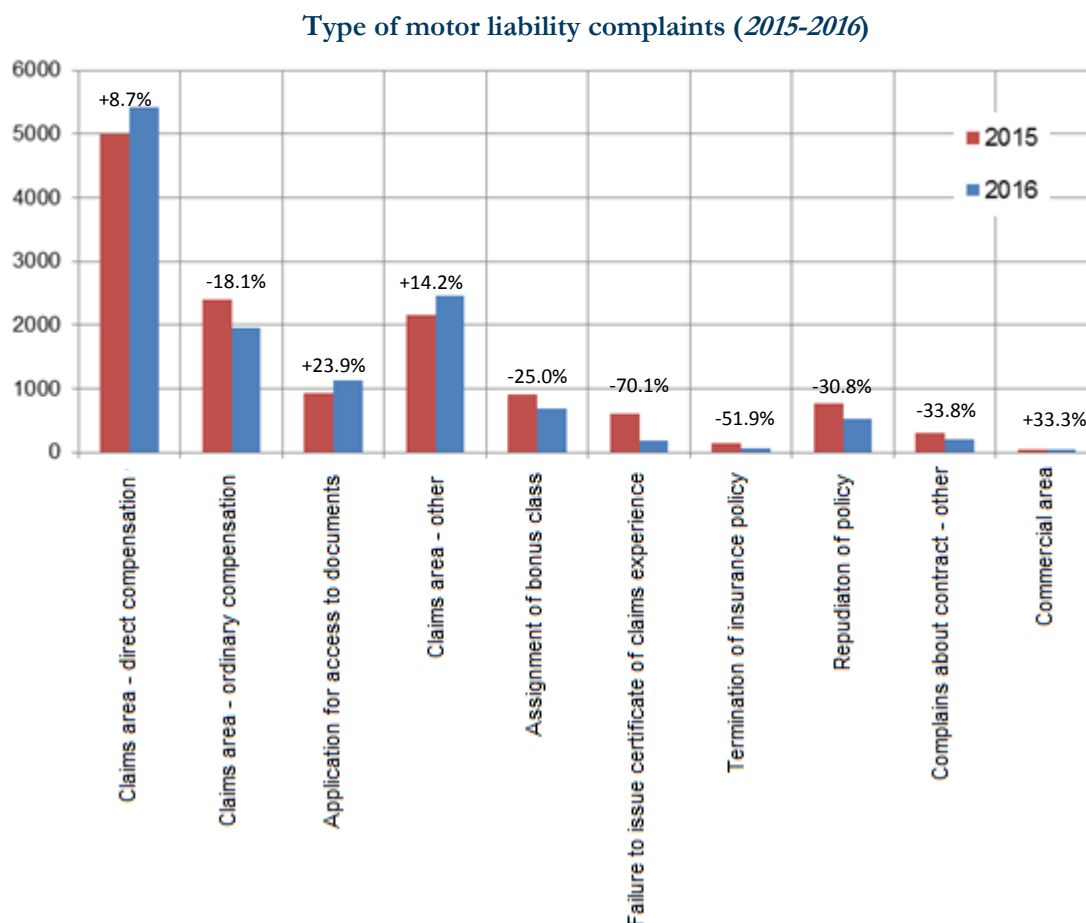
phase, from which may arise an incorrect interpretation or limited awareness of the real scope of the guarantee acquired.

In cases of confirmed violation of the provisions of the Code of Private Insurance regarding the terms of the offer or payment or delay in the processing of the request for access to the documents relating to motor liability claims, 1,242 undertakings have received letters of formal notice for the imposition of administrative pecuniary sanctions.

Motor liability complaints regarding the omission or delay in delivery of the certificate of claims experience or the issue of wrong certificates (from 603 in 2015 to 180 in 2016) are decreasing, also as a result of the dematerialisation of the claims experience certificate (figure V.3).

Complaints regarding the direct compensation system show an increase of 8.7%, increasing from 4,991 to 5,424, while motor liability claims managed on the basis of the ordinary compensation rules register a decrease of 18.1%, equal to more than 400 complaints.

Figure V.3



The complaints regarding non-life classes other than motor liability insurance received in 2016 were 5,987, with a reduction of 7.5% compared with 2015. The reduction generally concerns nearly all the sectors; exceptions are found in complaints regarding the **MTPL**



**ancillary covers** (+11.5%) and the suretyship (+16.6%), which includes the delicate sector of suretyship policies, whose main reason for complaint is represented by the delay in the execution of service.

Also in non-life sectors other than motor liability, the main causes of complaint regard the settlement phase (73%). Complaints relative to the contract area arise in large part from the interpretation of the conditions of the policy, including those relating to time limits for sending cancellations.

Table V.4

| Other non-Life Insurance sectors:<br>Distribution by area and type (2016) |              |            |
|---------------------------------------------------------------------------|--------------|------------|
| Type                                                                      | Number       | % total    |
| Claims area                                                               | <b>4,356</b> | 72.8       |
| Of which: Delay in definition of the damage                               | 2,463        |            |
| Disputes on "an" and "quantum"                                            | 1,670        |            |
| Other                                                                     | 223          |            |
| Complaints about the contract                                             | <b>1,588</b> | 26.5       |
| Of which: Cancellation of insurance policy                                | 603          |            |
| Objections concerning the policy                                          | 511          |            |
| Mortgages and Loans                                                       | 218          |            |
| Other                                                                     | 256          |            |
| Commercial Area                                                           | <b>43</b>    | 0.7        |
| <b>Total</b>                                                              | <b>5,987</b> | <b>100</b> |

#### 1.1.2. - Complaints in the life assurance classes

In 2016, complaints relating to life sectors were 2,733 and showed a reduction of 6.8% compared with 2015.

The complaints are concentrated for 50% in the contract area, and for 48% in the claims settlement area, for delays in the settlement of claims, surrenders or capital at maturity.

Different reports have regarded the omitted or late reimbursement of premiums not enjoyed relating to policies ancillary to mortgages and loans subject to early redemption., most, however referring to terminations occurring before the entrance into force of the regulation providing the obligation of reimbursement.

Table V.5

| Life sector Complaints: distribution by area and type (2016) |              |              |              |
|--------------------------------------------------------------|--------------|--------------|--------------|
| Type                                                         | 2015         | 2016         | % total      |
| Complaints about claims settlement                           | 1,627        | 1,304        | 47.7         |
| Of which: Delays in the payment of the surrender value       | 769          | 456          | 16.7         |
| Delays in capital payment                                    | 521          | 497          | 18.2         |
| Calculation of surrender value                               | 161          | 127          | 4.6          |
| Calculation of capital at maturity                           | 90           | 136          | 5.0          |
| Other                                                        | 86           | 88           | 3.2          |
| Complaints about the contract                                | 1,249        | 1,361        | 49.8         |
| Of which: Doubts on the regularity of the contract           | 305          | 359          | 13.1         |
| Failure to reply to policyholder's requests                  | 116          | 117          | 4.3          |
| Transfer of the policy                                       | 93           | 87           | 3.2          |
| Refund of premiums/mortgages and loans                       | 366          | 475          | 17.4         |
| Others                                                       | 369          | 323          | 11.8         |
| Commercial Area                                              | 56           | 68           | 2.5          |
| <b>Total</b>                                                 | <b>2,932</b> | <b>2,733</b> | <b>100.0</b> |

### 1.1.3. - Handling of complaints by insurance undertakings

In 2016, Italian and foreign insurance undertakings received a total of 120,435<sup>91</sup> complaints from consumers. With regard to the Italian undertakings, a reduction of 1.7% is shown compared to 2015 (105,100 in 2016 and 106,908 in 2015).

Table V.6

| Complaints of the undertakings: distribution by sector (2016) |                |              |                                   |                 |
|---------------------------------------------------------------|----------------|--------------|-----------------------------------|-----------------|
|                                                               | Number         | % on total   | of which:<br>Italian undertakings | EU Undertakings |
| Motor liability                                               | 55,618         | 46.2         | 50,597                            | 5,021           |
| Other non-life classes                                        | 39,983         | 33.2         | 32,658                            | 7,325           |
| <b>Total Non-life</b>                                         | <b>95,601</b>  | <b>79.4</b>  | <b>83,255</b>                     | <b>12,346</b>   |
| <b>Life</b>                                                   | <b>24,834</b>  | <b>20.6</b>  | <b>21,845</b>                     | <b>2,989</b>    |
| <b>Total</b>                                                  | <b>120,435</b> | <b>100.0</b> | <b>105,100</b>                    | <b>15,335</b>   |

The motor liability sector represents the segment with the highest number of complaints, followed by non-life sectors other than motor liability and the life sector.

<sup>91</sup> Beginning this year, the study also includes data on the complaints received by the EU undertakings operating in Italy, and which have received more than 20 complaints.

With regard to Italian undertakings only, for which it is possible to compare the data of the last year, there is an increase in the incidence of damage other than motor liability, increasing from 27.9% in 2015 to 31.1%, while the life sector registers a decrease of 3 percentage points.

With regard to the result, 33% of complaints were accepted, 10% a transaction was reached, 52% rejected and the remaining 5% were in the investigative phase at the end of 2016.

The average response time is, in general, within the limits provided by the IVASS Regulation (45 days from receipt of complaint).

#### *1.1.4. - Publication on IVASS website of data on complaints received by the undertakings*

In June 2016, data on complaints received by each insurance undertaking was published for the first time on IVASS website, beginning with those relating to 2015. The publication is every six months, and from the first six months of 2016, it has been enhanced with data relative to the foreign undertakings operating in Italy that have received more than 20 complaints.

This publication gives consumers access to useful news on the quality of the services offered by the insurance undertakings, and constitutes a powerful force for the same undertakings. The initiative has produced positive effects on consumer protection, attracting the attention of the top company management, stimulating actions on the causes for objections and the underlying processes, to reduce the number of complaints and improve the position of the undertaking with respect to its competitors.

## **1.2. - The Consumer Contact Centre**

IVASS telephone assistance service for consumers, active for five years, has also proved to be a valid support in 2016 for citizens, and a strategic instrument for supervision on the correct market conduct of undertakings and intermediaries.

The Contact Centre provides assistance to consumers with a daily and direct contact that allows the immediate awareness of any critical situations, facilitating the timely adoption of the necessary supervisory initiatives.

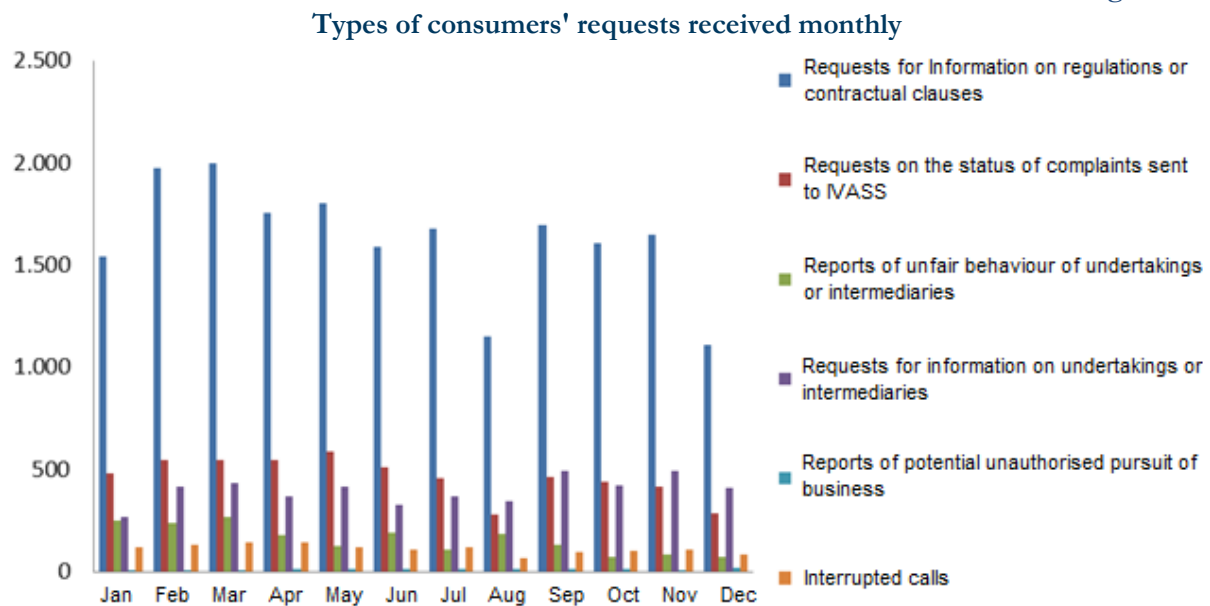
In 2016, the Contact Centre received 34,873 calls (44,069 in 2015), for an average of 138 per day, and an average waiting time of operator response of only 26 seconds.

**Table V.7**

| Data on the activity of the IVASS Contact Centre (2016) |        |
|---------------------------------------------------------|--------|
| Calls received                                          | 34,873 |
| Calls dealt with                                        | 32,808 |
| % dealt with / received                                 | 93.86% |
| Calls dealt with on average a month                     | 2,734  |
| Calls dealt with on average a day                       | 130    |
| Average waiting time (in seconds)                       | 26     |
| Average duration of telephone conversation (in minutes) | 3.48   |

Consumer requests have mainly regarded clarifications on rights and obligations arising from the regulation and from the contractual conditions (58%). Given the frequent cases of unauthorised pursuit of business, especially on-line, consumer calls to verify the authorisation for the pursuit of insurance business by undertakings and intermediaries, are increasing (14%).

Figure V.4



In 2016, the Contact Centre offered telephone assistance to numerous consumers who requested information on the foreign undertakings which have been subject to bankruptcy procedures by the Supervisory Authorities of the country of the Head Office (so-called home supervisor). In particular, information was provided on the methods for requesting compensations or the restitution of the premiums paid and not enjoyed.

Different telephone called also regarded PPI policies (Payment Protection Insurance), with particular reference to the phenomenon of tie-ins (policies sold in combination with loans), of sale of insurance products not adequate for the policyholder profile, and of delays in the restitution of the premium paid and not enjoyed due to early payment or subrogation of the mortgage or financing. This is also due to a greater awareness on the theme, following the IVASS-Bank of Italy Letter to the market of 26 August 2015 on policies combined with mortgages and financing.

Another phenomenon emerging from the growing reports by consumers is that of temporary counterfeited motor liability policies, marketed mainly through irregular internet sites. These sites offer short term policies (from a few days to some months), proposing them as advantageous for those who use the car only for reduced periods of time, or for those who must pick up a vehicle and register it.

IVASS, in March 2017, published a warning to consumers with cautionary tips to follow to avoid falling into the trap of false temporary policies, losing money and being exposed to the

risk of driving without insurance cover, with the possible impoundment of the vehicle, driving disqualifications and being exposed to requests for compensation in case of accident.

In 2016 there were also numerous requests from the Public Administrations and the Police Forces to verify the proper authorisation/entitlement of the insurance undertakings or insurance intermediaries.

### **1.3. - Supervision of the correctness and transparency of the conduct of the undertakings**

On the basis of the analysis of the claims sent by the consumers, of the telephone calls to the Contact Centre and of the six-month reports on total complaints received by the undertakings (sent to IVASS on a six-month basis), the most common causes of complaint have been identified, originating from dysfunctions of processes and company policies, and the consequent supervisory interventions were made on the undertakings concerned, calibrated in relation to the type and seriousness of the critical situations detected.

In particular, inspections were performed at the head office of an undertaking, letters were sent to seven Italian undertakings requesting the implementation of the necessary interventions to remove the root causes underlying the complaints, the company representatives of ten undertakings were summoned and, having ascertained that there was a common problem linked to the lack of a proper statement of the reason for the rejections of compensation of motor liability claims, IVASS issued a Letter to the Market (see II.4.3.3 and IV 1.3.2).

#### *1.3.1. - Interventions on individual undertakings*

From the complaints analysis it has also emerged, for 2016, that there is an important concentration of the reasons for consumer dissatisfaction in the motor liability sector, and particularly in the settlement area, for delays in settlement of compensations of damages and for the incorrect fulfilment of the requests for access to documents relating to claims. IVASS took actions against three undertakings with letters of remark and the summoning of the company representative of a further three undertakings to study the causes of the complaints and identify shortcomings in the company claims settlement processes and management of requests for access to the documents.

The undertaking was asked to implement remedial actions to guarantee the acceleration of motor liability claims settlement times through the enhancement and rationalisation of the IT applications, the reorganisation of the incoming mail, the reinforcement of the dedicated resources and the sensitisation of the settlement network (loss adjusters, liquidators, forensic experts) to the strict respect of the time limits required by law put in place for the safeguard of the injured parties. The interventions have produced an improvement of the settlement performances, as shown by the successive reduction of complaints on the area subject to the targeted actions of IVASS.

The follow-up of the remedial actions, adopted by three undertakings upon request of IVASS, for the resolution of problems on non-life policies sold simultaneously to motor liability contracts (particularly for injury to the driver), continued. Consumers complain that,

notwithstanding the elimination by law of the tacit renewal for the motor liability policy, they still receive requests for payment, also through credit recovery companies, for premiums relating to the ancillary covers, not having sent a formal cancellation. Undertakings that still have complaints on this aspect were informed that contracts are closely related, and therefore must overcome the merely conventional need of the formalization of the cancellation of the ancillary contract. Following IVASS intervention - for already underwritten contracts - the undertakings have modified their policies, accepting cancellation requests from policyholders and interrupting any credit recovery actions already initiated; one undertaking modified, for newly issued contracts, the clauses relating to the extension of the combined contract on driver injuries, assimilating it into the motor liability contract without tacit renewal.

The same activity was performed on the cancellation of multi-year policies of the non-life sectors, through a careful control of the effects of the corrective measures put in place by two undertakings upon request of IVASS.

Still on the theme of correct management of cancellations, targeted interventions were made on two undertakings for which a trend emerged of contesting the validity of the cancellation with merely formal reasons (communication sent by fax rather than by registered letter with advice of receipt). The undertakings revised the internal processes, recognising, for already underwritten contracts, the actual willingness of the policyholder to terminate the contract independently from the cancellation method; for new contracts, the possibility has been provided for the policyholders to send the cancellations by means other than the registered letter with advice of receipt.

Two undertakings operating in the accident and sickness sectors have been subject to particular attention, for whom a significant rise in complaints has been detected, and a pronounced number of conflicts in the claims management and settlement phase. Following the meeting of the company representatives, specific corrective interventions and controls on the back-office operators were requested. Supervision was performed on one of the two undertakings, also through targeted inspections of an investigative nature.

The reports of the consumers in the life sector mainly regarded the delays in settlement time of the insurance services (claim, surrender and settlement of the capital at maturity), partially determined by company dysfunctions connected to the slow and incomplete request and acquisition of the documentation requested. In this regard, numerous sanctioning procedures have been initiated against two undertakings, for infringements of the principles of correctness in the execution of contracts to which the undertakings are bound pursuant to art. 183 of the Code of Private Insurance, because the concerned undertakings did not comply with the terms of the contract to carry out the settlement in favour of those with right of benefits due.

IVASS continues supervision on two undertakings operating in the life assurance sector to control the implementation of the corrective measures requested in previous interventions and the consequent effects in terms of greater efficiency of the company processes and reduction of the reasons for customer dissatisfaction; IVASS' interventions have determined a significant reduction (for one undertaking of approximately 30%) of the number of complaints of the policyholders.

### *1.3.2. - Interventions on the entire market*

#### *Letter of 15/12/2016 - Complaints relating to the settlement of motor liability claims. Refusal of compensation*

The initiative starts from complaints that reported refusal of motor liability compensations without adequate explanation. The undertakings were limited, in the detected cases, to contesting the injured party, in a generic way, the relation of the cause between the damage suffered and the reported event, without any reference to the results of the investigation carried out (evaluations on the vehicles; testimonies; data of the black box present in the vehicle; etc.) and the specific reasons for the inconsistencies detected. In this way, the damaged parties are not able to know the true reasons that exclude compensation of the damage, with the resulting discontent and litigation with the undertaking. The undertakings have been called upon to review, by 30 April 2017, through the analysis of complaints, their settlement processes, to reformulate the texts of the communication of refusal.

## **1.4. - Supervision of products and selling practices**

### *1.4.1. - Analysis of offer*

The activity, started in 2015, of the half-yearly analysis of the offer trend of life and non-life products and of new products introduced in the Italian market, has continued. IVASS databases and external sources (undertakings' websites, specialised web portals and press) were used.

For 2016, the studies showed a greater use of digital technologies to rethink products, sales techniques and customer relations. Apps are ever more widely used, downloadable on mobile devices, which allow the access and management of the personal policy portfolio and a close interconnection with innovative customer care services associated to the connected policies.

This usage also assists the tendency of greater preliminary profiling of the customer, with interactive key information collection methods.

The first forms of peer-to-peer platforms have made an appearance on the Italian market, which allow clients to share the responsibility of their claims with the other members of the reference group, through the period recognition of bonuses on the basis of the number or amount of the claims of the group (see I.7.2).

In the life policy sector, a consolidation of the offer of new multi-sector products is observed (combinations of sectors I and III) and, at the same time, the confirmation that the increasing benefits policies, despite the effects of the prolonged phase of low interest rates, still represent the core business. The consolidated trend of the undertakings is to offer increasing benefits policies with guaranteed return only upon maturity and not to apply loadings on the premium, but only indirect costs in the form of those retained on the return achieved by segregated funds. New index linked policies have not been marketed, and the launch of new unit linked products, after the strong increase of 2015, has fallen by nearly half.

The number of collective policies linked to mortgages and financing has been elevated (so-called Payment Protection Insurance - PPI), a phenomenon that is the direct consequence of



IVASS - Bank of Italy Letter to the Market of 26 August 2015, and the request to the undertakings to review their products to make them more adhering to the target of customers they are intended for.

For non-life sectors other than motor liability, there is a growing introduction of products that, alongside the personal insurance cover (long term care, accident and health), provide services aimed at facilitating the daily life of the policyholder and family in moments of need: from the handling of administrative practices, to home visits, medical tutors, psychological support, advice on the adjustment of the home and vehicle in case of disability, etc.

The spread exists, mainly in the cover on health and the home, of policies that use digital devices (for example, electronic bracelets or devices connected to the smart home system). The detection of health parameters (such as blood pressure or blood-glucose level) allows access to discounts for the adoption of a monitored healthy lifestyle and favoured by the availability of virtual coaches (coaching app). With regard to the home, prevention services are offered in association with the traditional insurance cover, with devices that manage alarms and information in real time on the risk level and that provide assistance in case of need.

The evolution of the digital world also effects the spread of short-term micro-insurance, proposed to clients as needs arise.

Insurance covers for domestic animals are growing, for health problems of the animals and for damage that they may cause to third parties.

With reference to motor liability, policies are growing significantly which provide the use of electronic devices (black boxes, sensors, video cameras, etc.), to collect information on the driving style, accidents, thefts, localisation, traffic and weather conditions, etc. The data collected gives the undertakings the possibility to personalise the pricing with tariffs linked to effective vehicle use, type of roads travelled and the driving style, and offer innovative services, such as remote assistance in case of accident, driver's education, both with periodic reports and immediate feedback on the driving methods adopted, the reporting of possible dangerous or costly behaviours in terms of fuel consumption, vehicle localisation, etc. (see I.6.6.4).

#### *1.4.2. - Insurance contracts associated with travel*

In the last months of the year, reports of anomalies were received in the policies proposed by two undertakings to allow the fulfilment of the obligations introduced by Law no. 115 of 29 July 2015 to the organisers (tour operators) and distributors of tourism packages (travel agencies) pursuant to art. 50 of the Code of Tourism. The regulation provides the underwriting by tourism sector operators of suitable insurance or bank guarantees, for the benefit of their customers for the reimbursement of the price paid and any consequent expenses of return, in case of insolvency or bankruptcy of the same operators.

In the contracts under observation, circumstances completely extraneous to the unaware consumer/policyholder, such as the lack of payment, even partial, of premiums, omitted or incomplete communications by the contractor that influence the determination of the risk or exceeding the underwriting limit during the course of the contract, annul the guarantee to the consumer.



Notwithstanding a fragmented and non-homogeneous legislative framework, especially regarding the suitable formula to fulfil the insurance obligation<sup>92</sup>, IVASS has intervened with the undertakings and, in a view to the full and effective safeguard of the consumer/traveller/policyholder, asking both of the companies significant modifications to the contractual clauses, recalling compliance with the rules of correctness and transparency towards the policyholders. The undertakings have modified the contractual conditions according to the IVASS indications.

In consideration of the breadth of the interests involved and the impact on the entire market of the policies for tourism operators, IVASS directed a letter, in 2017, to all of the undertakings operating in Italy with descriptive details on the subject.

#### *1.4.3. - Policies associated with financing (PPI): follow-up activity*

Off-site checks and on-site inspections were performed on PPI products to confirm the corrective actions adopted by financial undertakings and intermediaries for the realignment of the products and arrangements for the offer and execution of contracts to the indications of the IVASS - Bank of Italy Letter to the market of August 2015.

The activity concerned 17 insurance undertakings representing approximately 65% of PPI premiums, and 11 intermediaries (banks and financial companies), who were asked to transmit the action plans approved by the boards of directors to verify the consistency with the indications of the Letter to the market. 6 insurance undertakings were called for which a preliminary exam was carried out of the new products and new documentation used in relations with the policyholders (welcome letter, questionnaires on contract suitability, health questionnaires for the evaluation of the state of health). The company strategy was acquired for the settlement of claims relative to the old contracts acquired with a “pre-filled” declaration of good health and data on the claims rejection rate relative to 2015 and 2016 to verify the effect of the new settlement policy. Finally, complaints received by IVASS on the PPI have been analysed after the implementation of the measures provided by the action plans.

An overall positive framework is outlined, which confirms the effective achievement of the interventions planned by the undertakings to align with the requirements of Regulators. In particular:

- products with rotating guarantees have been substituted with products designed for specific target clients on the basis of professional status (private employees, public employees and autonomous workers). Guarantee on the loss of employment, however, due to the difficulty of pricing the risk on long period if not with very high costs, is generally offered only in combination with lending transactions of not more than 10 years;
- the declaration of good health has been replaced by health questionnaires that pose specific questions to the policyholder in relation to a list of pre-existing and diagnosed illnesses, lim-

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<sup>92</sup> In absence of implementing decrees of Law no. 115 of 29 July 2015 (so-called European Law 2014).

iting the time line of observation. In some cases and for small amounts of capital insured, risk is assumed without the use of the questionnaire, with waiver, however, of the undertakings to refuse previous illness in the settlement phase. IVASS has further intervened with some undertakings to remove opacity in the questions on the state of health (for example, it was not clear if the list of illnesses was comprehensive or illustrative, in some cases questions were not posed in relation to specific causes of exclusion provided in the contractual conditions);

- settlement policies in general were modified to be more favourable to the policyholder even in the presence of contracts assumed with the simple declaration of good health. Data on the claims confirm the improvements, with a significant reduction in the rejection rate. The complaints received after the implementation of the plan show a strong decrease compared with 2015. Still particularly delicate are the aspects linked to the exploitation by the undertakings, in the settlement phase, of the causal link between pre-existing conditions and claims, of the seriousness of the previous illness and the reference time line for the pre-existing conditions, on which IVASS maintains high attention in the examination of complaints.
- In some cases, the questionnaires for the verification of the suitability of the contract presented, even after the review, questions that appeared as requests of disclaimers, and which reversed onto the client the evaluation of the suitability of the contract which, however, is the responsibility of the intermediary. In some cases, a lack of specific request on employment status was noted. Also in these cases, IVASS requested the removal of the critical aspects encountered;
- controls have been reinforced on the intermediaries, implementing direct information flows and sample controls by the underwriting offices of the undertakings, and internal audit function of the intermediaries.

In the case of early termination of the loan, automatic processes have been activated for the return of the premium not enjoyed, even without express request of the customer and updated contractual conditions with the indication of the formula for the calculation of the premium subject to reimbursement. In the case of partial early termination of the loan, not all of the operators have implemented processes for the return of the premium in the face of the reduction of risk. IVASS, to guarantee the full safeguard of the policyholders and the level playing field among the operators, has intervened with a Letter to the market on 3 April 2017, with which it asked the undertakings and the intermediaries to implement, by 2 July 2017, procedure for the reimbursement of the premium not enjoyed even in cases of partial early termination of the loan and to contractually regulate this assumption.

#### *1.4.4. - Contract simplification*

In October 2016, IVASS met, together with AGCM, the Consumer Protection Associations, the undertakings and the intermediaries to address the theme of simplification of the conditions of the insurance contracts. The aim of IVASS is to intervene with a view to simplification and transparency on the contractual conditions of the insurance policies, to prevent clauses that may mislead the consumer and create reason for conflict in case of claim.

The complaints of the policyholders and the reports to the Contact Centre show the need to eliminate overlapping and redundancies, introducing a more comprehensible language, preparing contractual texts with a limited number of simple, clear and unequivocal clauses, especially in guarantees (what is covered by the insurance) and exclusions (what is not covered).

On this theme, thanks to the efforts of IVASS, a technical panel established between ANIA, Consumer Protection Associations and intermediaries that, with the support of the academic world, is working on the modalities with which to review the language of contracts. In the time period of the conclusion of these works, IVASS will intervene, in any case, with the guidelines on points of greater criticalities in a significant way and not only in the language.

#### *1.4.5. - Simplification of the non-life information note*

The examination has concluded of the stakeholders comments regarding the documents in public consultation on the simplification of the information note of the non-life policies that, pursuant to Law Decree no. 179 of 18 October 2012 that provides “Further urgent measures for the growth of the Country”, IVASS shall adopt to facilitate the relations between undertakings, intermediaries and consumers.

The new model information notes subject to public consultation, one for motor liability contracts, another for the other non-life sectors, define a standardised and separate format compared to the contractual conditions to facilitate the comparability of the offer, with question-answer structure to immediately call attention to the key information to know before signing the contract. A clear and direct language was adopted to favour the comprehension of the content of the contracts, eliminating any reference to policy conditions or to regulatory references. Delivery is also planned in digital format, with the consent of the contractor, in line with recent legislative guidelines.

The simplification proposal has taken into account, in a view of rationalisation of the broad spectrum pre-contractual information, the fundamental principles of the concomitant European regulation on insurance distribution, envisaged by the IDD Directive. It provides that the distributors of insurance products shall provide customers a document (IPID) drafted by canvassers in format and content standardised to an EU level, that summarises the content of the policy to assist the customer in the comparison and direct him to the most appropriate product.

The new information note and the IPID have many characteristics in common, such as, for example, the standardisation of the format, the question-answer structure and the type of information relative to the product, that the new information note, with respect to the Code of Private Insurance, treats in the same ways as that provided for the IPID. Information on the methods for presenting a complaint or to request settlement of a claim remain outside the perimeter of the latter, present however in the information note, and, in general, the possibility of a more exhaustive description in the case of complex products (for example, additional options that give rights to a premium discount), in relation of the standard structure and the limited length (ordinarily two pages, occasionally three) of the European document.

The Directive does not stipulate that the IPID is the alternative to the other documents, rather it makes specific reference to the possibility that it may coexist with the information

note. Nevertheless, a real simplification should not be done with the introduction of a further pre-contractual document.

Therefore, IVASS, to achieve an effective simplification, avoiding useless duplications and taking account of the developments of the European regulation<sup>93</sup>, is evaluating direct adoption, in the wake of the publication of the Official Journal, and without prejudice to the times allowed to the market to adapt to the new regime, the European information model (IPID), to be accompanied by a further document destined to contain exclusively the information excessive by subject matter or by extension, that the closed format of the IPID does not allow to be entered.

#### *1.4.6. - “Dormant life” assurance policies*

IVASS has started an investigation on dormant life policies<sup>94</sup>, that have not been paid to beneficiaries and lie dormant at the insurance undertakings, already time-barred or waiting to become time-barred. They may be policies for the case of the death of the policyholder, for which the beneficiaries were unaware, or savings policies in expiration and not collected by the concerned parties.

According to the current regulatory framework, the rights arising from the life assurance policies lapse in ten years and, once that term has expired the sums merge in the “Dormant Accounts” fund established at Consap.

Considering that, through the signing of life policies, citizens effect a social security and savings act for the protection of their own futures and those of their loved ones, it is of crucial importance that the services are effectively paid to the designated beneficiaries, and that the undertakings, called on to fulfil the service with diligence and fairness, take every measure to prevent that the insured sums expire without payment.

Limits of the current reference framework must, however, be recognised, that do not assist the operators in finding legitimate beneficiaries, limits that the supervisory interventions and the awareness of the undertakings and consumers cannot fully resolve. Today, the only instrument available to the citizens to verify any conclusion of a life assurance contract by a deceased family member is the private service “Life insurance cover research” offered by ANIA, while on the side of the undertakings, the lack of direct access to demographic registers does not allow an immediate verification of death of their policyholders.

IVASS, therefore, sent a letter to the government on 3 March 2017, reporting the need, announced publicly on the occasion of the initiation of the investigation, of legislative amendments to allow the insurance undertakings access to the established National Registry of

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<sup>93</sup> EIOPA delivered the draft of the implementing technical standards (ITS) on the IPID to the European Commission last 7 February. The Commission has three months from that date to decide whether to approve the ITS, partially approve it or approve it with amendments. Once the Commission issues the ITS Regulation, the IPID format will be “secured”, and shall be used without alterations in all the countries of the EU.

<sup>94</sup> Investigations relating to “dormant” life assurance policies - Letter to the market of 8 February 2017 (<https://www.ivass.it/consumatori/azioni-tutela/indagini-tematiche/index.html>).

the Resident Population and to introduce the obligation of its consultation on the part of the insurance undertakings at least once per year to verify the deaths of policyholders, and to activate payment of the sums due.

The parallel investigation initiated proposes to collect data on the number of potentially dormant policies and on relative capital insured (referring to a five-year time line for death, mixed, deferred capital, deferred annuities and capitalisation policies), to be able to construct the first indicators, as well as demonstrate the processes adopted by the undertakings for the verification of deaths of the policyholders and find those with rights to the ensured services.

A particular focus has regarded the contracts without defined expiration, such as whole life insurance, for which the consistence of numbers and amounts of the policies in effect on 31 December 2016 was requested, both of those with duration not less than 10 years for which no transactions have been made by the policyholder within the prior three years, and those in which the policyholders have an elevated age (between 85 and 100+ years).

The first analyses show 4 million expired policies in the past five years, not settled, for which the undertakings ignore whether the policyholder is deceased before the contract expiration. Further investigations are needed on these policies to verify whether they refer to truly deceased persons.

95% of these policies refer to temporary insurances for the case of death. For these policies, those potentially dormant represent a very high percentage compared to contracts issued (58%), while for the policies that also provide benefits in case of survival (mixed and annuity type) and for the capitalisations the incidence is low (2.4%).

With regard to whole life insurance, without a defined maturity date, at the end of 2016, there were 430 thousand policies in force of policyholders of age not lower than 90. More than 2,500 policies relate to policyholders of more than 100 years of age.

It is, in any case, positive that, on the occasion of IVASS investigation, different undertakings have put in place specific verification processes of the phenomenon.

#### *1.4.7. - Product oversight and governance arrangements (POG)*

EU Directive no. 2016/97 on the insurance distribution (IDD Directive) provides on canvassers and distributors obligations of product governance, requiring a process of government and control of the insurance products (POG) issued on the market.

In expectation that the European regulatory framework is fully defined with the transposition of the IDD Directive by 23 September 2018, and with the issue of the Delegated Acts of the European Commission, EIOPA approved, in April 2016, the preparatory guidelines to provide the national Authorities with indications to facilitate the preparations of the respective markets for the entrance into force of the new discipline and guarantee uniformity of application. The Guidelines make the insurance sector consistent with the recent community regulation, outlined for the financial sector in the MIFID II Directive and in the ESMA Guidelines, enriching it with some insurance specifics, to guarantee a level playing field in consumer protection.

Among the governance safeguards (so-called (POG arrangements) provided, at the expense of the canvassers, is the definition of appropriate procedures to identify the reference market of the products (target market) and guarantee from the planning phase, alignment to the interests and objectives of consumers, as well as to monitor that the same maintain that consistency over time. At the cost of the distributors there is the obligation to adopt a distribution policy and establish exchanges of information with the producer relative to the product, to the reference market and to the possible onset of non-compliance of the product with the requirements of the latter.

Following the intend to comply declaration of the Guidelines, IVASS prepared a letter to stimulate the Italian insurance market to the transposition of the Directive, taking account of the considerable impact of the new discipline on the organisational and management processes, of the undertakings and the intermediaries and of the indications collected in a preliminary consultation with the main market representatives.

The letter<sup>95</sup>, placed in public consultation on 10 January 2017, shares the preparatory approach of the EIOPA Guidelines, asking canvassers and distributors to perform a gap analysis of the organisational structure, of the operations processes and of measures in place to evaluate the distance with respect to the objectives outlined in the Guidelines, to be adopted on the basis of a general principle of proportionality, and to plan the consequent actions. The public consultation was closed on 15 February 2017, and evaluations are underway on the comments received.

#### *1.4.8. - Policies combined with special purpose loans*

At the end of 2016, a Consumer Protection Association transmitted to AGCM, the Bank of Italy and IVASS a report on the results of a mystery shopping at car dealers of various auto brands that advertised vehicles for sale with use of special purpose loans, often issued by financial institutions belonging to the same group of the vehicle manufacturer, combined with insurance coverage.

The irregularities related to competency profiles of IVASS regarded the non-delivery of the information documentation of the insurance contract combined to financing, the absence of clear indications by the dealers on costs of insurance products combined with financing, the tendency to make insurance cover combined to financing appear obligatory, the presentation of a single estimate for life covers.

IVASS has, therefore, asked 13 insurance undertakings (nearly all foreign) and 9 financial institutions connected to at least 13 car dealers, subject to mystery shopping, to transmit the agreements concluded between undertakings, financial companies and car dealers within 60 days, accompanied by a report on the characteristics of the insurance products offered and by quantitative data on the relative contracts and claims. The examination of the information collected will allow the evaluation of the actions to take for consumer protection.

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<sup>95</sup> <https://www.ivass.it/normativa/nazionale/secondaria-ivass/pubb-cons/2017/01-pc/index.html>



## 1.5. - Supervision of foreign undertakings operating in Italy

### 1.5.1. - Entrance of new operators

In 2016, 79 new licences to pursue business in Italy were issued of EU undertakings in free provision of services, 5 by establishment and 27 extensions of business of operators already present in the Italian market (21 in free provision of services and 6 by establishment).

The exchange of preliminary information was particularly intense with the Supervisory Authorities of the countries of origin, aimed at reinforcing the control on fit and proper requirements of shareholders and managers, as well as the awareness on the part of the Home Authorities of the peculiarities of the Italian market, especially for important sectors such as medical malpractice, suretyships and motor liability, to verify whether the governance and the structure of the undertaking are adequate to extend the business into the Italian market.

As in past years, IVASS' attention was high to contrast any regulatory arbitrage and avoid that Italian subjects of dubious reputation, thanks to the single European license, may exploit EU jurisdictions to set up insurance undertakings destined to operate mainly in Italy.

On this theme there is important news at an international level:

- On 27 April 2017, the European Court of Justice issued the sentence<sup>96</sup> in the case brought by the Romanian undertaking ONIX against IVASS for the challenging of the prohibition to commence new business in Italy, adopted in 2013 on the grounds of non compliance with the fit and proper requirements of the Italian shareholder. The Court of Justice, without prejudice to the home country control principle and the exclusive control of the Home Authority of the requirements of the shareholders, has recognised the power of the Host Authority to adopt, in cases of urgency, the measures to prevent the occurrence and irregularities in their territory and protect the interests of the policyholders and beneficiaries of their own country. The Court has specified that the Host Authorities may establish if any insufficiencies or doubts relative to an EU insurance undertaking and the respectability of its managers indicate a real and imminent danger for the policyholders and beneficiaries of policies taken out. These measures may only be conservative pending a decision of the Home Authority.
- A delicate dossier relating to another EU insurance undertaking, owned by an Italian citizen without the “good repute” requirement and financial stability according to the insurance regulation, that has shown the intention to operate mainly in Italy in the suretyship sector. The difference of evaluations, of the existence of the requirements of the shareholders, between IVASS and the Home Authorities was brought to the attention of EIOPA. The entrance into Italy of this operator is suspended and this delicate case is under reassessment.

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<http://curia.europa.eu/juris/document/document.jsf?text=&docid=190168&pageIndex=0&doclang=IT&mode=req&dir=&occ=first&part=1&cid=504396>.

- Also thanks to the efforts of IVASS, EIOPA has initiated, in the first months of 2017, a peer review to verify the concrete control arrangements of the good repute and professional qualifications requirements of the shareholders and administrators of the insurance undertakings by the national Authorities, with the final purpose of standardising the application of the community regulation on the subject and on the relative supervisory practices to favour the creation of a healthy and secure single market (see chapter III, par. 3.2.3).

#### *1.5.2. - Supervision in the phase following entrance into Italy*

In 2016, three EU undertakings with cross-border operations in several countries including Italy declared bankruptcy.

- *Enterprise Insurance Company*, with head office in Gibraltar: the GFSC (Gibraltar Supervisory Authority) ordered, on 22 July 2016, that the undertaking cease underwriting new insurance contracts, prohibiting it to make payments without prior authorisation of the same GFSC. At the same time, it initiated a winding up procedure of the undertaking, naming a provisional liquidator. On 30 September, the liquidator communicated the termination of all insurance contracts of the undertaking from 26 October 2016. On that date, the Supreme Court of Gibraltar ordered the compulsory wind up of the company;
- *Gable Insurance A.G.*, with head office in Liechtenstein: the FMA (Liechtenstein Supervisory Authority) communicated on 15 September 2016 that it had adopted a measure for the prohibition to underwrite new contracts and to dispose of its assets to related parties, with effect in all European countries, and with reference to all the sectors subject of the original authorization. On 10 October 2016, Gable was placed in extraordinary administration, and the extraordinary administrator, after having noted a position of over-indebtedness of the undertaking, decided the suspension of claims settlement and, successively, requested the opening of the bankruptcy procedure. In 17 November 2016, the Court of Liechtenstein decided the compulsory winding up of the undertaking;
- *LIG Insurance S.A.*, with head office in Romania: the ASF (Romanian Supervisory Authority), on the basis of the results of the supervision, decided on 20 December 2016 to revoke authorisation for the exercise of insurance business, and requested the opening of a bankruptcy procedure from the Romanian Court towards the undertaking, which in February was temporarily prohibited from carrying out insurance activities.

For each of these crisis situations, IVASS, as soon as it was informed by the Supervisory Authorities of the countries of origin, followed the cases, in close contact with the latter, continuously providing the necessary updates and indications to the Italian policyholders and beneficiaries on how to proceed in cases of foreign bankruptcies.

The Balance Sheet Review (BSR) was also closely followed, conducted under the auspices of the FMI and EIOPA, with the collaboration of the Bulgarian Authority, on the Bulgarian insurance market, aimed at verifying the stability of the financial sector. The control was performed by independent auditors, and provided the review of balance sheets and the confirmation of the possession of the capital requirements of some Bulgarian insurance undertaking, some of which are also active in Italy. From the examination of the results of the



BSR, published on 3 February 2017 on the site of the Bulgarian Authority, have emerged capital shortcomings for Nadejda AD Insurance Company, very active from June 2016 in the Italian market of suretyship policies, which had, on the closure data for balance sheet review (30/06/2016) a capital deficit. A new control on the financial stability of Nadejda is currently underway by the Bulgarian Supervisory Authority, in contact with IVASS, which will take into account, in particular, its operation in Italy. On 31 May 2017, the Bulgarian Supervisory Authority communicated that it had requested a plan from Nadejda for the reconstruction of the capital requirements envisaged by community law. The Bulgarian Authority has also communicated that it did not consider the plan presented by the undertaking to be adequate and rejected it with Measure of 10 May 2017.

Supervision on the transparency and correctness of the behaviours of the foreign undertakings towards the Italian policyholders and injured parties, also performed on the basis of complaints sent to IVASS, has led to the calling, in 2016, of the representatives of twelve foreign undertakings to request the adoption of necessary corrective measures. In particular, they were requested to improve their sales processes, to implement controls on the distribution network with particular reference to the verification of the correctness of the sales practices and the suitability of the products offered with respect to the real needs of the potential policyholders, as well as guaranteeing greater customer assistance. They were also asked to make audit actions regarding the claims management processes and the content and timeliness of the communications directed at the policyholders and injured parties to guarantee greater correctness and transparency.

In particular, following the growing number of requests and reports by awarding entities and public bodies of beneficiaries of suretyship policies, three EU undertakings were summoned to address some problems that emerged in operation in Italy. The critical situations were shared with the Authorities of the country of origin, also through bilateral meeting (5 in 2016). The collaboration has brought about the adoption by the Home Authorities of supervisory initiatives, including on-site inspections. An English undertaking, China Taiping, active in Italy in the issue of suretyship policies through intermediate Tempo Underwriting, has temporarily suspended underwriting of new policies.

The Italian representatives of four undertakings were subject to inspections to verify the implementation of the measures requested by the IVASS - Bank of Italy Letter to the Market of 26 August 2015 on PPIs. To overcome the results of the inspection findings, the undertakings worked to adopt corrective measures, whose implementation is awaiting verification.

IVASS took part in three Supervisory Colleges on cross-border groups present in Italy with particularly important sectors. As follow-up to a college, IVASS made an assessment on the conduct of the undertaking in the Italian market, and on its relations with the customers, which was successively shared with the Authority of the country of origin, leading to a joint activation of the necessary supervisory initiatives.

And finally, opinions were released to other EU Supervisory Authorities in relation to 22 transfers of portfolio between foreign undertakings operating in Italy by establishment or by free provision of services.

### **1.6. - Supervision of unauthorised operators**

In 2016 there were also numerous reports of cases of counterfeited policies, especially suretyship, issued using the trademark of EU undertakings licensed to operate in Italy. 11 notices to the public were published on IVASS website, to report as many confirmed cases with the collaboration of the same undertakings subject to the frauds.

To combat the phenomenon, an extraordinary control on the update of the data contained in the Registers of the EU undertakings licensed to operate in Italy was initiated, with the collaboration of the other European Authorities, published on IVASS website, intended to cancel undertakings no longer operating and prevent the use of their names for the issue of counterfeited policies. So far, 20 undertakings have been cancelled.

Particular attention was paid to the phenomenon of websites that proposed false temporary motor liability policies.

### **1.7. - Supervision of insurance intermediaries**

In the present context, characterised by a national and community regulatory framework in continuous evolution, with fast and profound changes in the offer and distribution of the insurance products, and by new trends of consumer behaviour - favoured by the incessant development of technology and by the current digital revolution - institutional consumer protection has mainly been directed, with respect to the past, to quickly perceive the evolutionary dynamics of the insurance intermediation sector and to combat irregular or incorrect behaviours also with preventive supervisory actions.

The objective of IVASS is to favour more correct relations between insurance intermediaries and clients, developing initiatives for the promotion of correct commercial practices, according to a consumer-friendly professional approach.

The greater effectiveness of the supervision has brought about initiatives to reinforce the professionalism of the operators, the introduction of management and reporting of complaints received from the policyholders, the adoption of moral suasion initiatives to favour the adoption of practices and organisational models able to ensure a high qualitative standard in the offer of products and increase the faith of the consumers.

To face the important challenges of the current changes, to the response given on the supervisory intervention plan, a modification of the Intermediary Supervisory Service was added to the internal organisation, with the creation of two Division (Supervision and RUI Management) called upon to perform supervision on the insurance intermediaries, in a logic intended to increase the effectiveness and efficiency of the institutional action performed (see VII.1.2).

The new model complements the traditional sanctioning supervisory activity initiated ex-post on the impetus of the consumers, of the undertakings, of the police bodies and the other Authorities. The objective is set to favour the development of a good organisation on the part of distributors, the placement of effective control systems and the safeguard of the training needs.

To this framework are added:

- meetings with larger or important agents and brokers by nature of the activity to analyse the business model, from which have arisen compliance indications and where necessary, supervisory interventions; meetings with intermediaries that had problems or for which investigations were underway, in order to clarify their positions for the purposes of the resulting supervisory interventions;
- numerous meetings, collective and single, with the Trade Associations of the intermediaries on themes important for the protection of consumers and the market, among which are the contents of the pre-contractual information of the intermediary, the segregated account, professional training and the qualifying examination, the measure on treatment of intermediate complaints, free collaborations, problems arising from regulations on bail-ins. The results have been positive in terms of clarifying the reference regulatory framework, compli-

ance guidelines and indications, which has been followed in many cases by the sending of ad hoc notes and/or the publication of FAQ on IVASS website;

- the growing preventive and systematic supervisory actions (see chapter V, par. 1.7.1), particularly complex given the high number of members.

#### *1.7.1. - Preventive and systematic supervision*

Alongside the massive initiatives of cleaning of the Register (see chapter V, par. 1.7.5), monitoring has continued on a selected sample of intermediaries (mainly brokers) which have relations with problematic foreign undertakings, for a periodic mapping of the relative activities. Monthly verifications have also continued on a sample of the self-certifications given when applying for registration regarding the character requirements of respectability, of adequate professional knowledge and professional indemnity insurance, as well as the absence of bankruptcy proceedings.

In 2016, new initiatives were implemented, among which:

- setting up of an on-site supervisory module, defined together with the Inspection function and already implemented in the 2016 Inspection Plan, for verifications of compliance to IVASS Regulation no. 6/2014 on training/professional update of the distribution networks.
- targeted interventions on Italian intermediaries who intend to extend operations into other EU countries, to acquire preliminary information on the business plan (sectors, estimated volumes, etc.), on the discipline that regulates the management of premium flows and documents on the relations with undertakings and intermediaries of the host countries.

Always in a preventive view, information exchanges and meetings with the Authorities of other EEA countries have been intensified for a more effective supervision on the Italian intermediaries that distribute insurance products for EU companies operating in Italy in free provision of services or by establishment, and on EU intermediaries requesting to do business in Italy.

Further meetings have taken place with foreign undertakings which already operate or which intend to operate in Italy, with a focus on the organisational model, on the articulation of the functions and internal controls, on operations scheme and on controls of the distribution network.

In the case of Italian intermediaries who intend to take top management positions in insurance/financial undertakings with head offices in other member states, IVASS has activated, through the competent Italian Authorities (Autorita' Giudiziaria - Judicial Authority, FIU, Bank of Italy), to provide the Home Authorities with wider useful elements for the evaluation of *fit and proper*. An analogous procedure was followed for the Italian intermediaries requesting IVASS authorisation to operate in a third country.

The preventive supervision considered the emerging phenomena in the wake of the digital revolution that is quickly modifying the distribution paradigms, for the purposes of knowledge and evaluation of the possible impacts on consumer protection and on the adequacy of the

regulatory framework, to combine the development of innovation with the security needs of the market. Distribution via web, alongside correct, transparent and of genuine interest and benefit to the clients, may hide opaque phenomena, sometimes completely irregular. For example, *phishing* insurance is spreading, with the use of sites and spaces on social network that are not connected to licensed intermediaries, for the purpose of defrauding customers and identity theft to the damage of legal, but unaware intermediaries (see also I.7.2 for new models of insurance distribution).

**Marketing of counterfeited policies** proves to be in net increase, apparently issued by undertakings with head offices in the EU and licensed to operate in Italy. It mainly regards temporary motor liability, suretyship and professional indemnity policies marketed:

- by unauthorised Italian market participants, which use generic or non-existent names or which appropriate and alter the names of Italian intermediaries duly registered or of foreign intermediaries;
- on line, through internet sites not in compliance with the regulations of the sector and managed by subjects unauthorised or unlicensed to operate in Italy.

In the two years of 2015-2016, IVASS identified and reported to the Judicial Authorities (and, in the case of on-line marketing, to the Postal Police) eight internet sites linked to unlicensed insurance intermediaries. The use of more refined investigation techniques has allowed the identification and report to the Judiciary Authorities seven irregular internet sites in the first five months of 2017 alone. Although the phenomena are difficult to identify and stem, IVASS is implementing preventive supervisory actions, dedicating instruments and resources to observing the web and social networks, intensifying the reports to the State Prosecutor and investigative bodies.

A parallel circuit of policy mediation was also identified, completely invalid, through the hijacking of the premiums paid by the policyholders towards bank accounts apparently in the name of a registered intermediary, but in reality, traceable to a company of the same name, clone of the intermediary.

For consumer protection, IVASS has issued press releases with the notice of insurance policy counterfeiting and useful elements to not fall prey to signing invalid policies.

#### *1.7.2. - Supervisory actions on reports*

Alongside the preventive and systematic initiatives remains the intense activity originating from the examination of the reports from consumers, insurance undertakings, intermediaries, Consap and Police bodies or other public Authorities.

In 2016, a total of 803 reports were received: the number, compared with the prior two-year period, shows a growing trend (720 reports in 2015; 770 in 2014), nearly returning to the 2013 level (820 reports).

Of these received reports, 71 (8.8% of the total) concerned the lawful revocation of agency mandates communicated to IVASS by their principals (insurance companies). This represented a decrease (-20%) compared with the 89 cases reported in 2015.

Table V.8

| Reports received by intermediary type |                          |            |                          |            |
|---------------------------------------|--------------------------|------------|--------------------------|------------|
| Intermediary                          | Reports received<br>2015 | %          | Reports received<br>2016 | %          |
| Agents (sect. A)                      | 260                      | 36.1       | 294                      | 36.6       |
| Brokers (sect. B)                     | 118                      | 16.4       | 156                      | 19.4       |
| Canvassers (sect. C)                  | 1                        | 0.1        | -                        | -          |
| Banks/other (sect. D)                 | 18                       | 2.5        | 24                       | 3.0        |
| Collaborators (sect. E)               | 277                      | 38.5       | 272                      | 33.9       |
| Unauthorised/unregistered             | 33                       | 4.6        | 37                       | 4.6        |
| Other operators                       | 13                       | 1.8        | 20                       | 2.5        |
| <b>TOTAL</b>                          | <b>720</b>               | <b>100</b> | <b>803</b>               | <b>100</b> |

The assessment of irregular conduct gives rise to the initiation of pecuniary sanctioning and/or disciplinary proceedings. Referring to Chapter V for the sanctions issued to intermediaries, in 2016 remote supervisory activities of intermediaries resulted in a total of the initiation of 277 pecuniary sanctioning proceedings, with a 15% increase compared with 2015 (241 proceedings).

### 1.7.3. - Main phenomena observed and measures adopted

The irregular conducts that recur with greater frequency and which determine the opening of sanctioning proceedings consist mainly of infringements of the obligation of segregated accounts and/or correct and timely registration of contracts for the purpose of coverage. Less frequent are the cases of violation of the pre-contractual information obligation and communication to IVASS by registered intermediaries.

Also worth mentioning are the phenomena of illegal pursuit of business by subjects without registration which, since they are offences, must be reported to the Judicial Authorities.

The main types of violation reported concerned:

- obligations to keep separate accounts;
- omissions or delays in the registration of insurance contracts in cash sheets, usually accompanied by the misappropriation of the premiums collected.
- the marketing of counterfeited policies, which are therefore invalid;
- the counterfeiting of signatures of policyholders in the issue of the policies;

- the irregular underwriting of motor liability 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;

Among the most frequent **infringements of the obligation of separating accounts** are:

- omission of payment to segregated account of premiums collected by intermediaries, often connected to omission of registration of securities received;
- incorrect use of the same account for personal transactions, with reasons other than those permitted and consequent insufficiency of funds in the account compared with the remittances due to the undertakings (or to reference intermediaries for premiums earned).

The intervention of IVASS, in relation to the nature of the relation between the intermediary and the undertaking, or between the reference intermediary and the collaborator, often sees the involvement of the internal audit function of the undertakings, both to use the controls due to the principals on the distribution networks, and to increase the awareness of undertakings to the control of the underwriting phase in the interest of the consumer.

In the face of the formal notice of the violation of the obligation of segregate accounts, the intermediate often justifies his *modus operandi* on the grounds of the existence of credits for commissions in respect of the undertaking, to compensate with premiums collected and not remitted. The constant orientation - of IVASS and the case law - is to exclude the legitimacy of this compensation, particularly if the premiums are already net of the related commissions.

Cases have been reported of consumers that have seen amounts debited from their accounts corresponding to the premium not due following the **counterfeiting of the signatures of the contractors on insurance policies** both of life and non-life sectors.

Some intermediaries, having the identifying data of the policyholders, have place forged signatures on the contract module and on the payment provisions, authorising the debits from the bank account of the subject to whom the contract has been falsely attributed; the false policies are generally aimed at acquiring greater commissions.

These cases have given rise to severe pecuniary and disciplinary measures, and have been brought to the attention of the audit and anti-fraud functions of the undertakings. The victims of these conducts, exposed to a financial loss, have obtained the cancellation of the contracts with consequent repayment of the amounts paid. Given the criminal character of the infringements, the facts have been reported to the Judicial Authorities, often by the same policyholders and/or insurance undertakings.

Cases remain, reported by policyholders and contractors, of proposals of new **unit linked policies substituting previous contracts** at the same or different undertaking, **in absence of correct information** on the new product and on any penalties to clients due to the substitution. This phenomenon also regards EU undertakings operating in our country that utilise intermediaries present in the territory with a vast network of collaborators, not always adequately monitored by the principles.



The supervisory action reminded insurance intermediaries of the need to strengthen their checks on the distribution channels 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. The operators have been sensitised to pay particular attention to the phenomenon, in the control processes of network and compliance audits, and to suitably safeguard the underwriting and remuneration policies for the placement of new products so they don't translate into misleading incentives.

Attention remains high on the **information content of internet sites of intermediaries registered in the Single Register of Intermediaries**. The wide diffusion in the use of the web among the public of consumers, both for the purposes of retrieving information and for the acquisition of the coverage, accentuates the need to safeguard the correctness of the information provided via internet. The main cases regard the incompleteness or the inaccuracy of the information provided on internet sites by intermediaries duly listed in the Register (identifying data of the intermediary or indication of registration number in the RUI, of the business practices of the IVASS control, etc.).

The interventions are aimed at obtaining integration or correction of the information present on the site, in compliance with the legislative and regulatory provisions.

#### *1.7.4. - Queries and requests for opinions*

Queries and requests for opinions from the operators or third parties (professional studies, training bodies) have significantly increased to 251, compared with 196 in 2015 and 93 in 2014.

Many of these queries concern questions of application of IVASS Regulation no. 6 of 2 December 2014 regarding training and professional update of the intermediaries (among the recurring themes, the completion of the professional update, the equivalence of classroom courses to remote classes, requirements of the trainers).

The response to these requests, in particular to those of a new and important character, represent a further support instrument to the operators, of direction towards correct sales practices and the improvement of relations with customers.

#### **Responses to some relevant questions**

A trade association has asked if there are any impediments for the insurance intermediaries to share spaces of their offices, through the practice of **company coworking**.

*Coworking* is an atypical contract, whose contents are defined in the agreement between the parties, and that is characterised by the provision of workstations and the provision of services (for example, telephone line, internet connection, waiting or meeting rooms, cleaning services, secretary). It is not, therefore, possible to evaluate in advance the compliance with the discipline regarding insurance and reinsurance intermediation.

At the same time, attention was called to:

- sharing of the workspaces, which may expose the intermediary and the undertaking to operational risks (for example, security and trustworthiness of the technologies used, correct archiving of the contractual documentation, compliance with the regulations on treatment of personal data);
- the possibility of confusion among consumers of the role and activity of the intermediary and the other *coworkers*.

Therefore, while aware of the social and economic role of this work organisation method, it is held that *coworking* situations must be specifically assess, for the purposes of conformity to the legislation and



regulation regarding insurance intermediation. The full and clear identification by the clients shall be guarantee, of the role and activity performed, the security and privacy of the data managed and the unambiguous traceability to each *coworker* of the flows generated by the relative activity.

It has been asked, in the event of **failure to complete the professional update of the collaborators of intermediaries registered in sections A, B and D of the RUI**, whether these subjects shall be suspended from insurance intermediation, and if there is an obligation to communicate the suspension or instead, whether cancellation from section E of the Register shall be requested.

The Code of Private Insurance and ISVAP Regulation no. 5/2006, differently than in other sectors do not envisage suspension from the Register. The only suspension is provided by art. 7, paragraph 5 of IVASS Regulation no. 6/2014 which did not regard registration, but the obligation of professional update, listing a series of cases, due to force majeure or linked to inactivity, in which the intermediary listed in the Register is temporarily relieved of the training obligations.

Professional update is not expressly provided as a condition to presence in the Register, neither is its loss is reason for removal, differently from violation of the respectability requirement.

The violation is found, however, in the sanctions plan, since confirmation of violation of the obligation brings about the imposition of disciplinary sanction of censure. In addition, faced with the violation, the reference intermediary:

- is required to communicate the loss of the registration requirement of the collaborator to IVASS;
- shall communicate at the same time to have interrupted the collaboration relationship.

It is, therefore, cancellation of collaboration on the request of a party, and not on the initiative of IVASS.

As regards the **re-registration of the collaborator who has not completed the update**, re-registration in the sect. E takes place on the basis of the conditions laid down by art. 27, letter b) of Regulation ISVAP no. 5/2006, namely after an update of 15 hours or 60 hours, in case of inactivity less than or greater than 2 years respectively.

The possibility to consider useful the amount of update hours prior to the cancellation, consistent with art. 7, paragraph 6 of IVASS Regulation no. 6/2014 for cases of suspension of activity, regards the particular cases of *turn over* of collaborators for job turnover and not cancellation for failure to fulfil the update obligation.

A Credit Institution asked, in a view to simplification and computerisation, to be allowed to use an “information totem” to fulfil the posting **obligation of the model referred to in annex 7/A** (article 49 of ISVAP Regulation no. 5/2006). Clients access information through a touchscreen menu to reach the page with the “Rules for behaviour of the insurance intermediaries” required by model 7/A.

IVASS, with IVASS Regulation no. 8/2015, has amended article 49 of ISVAP Regulation no. 5/2006 providing posting in place of the delivery of model 7/A. The textual reference to the posting, contained in article 49, refers to an information tool visible in the premises of the intermediary, and consulted by the person concerned without researching the information. The information totem is, rather, an interactive instrument that presupposes a proactive behaviour by the client and, therefore, is not suitable to fulfil the obligation of information placed on the intermediaries, until such that the regulation in force is revised to extend the acceptable methods by which to make public the information referred to in model 7/A.

*1.7.5. - Management of the Register and the dematerialisation of the Single Register of Intermediaries requests and communications*

*Update of Single Register of Intermediaries database and rationalisation actions*

In 2016, implementation continued on the action plan launched in 2014 for the organisation of the positions of the registered parties not fulfilling the obligation of payment of the supervisory fee and/or non-operational for more than three years. Cancellation from the Register is provided of subjects lacking the requirements to maintain registration.

Non-operative or non paying intermediates cancelled in the year were 4,355.

The organisation of the RUI has been extended to the management of numerous positions (133) not in compliance with the obligation of payment to the Broker Fund (Consap).

Successive systematic verifications of possession of the enrolment requirements were initiated in 2017.

With the massive acquisition of certified email addresses of the intermediaries registered in sections A and B of the RUI, IVASS mainly uses the communications transmission system via CEM (Certified Electronic Mail) with consistent benefits in terms of efficiency (reduction of postal costs and streamlining of the work processes) and efficacy.

*Dematerialisation of the Single Register of Intermediaries requests and communications*

2016 saw the strong effort of IVASS in the dematerialisation of the requests that feed the RUI. The new system, operative since 20 March 2017 and in exclusive use since 5 June 2017 - aims to make relations between IVASS and the operators easier and to streamline the internal management processes dedicated to the movement and update of the RUI, through the digital collection of the data contained in the requests and communications to IVASS.

It provides:

- the substitution of printed templates with a single PDF template that may be downloaded from the IVASS website;
- the off-line guided completion of the PDF template, on the basis of applicant type, of the operation requested and the section of the RUI concerned, with controls for the guarantee of consistency and completeness of the information;
- the signing of the PDF template with electronic signature of the declarer and sending via CEM to a dedicated IVASS address.

The fulfilments requested of intermediaries for the creation of the new system, introduced by Measure no. 59/2017 that amends ISVAP Regulation no. 5/2006, are limited to the obligation to create an electronic signature (advance, qualified or digital) to sign the request. In the context of proportionality and reasonableness, the new obligations are required only to registered intermediaries or those requesting to be registered in sections A, B and D of the RUI.

The measure reintroduces, from 2018, the obligation for the intermediaries registered in sections A and b to communicate to IVASS, by 5 February of every year, renewal of the professional indemnity policy or, in case of multi-year policy, the confirmation of the effect of the relative cover. In the face of a limited burden consisting of a single annual communication in electronic format, IVASS will systematically acquire updated data on coverage in question, with considerable added value on the prior supervision plan and consumer protection.

The digitised collection brings direct and indirect benefits for operators and for IVASS:

- reduction of errors in content of the requests and communications thanks to the guided completion, and greater speed and efficiency in the treatment of operator requests;
- reduction of administrative and economic costs, potentially recurring, connected to the printing and sending via post of paper documents;
- elimination of the risks of failure of delivery connected to any postal difficulties;
- automatic and immediate acquisition by IVASS of the contents of the electronic document, once the validation controls are overcome, with shorter times of conclusion of the procedures and guarantee of the faithful archiving of the data communicated;
- consistent reduction of the paper flows and costs of document conservation.

#### *The qualifying examination for registration in the RUI*

The qualifying examination for registration in Sections A and B of the Register - 2015 session - was concluded in July 2016, in which 3,279 candidates participated out of 5,816 admitted: 635 were judged suitable (equal to 19.3% of those present).

The qualifying examination for the 2016 session was announced through Measure n. 54 of 6 December 2016.

To meet the needs of the populations resident in the municipalities hit by the 2016 and 2017 seismic events, with Measure no. 59 of 4 April 2017, the terms for the presentation of the questions, originally set between 14 February 2017 and 21 March 2017, have been reopened from 5 April 2017 to 14 April 2017 only for residents of the municipalities concerned.

The requests for participation, presentable exclusively on line through the app accessible by the IVASS site, were 5,823 in total (5,866 in the previous session).

**Table V.9**

| Qualifying examination for registration in the RUI - 2016 session - distribution of the questions by template |              |              |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Template                                                                                                      | Questions    | %            |
| Insurance                                                                                                     | 5,428        | 93.2         |
| Reinsurance                                                                                                   | 45           | 0.8          |
| Insurance and Reinsurance                                                                                     | 350          | 6.0          |
| <b>Total</b>                                                                                                  | <b>5,823</b> | <b>100.0</b> |

There was a prevalence for the participation of male candidates (3,878, 66.6%) compared with female candidates (1,945, 33.6%, in slight decline compared with the 34.4% of the previous session).

As regards territorial distribution, candidates come predominantly from four regions: Lombardy, Lazio, Campania and Sicily, and the most numerous age range is between 31 and 35 years, analogous with the data observed in the preceding sessions.

### **1.8. - Opinions to other Institutions**

In 2016, IVASS gave an opinion to the Antitrust Authority regarding a proceeding initiated for unfair commercial practices with regard to an undertaking pursuant to art. 27, paragraph 1-bis, of the Consumer Code.

## 2. - MEETINGS WITH CONSUMER ASSOCIATIONS

In 2016, regular quarterly meetings were held with the Consumer Protection Associations part of the CNCU (National Council for Consumers and Users), in the course of which the following themes were addressed:

- simplification of the pre-contractual information note for non-life sectors; the work led to a proposal for the modification of IVASS Regulation no. 35 of 2010, subject to public consultation in 2016;
- dormant life policies, non paid to beneficiaries, and that lie dormant at insurance undertakings until they become time-barred; the need was shared to identify legislative solutions that ensure the payment of these sums to the beneficiaries. IVASS consequently assumed the previously described initiatives (see IV.1.4.6);
- simplification of the insurance contract conditions: the need was shared for a review that, with the contribution of the Associations and the market, may lead to the preparation of contract texts characterised by a limited number of simple, clear and unambiguous clauses, adapted to the current social context (see IV.1.4.4).

### 3. - INSURANCE EDUCATION

IVASS has collaborated with the Bank of Italy, CONSOB, COVIP, FEDUF (Fondazione per l'Educazione Finanziaria e al Risparmio) and Museo del Risparmio in a study to identify good practices, most effective instruments and possible synergies of training and information services of the various providers, and has offered useful tips for the creation of a National Strategy of Financial Education. The mapping of financial education programs created in our country by public and private bodies and institutions in the 2012-2014 three-year period was published and presented in a Convention held on 18 January 2017.

On the legislative front, gathering these stimuli, Law Decree no. 237 of 23 December 2016, concerning urgent provisions for the safeguard of the savings of the credit sector, converted with Law no. 15 of 17 February 2017, has established that:

- by 22 May 2017, the Minister of the Economy and Finance, together with the Minister of Education, Universities and Research and the Minister of Economic Development establish a “Committee for the planning and coordination of financial education”. The Committee is chaired by a Director appointed by the Minister of the Economy and Finance, in agreement with the Minister of Education, Universities and Research, and is composed of other 10 members, nominated by the Minister of the Economy and Finance, the Minister of Education, Universities and Research, by the Minister of Economic Development, by the Minister of Labour and Social Policies, by the Bank of Italy, CONSOB, COVIP, IVASS, the National Council of Consumer and Users, the Supervisory Authority and keeper of the Register of Financial Consultants (OCF) The allocation to support these initiatives is one million Euro annually for the first three years 2017-2019;
- by 22 August 2017, the Ministry of Economy and Finance, in agreement with the Ministry of Education, Universities and Research, adopt a program for a “National Strategy for Financial, Insurance and Social Security Education” that organises and coordinates the initiatives of existing public and private subjects, to define national policies regarding communication and dissemination of information to provide the possible stipulation of conventions.

In the context of the “Experimental Training Project of economic and financial material for the schools” created by the Bank of Italy, in agreement with the Ministry of Education, Universities and Research, IVASS has published two new educational pamphlets with basic information on insurance and on motor liability, and has participated in seminars organised by the Bank of Italy in various Italian cities to train teachers in insurance subjects.

## VI. - SANCTIONS

### 1. - GENERAL REMARKS

In 2016, there was a 17.7% increase in measures issued by IVASS. The increase concerned both the orders for the application of sanctions (16.9%) and the dismissals of proceedings (26.6%). Measures were 2,326 in total (1,976 in 2015), divided between 2,126 sanction orders (1,818 in 2015) and 200 dismissals (158 in 2015).

The total sanctions issued amount to 14.6 million Euro (13.4 million in 2015), with an increase of +8.4% compared with the prior year.

For this year too, the sanctioning interventions regarded mainly violations of the regulations safeguarding the rights of policyholders and injured parties, in large part relating to failure to comply with the provisions on motor liability, among which, the orders notified for infringements relating to claims settlement carried a significant weight. A new element in the context of consumer protection and compliance with conduct rules regards the sanctioning measures that hit the life undertakings for delays in the settlement of services requested by the beneficiaries for expiry, surrender and claim (see following box).

IVASS' monitoring has continued, through inspections, on the adequacy and efficacy of the safeguards and internal control procedures of the undertakings aimed at combating money laundering. The interventions led to five sanction orders for total sanctions of 682 thousand Euro (in 2015, four sanctions for 249 thousand Euro), referring to proceedings initiated with formal letters of notice in 2016 and in the prior years.

#### **Injunction measures for the violation of rules of conduct (art. 183 Code of Private Insurance)**

The injunction measures for the violation of rules of conduct notified to different undertakings in 2016 take on a substantially new and important character. These rules of conduct are laid down in art. 183, paragraph 1, letter a) of the Code of Private Insurance and regard the delayed settlement of life services with respect to the 30 days fixed in the contract terms. The delays are determined by the slowness and operational disruption of the undertakings - but sometimes by real dysfunctions in the corporate organisation - in the opening and management of the settlement process, also due to the less than prompt handling of the request for service by the agency network.

A total of 450 sanctioning proceedings were opened for this type of behaviour in the two-year period of 2015-2016 in 27 undertakings (72% of the proceedings regarded just two companies belonging to the same group). Some undertakings were notified of numerous and repeated infringements of art. 183 in the context of the special procedure dictated by art. 327 (so called serial infringement) and with the application of the substitute pecuniary sanction provided.

A part of the proceedings closed in 2016: 31 sanction orders were issued in the year (some relating to more proceedings taken cumulatively) with which sanctions were issued to 17 undertakings for 512 thousand Euro.

It is an aspect of insurance management that regards the specific profile of protection of the rights of the policyholder during the execution of the contract and that fits into the context of the more general behavioural obligations (diligence, fairness and transparency) that art. 183 of the Code of Private

Insurance imposes on the undertakings. The rules of conduct are not only aimed at realising the private interests of the single counterparties of the insurance relationship under civil law, for which the general clauses established by the Civil Code articles 1176 (diligence) and 1175/1375 (fairness and good faith) and the payment of the statutory interest for the delay would be sufficient. These rules are also bearers of behavioural standards designed to meet the general objectives of safeguard and protection of insurance users and the proper functioning and development of the market in which the undertakings operate.

The behavioural canons and the particular functional nature assigned to the clauses defined in this way explain how their compliance has been placed by law under the specific supervision of IVASS (art. 3 of the Code of Private Insurance) and how their violation is subject to pecuniary sanction, given the binding nature of the provisions of art. 183 - autonomously prosecutable - and the damage caused to the policyholder for the failure of the company to respect the contractual clauses it has established, and in which the policyholder trusted with the signing of the policy. It is irrelevant that for delays in settlement of life benefits there is a lack of ad hoc regulatory provisions, given that these would not add anything to what the undertaking, with its independent evaluation, has decided to provide as a reasonable period within which to carry out the settlement of insurance benefits, binding itself to compliance according to the civil principles of diligence and fairness in the execution of the contract transferred into public law by art. 183 of the Code of Private Insurance. Rather, the reference to art. 3 of the Code, whose title is purpose of supervision - in the text amended by Legislative Decree no 74 of 12 May 2015, implementing the Solvency II Directive - shows the absolute value that the community and national legislature has attributed to the adequate protection of policyholders and those entitled to insurance benefits, raising it to the main objective of supervision while the principle of sound and prudent management of undertakings and the stability of the system and of the markets is subordinate to this.

Therefore, these sanctioning proceedings have reaffirmed the important principle that non compliance by the undertaking with the obligations assumed with the contract, where these are clearly and immediately identified, constitutes direct violation of the behavioural rules dictated by art. 183 of the Code.

IVASS evaluation, performed for the issue of the sanctioning measures, has taken into account that the cases considered regard life policies, therefore, insurance cover characterised by a particular public interest and by a specific need for greater protection of the user, given the social security and savings purposes fulfilled by these contracts.



## 2. - ADMINISTRATIVE PECUNIARY SANCTIONS

### 2.1. - Sanctions issued

In 2016 there was a notable increase in the number and amount of the sanctions issued, as well as dismissals of proceeding measures.

Table VI.1

| Sanction issued                            |       |              |        |       |              |        |           |      |          |
|--------------------------------------------|-------|--------------|--------|-------|--------------|--------|-----------|------|----------|
| <i>(million Euro and percentage value)</i> |       |              |        |       |              |        |           |      |          |
|                                            | 2016  |              |        | 2015  |              |        | Variation |      |          |
|                                            | N.    | % over total | Amount | N.    | % over total | Amount | N.        | %    | Amount % |
| Sanction orders                            | 2,126 | 91.4         | 14.6   | 1,818 | 92.0         | 13.5   | 308       | 16.9 | 1.1 8.4  |
| Measures for dismissals                    | 200   | 8.6          |        | 158   | 8.0          |        | 42        | 26.6 |          |
| Total sanction                             | 2,326 | 100.0        | 14.6   | 1,976 | 100.0        | 13.5   | 350       | 17.7 | 1.1 8.4  |

Table VI.2

| Sanction of 2016 - by sanctioned party |              |                |       |
|----------------------------------------|--------------|----------------|-------|
| <i>(amounts in million Euro)</i>       |              |                |       |
|                                        | Undertakings | Intermediaries | Total |
| Number                                 | 1,800        | 326            | 2,126 |
| %                                      | 84.7         | 15.3           | 100.0 |
| Amount                                 | 10.2         | 4.4            | 14.6  |
| %                                      | 69.6         | 30.4           | 100.0 |

Sanctions were imposed on 78 companies and 320 intermediaries.

Table VI.3

| Appeals against sanction orders and comparison                 |       |       |
|----------------------------------------------------------------|-------|-------|
| <i>(unit)</i>                                                  |       |       |
|                                                                | 2016  | 2015  |
| Sanctions issued                                               | 2,126 | 1,818 |
| Appeal to the TAR or extraordinary appeal to the Head of State | 13    | 26 *  |
| % on the total sanctions                                       | 0.6   | 1.4*  |

\* The data, different to that presented last year (25), takes account of the additional appeals received following preparation of the 2015 Report

The appeals, fallen by half compared with last year, are mainly referred to insurance intermediaries (0.4%). The remaining challenges (0.2%) regard appeals on the settlement of claims presented by undertakings.

## 2.2. - Types of violations

There is an increase in sanction orders issued for motor liability infringements, a particularly large portion of which were due to infringements regarding claims settlement (table VI.4).

Table VI.4

| Violation of motor liability provisions |       |         |        |         |       |        |           |      |        |     |
|-----------------------------------------|-------|---------|--------|---------|-------|--------|-----------|------|--------|-----|
| (million Euro and percentage value)     |       |         |        |         |       |        |           |      |        |     |
|                                         | 2016  |         |        |         | 2015  |        | Variation |      |        |     |
|                                         | N.    | % total | Amount | % total | N.    | Amount | N.        | %    | Amount | %   |
| sanction orders                         | 1,680 | 79.0    | 7.9    | 54.4    | 1,459 | 7.2    | 221       | 15.1 | 0.7    | 9.9 |

Table VI.5

| Violation of rules on claims settlement times |        |                   |         |           |                   |                 |                                                |         |        |                 |
|-----------------------------------------------|--------|-------------------|---------|-----------|-------------------|-----------------|------------------------------------------------|---------|--------|-----------------|
| Ordinances of Injunction                      | Number |                   |         |           | Amount            |                 | of which with procedure of direct compensation |         |        |                 |
|                                               | N.     | % motor liability | % Total | Mil. Euro | % motor liability | % Total amounts | Number                                         | % Total | Amount | % Total amounts |
| 2016                                          | 1,263  | 75.2              | 59.4    | 6.0       | 75.9              | 41.3            | 594                                            | 47.0    | 2.1    | 35.0            |
| 2015                                          | 1,085  |                   |         | 5.5       |                   |                 | 428                                            | 39.4    | 1.6    | 28.7            |

In 2016, the sanction orders concerning the settlement of motor liability claims refer to 44 undertakings and show an increase in the number and amount of the sanctions.

Table VI.6

| Other infringements of motor liability provisions |        |            |        |                                     |        |       |        |       |        |
|---------------------------------------------------|--------|------------|--------|-------------------------------------|--------|-------|--------|-------|--------|
| (million Euro)                                    |        |            |        |                                     |        |       |        |       |        |
| 2016                                              |        |            |        |                                     |        |       |        | 2015  |        |
| Certificates of claims experience                 |        | Data Banks |        | Other motor liability infringements |        | total |        | Total |        |
| N.                                                | Amount | N.         | Amount | N.                                  | Amount | N.    | Amount | N.    | Amount |
| 112                                               | 0.4    | 67         | 0.5    | 238                                 | 1.0    | 417   | 1.9    | 374   | 1.7    |

Table VI.7

| Violation of other provisions       |      |                     |        |                     |      |        |            |      |        |     |
|-------------------------------------|------|---------------------|--------|---------------------|------|--------|------------|------|--------|-----|
| (million Euro and percentage value) |      |                     |        |                     |      |        |            |      |        |     |
|                                     | 2016 |                     |        |                     | 2015 |        | Variations |      |        |     |
|                                     | N.   | % over market total | Amount | % over market total | N.   | Amount | N.         | %    | Amount | %   |
| Orders sanction                     | 446  | 21.0                | 6.6    | 45.6                | 359  | 6.2    | 87         | 24.2 | 0.4    | 6.6 |

The sanction orders issued for infringements other than motor liability refer to infringements of the reporting obligations to IVASS for the purpose of supervision, of regulations pertaining to management of the undertakings' business (which also includes irregularities sanctioned for inadequacies and deficiencies in the safeguards and procedures to combat money-laundering and terrorism financing), of infringements concerning intermediation, as well as the settlement of life benefits.

The intermediation area has registered a large part of the sanctioning measures referring to issues other than motor insurance (73.1% by number and 66.6% by amount). Sanctions were, in fact, issued for 4.4 million Euro (326 orders) for agents, brokers and their collaborators, a slight reduction compared with 2015, the year in which sanctions were 5 million Euro for 305 measures. The majority of the sanctions regard the violation of regulations regarding the obligation to keep separate accounts and those relative to the rules of conduct (failure to communicate and register premiums received): in total, 264 sanction orders for 3.8 million Euro that, compared with the total sanction orders notified to the intermediaries, which account for 81% of the number and 86.4% of the amount.

### 2.3. - Sanctions paid

The amounts of the sanctions paid in the year refer to the sanction orders issued by IVASS in the previous four-year period. In some cases, they are payments of surcharges due to payments made after the 30-day time-limit, or payments pertaining to sanction orders for which the monthly instalments were allowed, using the conditions envisaged by art. 26 of Law no. 689/1981.

**Table VI.8**

| Sanctions paid in 2016                                      |              |                                           |               |           |                        |           |
|-------------------------------------------------------------|--------------|-------------------------------------------|---------------|-----------|------------------------|-----------|
| (thousand Euro and percentage values)                       |              |                                           |               |           |                        |           |
| 2016                                                        |              | 2015                                      |               |           | Variation<br>2016/2015 |           |
| Amount paid                                                 | 10,650.50    | 9,148.80                                  |               |           | 16.4%                  |           |
| By year of issue of injunction                              |              |                                           |               |           |                        |           |
|                                                             | 2016         | 2015                                      | 2014          | 2013      | 2012                   | Total     |
| Amount paid                                                 | 9,931.10     | 612.20                                    | 22.00         | 3.10      | 82.10                  | 10,650.50 |
| By recipient of the sanction                                |              |                                           |               |           |                        |           |
| Consap - FGVS<br>(Violation of motor liability legislation) |              | NATIONAL REVENUE<br>(Other infringements) |               |           | Total                  |           |
| Amount paid                                                 | % over total | Amount paid                               | %<br>on total |           |                        |           |
| 8,239.50                                                    | 77.4         | 2,411.00                                  | 22.6          | 10,650.50 |                        |           |

### 3. - DISCIPLINARY SANCTIONS

#### 3.1. - Preliminary investigation of disciplinary proceedings and activities of the Guarantee Committee

The Guarantee Committee on disciplinary proceedings on insurance intermediaries, made up of two sections and assisted by the Secretary at the Intermediaries Supervisory Service, 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 the dismissal of the procedure.

In 2016, 250 new disciplinary measures were initiated. At the conclusion of the proceedings, even those initiated in the previous year, and on the basis of the resolutions of the Guarantee Committee - that held 54 meetings - IVASS adopted 200 disciplinary measures (258 in 2015, with a reduction of 22%).

Table VI.9

| Result of proceedings - by measure type and section of registration of intermediaries (2016) |           |           |           |            |                  |                  |
|----------------------------------------------------------------------------------------------|-----------|-----------|-----------|------------|------------------|------------------|
| <i>(unit and percentage value)</i>                                                           |           |           |           |            |                  |                  |
| Result                                                                                       | Sect. A   | Sect. B   | Sect. E   | Total      | Incidence % 2016 | Incidence % 2015 |
| Dismissal                                                                                    | 9         | 7         | 10        | 26         | 13.0             | 12.4             |
| Reprimand                                                                                    | 15        | 6         | 10        | 31         | 15.5             | 19.4             |
| Censure                                                                                      | 14        | 14        | 33        | 61         | 30.5             | 39.1             |
| Striking off                                                                                 | 29        | 18        | 35        | 82         | 41.0             | 29.1             |
| <b>Total</b>                                                                                 | <b>67</b> | <b>45</b> | <b>88</b> | <b>200</b> | <b>100</b>       | <b>100</b>       |

In comparison with 2015, there is a significant increase in cases of striking off in the face of a lower weight of censure measures and reprimands, and a significant stability of the dismissals.

Striking off and censure represent 71.5% of the disciplinary measures adopted, against 68.2% in 2015.

#### 3.2. - Types of sanctioned infringements

The principle conducts that have led to the striking off measures are:

- non-remittance of the amounts collected as premiums to undertakings or relevant intermediaries, often accompanied by the failure to register the premiums collected;
- 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.

Censure measures were issued for the following main infringements:

- violation of the transparency, diligence, fairness and professionalism in relations with policyholders;
- acceptance of cash, in violation of the legislation on permitted means of payment, particularly in the life sector;
- 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 infringements identified or "corrective" behaviour by the intermediary, designed to remedy the irregularities found.

Among the decisions of the Committee, the orientation was confirmed to initiate proceedings and eventually adopt disciplinary measures against intermediaries no longer registered in the Single Registry when the violation was reported to IVASS (because they had already been cancelled upon request or affected by prior striking off measures) but registered at the moment of violation.



## VII. - LEGAL SERVICES

### 1. - ADVICE

In 2016, the legal counselling had an important increase over the prior year (+37% compared with 2015). The 289 opinions given provided the top management bodies and IVASS Departments assistance and support under the legal profile in the performance of their respective tasks of safeguarding the necessary consistency of the individual operative choices with the legal framework.

Table VII.1 provides some detailed information regarding the institutional and administrative functions for which the opinions were issued, and the percentage incidence on the total.

Table VII.1

| Subject matters of internal advisory papers (2016) |            |              |
|----------------------------------------------------|------------|--------------|
|                                                    | Number     | % over total |
| Supervision over undertakings                      | 31         | 10.7         |
| Supervision over intermediaries                    | 59         | 20.5         |
| Consumer protection                                | 53         | 18.6         |
| Internal administration                            | 45         | 15.7         |
| Sanctions                                          | 19         | 5.6          |
| Winding-up                                         | 15         | 5.5          |
| Other subjects                                     | 67         | 23.4         |
| <b>Total</b>                                       | <b>289</b> | <b>100.0</b> |

## 2. - JUDICIAL ACTIVITY

As provided by the statutory provisions, the representation and legal defence of IVASS has been performed through its own body of lawyers constituting a separate role and registered in the special list of civil servant lawyers kept by the Bar Association of Rome.

In 2016, 63 new litigations were processed, including extraordinary appeals to the Head of State and litigation under appeal.

Table VII.2

| Litigation defined in 2016 - breakdown of the litigation by subject matter |           |
|----------------------------------------------------------------------------|-----------|
|                                                                            | (unit)    |
| Supervisory measures                                                       | 8         |
| Pecuniary administrative sanctions                                         | 21        |
| Disciplinary sanctions                                                     | 13        |
| Access to documents                                                        | 1         |
| staff                                                                      | 1         |
| Winding-up                                                                 | 5         |
| Other                                                                      | 14        |
| <b>Total</b>                                                               | <b>63</b> |

Table VII.3

| Appeals against pecuniary administrative sanctions by recipient (2016) |           |
|------------------------------------------------------------------------|-----------|
|                                                                        | (unit)    |
| Sanctions imposed on undertakings                                      | 14        |
| Sanctions imposed on intermediaries                                    | 7         |
| <b>Total</b>                                                           | <b>21</b> |

Some significant judgements, among those issued in 2016 regarding the institutional business, confirmed prior decisions of particular interest or defined direction or newly important principles.



## 2.1. - Identification of the moment of establishment of infringements

In two decisions of 2016<sup>97</sup> the TAR Lazio reiterated, in confirmation of a constant orientation<sup>98</sup>, that the legal notion of proof of infringement, which effects the deadline for the notification of the violation, coincides neither with the date of the violation, nor with the mere perception of the fact, but with the completion - by the control body that oversees compliance with the provisions for which sanction is imposed for confirmed violations - of all the investigations that are deemed necessary to acquire full knowledge of the facts. Only once all the information has been collected and the necessary clarifications have been obtained can IVASS consider itself fully aware of the violation and, on that basis, proceed with the notification of the charges.

It follows that for the assessment of the violation and the legitimate adoption of the measure notifying the charges, the completion of inspections by IVASS and recognition of the material facts cannot be considered sufficient. As a result of these activities, only the perception of the existence of offence profiles can emerge, whose confirmation, however, must be done on the basis of a cross-examination with the concerned parties to confirm or more fully outline the profiles of criticality in subject to sanctions, to put at the basis of the notification of charges.

This acquisition phase of additional documents and information - following the execution of inspections and cross-examinations with the concerned parties - is essential in the light of the principles of good contract of the administrative action, defence and loyal collaboration between the parties. It allows the prevention - in the total investigation framework and evaluations of the sanctioning procedures by the independent Authorities useful for the tracing of facts to the reference sanctioning regulatory paradigm - of the useless opening of sanctioning procedures for cases whose illegality may be excluded in the light of the explanations and information provided by the interested parties.

## 2.2. - Segregate assets of the insurance intermediaries

Regarding intermediaries, the decisions of 2016<sup>99</sup> reiterated that pursuant to articles 117 of the Code of Private Insurance and 54 of ISVAP Regulation no. 5/2006 the insurance premiums collected from the customers constitute segregate assets committed to the reserve for payment of to those with right to insurance services.

The payment of those premiums to an account different from the one obligatorily dedicated to the exercise of insurance business conflicts with the regime of segregated funds. The actions may not also have importance in disciplinary<sup>100</sup> cases regarding the company

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<sup>97</sup> TAR Lazio, Sect. II, August 2016, no. 9232/2016 and 9233/2016.

<sup>98</sup> *Ex multis*, limiting the summons to the specific judgements relating to ISVAP/IVASS sanctions: TAR Lazio, Sect. II, no. 2544/2014; TAR Lazio, sect. II ter, no. 1633 of 2014; TAR LAZIO, sect. I, no. 6463/2012; TAR Lazio, sect. I, 21 June 2010, no. 19659; TAR Lazio, sect. I, 19 April 2007, no. 3474; TAR Lazio, sect. I, 15 November 2006, no. 12427.

<sup>99</sup> Decree of the President of the Republic 9 September 2016 (Council of State, decision opinion on extraordinary appeal to the Head of State no. 1511/2016 28 June 2016) and TAR Lazio, Sect. II, no. 9228 of 08 August 2016.

<sup>100</sup> TAR Lazio, Section II-ter, no. 6452/2016 e no. 7219/2016 of 1 and 21 June 2016.

relationship or the transaction document eventually occurring between intermediary and undertaking to reciprocally define the amounts to pay/receive, expected that, in this way, the safeguard of the general interests, guaranteeing that subject to legal regulations of the sector, would be subject to the will of private parties.

### **2.3. - Autonomy of the disciplinary procedure with respect to the sanctioning procedure**

The autonomy of the disciplinary proceeding compared with the pecuniary sanctioning proceedings is also confirmed in case law<sup>101</sup>. It stems from the different assumptions and objectives underlying the two types of responsibility, and from the difference of context in which the distinct bodies operate. Bodies that are responsible for the confirmation of infringements, with structural differences that may legitimately achieve independent evaluations and results that do not match perfectly. In other words, neither of the two kinds of proceedings uses, logically or by regulation, any prior relationship, obeying the same rules, forms and principles of all features.

The disciplinary proceeding, according to the case law<sup>102</sup>, is also independent with regard to the dismissal of the criminal proceeding initiated towards the intermediary because the elements acquired during the preliminary investigations were not suitable to support the accusation in a subjective point of view. It, remains, therefore impossible to configure the automatic illegitimacy of the disciplinary sanction for effect of the criminal dismissal.

No previous judgement that imposes the suspension of the disciplinary proceeding against the intermediary, finally, is given<sup>103</sup> with the legal action before the judge regarding the withdrawal for just cause of the undertaking from the company relation, due to the subjective and objective differences of the evaluations in view of the two branches

### **2.4. - Renewal of the mandate of the liquidator: assignment of the individual. Detection of conflict of interest**

The regulation of art. 246 of the Code of Private Insurance establishes that the appointment of the liquidator has a three year term, and assigns to IVASS the evaluations regarding renewal. No element is inferred that may justify the indefinite duration of the position, which is not configurable even within the scope of general regulation of the liquidation and bankruptcy of the companies in which it applies, indeed the opposite principle of the duration of the management, to better match the need to fulfil the liquidating activity at specific times. In this respect, the reference made by the Guidelines published on IVASS

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<sup>101</sup> Again TAR Lazio, sect. II, 08 August 2016 no. 9228.

<sup>102</sup> Decree of the President of the Republic 3 May 2016 (Council of State, decision opinion on extraordinary appeal to the Head of State no. 218/2016).

<sup>103</sup> Decree of the President of the Republic 09 September 2016 (Council of State, decision opinion on extraordinary appeal to the Head of State no. 1592/2016).

website seems reasonable - as the rotation and replacement criteria of the liquidator - exceeding 75 years of age, when the closure of the procedure does not appear imminent<sup>104</sup>.

The consolidated principle by which the Supervisory Authority has a wide discretion in the evaluation of the assumptions legitimising the adoption of their provisions with the consequence that the judicial scrutiny may not be extended to the specific evaluations made referring to those assumptions, except in cases of obvious incorrectness or unreasonableness, not being allowed the overrunning of judicial authority in substantial substitution of the judge to the administration in relation to the evaluation not clearly wrong nor irrational<sup>105</sup>.

In the case of appointment of a new liquidator, the detection of any existing conflict of interest is exclusively evaluated with reference to relations between the new liquidator and the partners and former management of the undertaking in winding up, or between his assets and those of the liquidation. There should, in fact, be the existence of a simultaneity between the office and the situation potentially causes of conflict of interests, assuming no relevance to this end, however, the conflicting events related to professional relations past between the outgoing Commissioner and the last named.

### 3. - THE PROFESSIONAL TRAINING

A cycle of seminars to study the following aspects of institutional interests has been organised: a) Right of access and supervision in the insurance sector; b) The new regulation of distribution; c) The future of insurance distribution; d) The insurance group after Solvency II.

Approximately 400 man hours of training have been provided, valid for the achievement of obligatory credits for lawyers, at low cost. The minutes of the seminars were published in IVASS Pamphlet no. 8.

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<sup>104</sup> TAR Lazio, Sect. III, no. 5432 of 09 May 2016.

<sup>105</sup> In the viewpoint of discretion, the principle is confirmed of Council of State, sect. IV, 11 November 2010, no. 8016 and of TAR Lazio, sect. III, no. 7398 of 10 July 2014



## ***VIII. - ORGANISATION***

Since the legislator, in 2012, redesigned the legal framework of insurance supervision with the objective of ensuring the full integration of the insurance supervisory activity, also through a closer connection with banking supervision, much has been done to adapt the organisational machine to the best practices that characterise a modern Authority, also adopting procedures and models in use at the Bank of Italy.

In this view, IVASS has worked to be a modern, competent and professional institution, with an efficient organisation and good reputation, having as its strategic objective the modernisation of its organisation, the advancement of digitalisation and the rationalisation of its work processes.

In 2016, the main lines of action regarded the structuring of the strategic planning process and the performance cycle, the mapping of the internal processes, career reform and the reconversion of the IT infrastructure.

### **1. - ORGANISATIONAL CHANGE AND OPTIMISATION**

#### **1.1. - Strategic planning and performance cycle**

In 2015, a strategic planning system was introduced and the first IVASS Three-year Plan (2015-2017) was approved, after an articulated path toward the identification of the institutional mission, the definition of strategic objectives and of sub-objectives assigned to the internal Structures and the formulation of action plans aimed at putting the strategic objectives into action.

In September 2016, a first monitoring was performed on the state of implementation of the Three-year Plan to verify, for each action plan, the activities put in place on 30 June 2016 and the compliance with the initially established deadlines. Overall, no problems were reported on the achievement of the objectives. The interventions were implemented on schedule and in respect of the parameters provided.

At the same time and in line with the planning process, the management evaluation system was redesigned, to establish a direct connection between strategic objectives and managers' performance and guarantee a modern incentive system of merit and results. A first cycle of performance analyses was launched in January 2016 with the assignment of the individual goals to managers by the Board, and the evaluation based on the results achieved and the management skills used.

## 1.2. - Work on the organisational structure

The process of organisational rationalisation, initiated with the establishment of IVASS in 2012, continues; in December 2016 various amendments to the organisational Regulations were decided, and on 19 January 2017 they were implemented.

The interventions aim to renew the organisational machine to ensure better symmetry between the structural design and the activities to carry out in concrete terms, to transpose important changes into the reference context and to ensure the best supervisory practices maintaining the efficiency of the architecture.

The most important structural changes concerned the Prudential Supervision and Intermediaries Supervision Directorates, with the aim of strengthening the control action of IVASS.

Within the Prudential Supervision Directorate, the Risk Analysis Division was set up to provide technical support to the Insurance Groups Divisions regarding the quantification of risks, the evaluation of the solvency position of undertakings and the relative systems of risk management, as well as to guarantee consistency in the financial analysis procedures and criteria of risk assessment.

In the Intermediaries Supervision Directorate, two distinct units were formed, called Intermediaries Supervision Division and RUI Management Division (the latter is the result of the merger of the RUI1 and RUI2 Management Sectors) to increase the effectiveness of supervision on insurance and reinsurance intermediaries and their collaborators.

## 1.3. - Dematerialisation and rationalisation of work processes

2016 represented the first full year of operation of the digital document management system (CAD), acquired in free administrative use from the Bank of Italy in 2015.

The procedure was adapted to the work processes of IVASS, with an effective integration with other applications, particularly with that of complaints management that alone accounts for 50% of the inbound and outbound documentation.

Significant design and implementation investments have allowed a decisive step forward towards dematerialisation, with the digitalisation of applications for registration in the Single Register. A consistent reduction in the residual printed documentation managed is expected from this project (approximately 25% of the total).

*At the end of 2016, 138,292 incoming registered documents were digital natives for 56.2%. Outgoing native digital documents were 99.8% In 2016, more than 60% of outgoing documents were sent by Certified Electronic Mail (CEM).*

## 1.4. - Expenditure rationalisation policy

In line with the policies of cost containment adopted by IVASS in prior years, in 2016 interventions were initiated for greater efficiency regarding utilities and postal expenses, staff selection costs, costs for the organisation and participation in conferences, costs for

consultancy and collaborations, with total savings of more than 110 thousand Euro (-11.4% compared with the same costs in 2015).

Research of growing synergies with the Bank of Italy continued, also with the creation of joint tenders.

*The slight increase of 1.3 million Euro in total spending in 2016 compared with 2015 is due in large part to staff costs, taking into account the agreement entered into in May 2016 on the reform of the legal system and the economic treatment of staff, and the acquisition of goods and services, mainly for IT projects, including IT costs linked to the integration with the Bank of Italy.*

### **1.5. - Mapping of internal processes**

The 2015-2017 Strategic Plan identified among the objectives of IVASS the goal of creating an Operational Risk Management System (ORM) by the end of December 2017

The project involves two phases:

- completion of the mapping of IVASS internal processes by the end of December 2016;
- introduction of an ORM system by December 2017.

At the end of 2016, the first mapping of IVASS processes was finalised with the collaboration of all of the Structures. This instrument will provide important information on margins of greater efficiency, management controls, operational continuity and adequate resource allocation.

In December 2016, the Structures were subject to a questionnaire for a first evaluation of the inherent risks present in the processes, on the basis of strict and uniform criteria.

### **1.6. - Three-year anti-corruption plan and Transparency programme**

IVASS continued activities for the prevention and combat against corruption and for the promotion of transparency, with the use of the safeguards and measures adopted on the basis of the regulations in force, as well as the Three-year Plan for the Prevention of Corruption and the Programme for Transparency and Integrity issued in 2014.

In particular, in 2016 the following actions were implemented:

- Publication on the IVASS website of the declarations in lieu of certificates attesting the absence of impediments for staff to whom, in 2016, a management role was attributed, in compliance with the provisions of Legislative Decree no. 39/2013 regarding incompatibility and non-appointability;
- continuation of the job rotation policy for 10% of non-management positions;

- continuation of the three-year training plan for the prevention and fight against corruption, aimed at all IVASS employees, on the subject of ethics and legality;
- insertion of provisions on the performance of external appointments of IVASS staff into the Codes of Conduct.

## **2. - STAFF**

### **2.1. - Career reform**

In May 2016, an agreement was reached with the trade unions on the reform of the legal system and the economic treatment of IVASS staff. On 7 December 2016, the Board approved the Regulations that govern the legal and economic treatment of staff and that transpose the agreement.

The introduction of new and more modern management systems is included in the path of change taken by IVASS, consistently with the analogous process underway at the Bank of Italy, and aims to simplify the employee grading structure, modernise the management systems and reward staff, making those who cover management positions accountable, enhancing the individual choices for professional development and career advancement, favouring organisational wellness and the reconciliation between private and professional life.

The key sections of the reform are:

- duality of the career path (manager and professional);
- fixed term managerial positions;
- elimination of seniority;
- evaluation of managers by objectives;
- decentralisation of level steps for professionals;
- benefits linked to responsibility and complexity;
- greater attention to the work life balance.

With reference to managerial positions, the system for the assignment of tasks responds to principles of transparency and contestability by virtue of the temporary nature of the position (four-year duration, renewable) and the existence of a formal procedure of assignment of positions (so-called vacancy).



In 2016, the first cycle of performance evaluation was initiated, for which the new evaluation system was used, based on the achievement of assigned goals and the managerial skills used.

The positive success of this reform requires a profound cultural change, and for that reason, it will be supported by investments in training aimed at reinforcing the managerial culture.

## 2.2. - Number of staff

The staff in service on permanent staff on 31 December 2016 is 352, three less compared with the 355 staff recognised by law; to these are added 18 staff members under fixed term contracts.

Table VIII.1

| Distribution of IVASS staff by professional areas             |                 |                  |            |
|---------------------------------------------------------------|-----------------|------------------|------------|
| (unit)                                                        |                 |                  |            |
| Area                                                          | Permanent staff | Fixed term staff | Total      |
| <b>Professional/Managerial</b><br>Directors/General Directors | 20              | 1                | 21         |
| <b>Professional/Managerial</b><br>Specialists/Experts         | 254             | 16               | 270        |
| <b>Operative staff</b><br>Operative staff                     | 78              | 1                | 79         |
| <b>Total</b>                                                  | <b>352</b>      | <b>18</b>        | <b>370</b> |

IVASS also availed itself, on a par with the previous year, of 8 temporary workers at the contact centre.

In the context of growing collaboration with the Bank of Italy, in 2016, the human resources seconded by the Bank of Italy which IVASS utilises have passed, in 2016 from 12 to 23, of which 8 are Directors, 12 counsellors/experts and 3 operative staff; the professional team was destined to reinforce the Prudential Supervision, Inspectorate and Research and data management.

In 2016, collaboration continued with the main universities of Rome for the activation of work experience and orientation internships. These internships, with a duration of 6 months, facilitate contacts with the universities and offer on-the-job learning opportunities to new graduates.

Over the course of the year, 2 competitions have taken place for the permanent recruitment of recent graduates in the statistics-actuarial field and/or in mathematics and finance, and in the IT disciplines. On the basis of the outcome of the public selections, 10 people were recruited in the initial level of the Professional/Managerial Area, 6 with a mathematical background and 4 with an IT background.

### **2.3. - Training**

IVASS has invested heavily in the field of training and professional update of staff, in view of the great need for training directed at the consolidation of new and updated professional skills.

*In 2016, the staff of IVASS took part, totally, in 173 training initiatives. 316 employees were involved in the training, equal to 85% of staff (80% in 2015). In total, 12,564 hours of training were provided (12,200 in 2015), equal to 34 training hours per person.*

In the Solvency II context, to satisfy the needs of constant development of the specialist skills of the human resources involved in the creation of the new framework, 30 training initiatives were organised, of which 13 were in house, using accredited consulting companies, that involved 154 human resources for a total amount of 2,536 hours, equal to 33% of the technical-specialist initiatives. The training courses also included three study visits at the sector Authorities and market operators (Bank of England, Central Bank of Ireland and Morgan Stanley), which 6 employees participated in, for a total of 21 days of training.

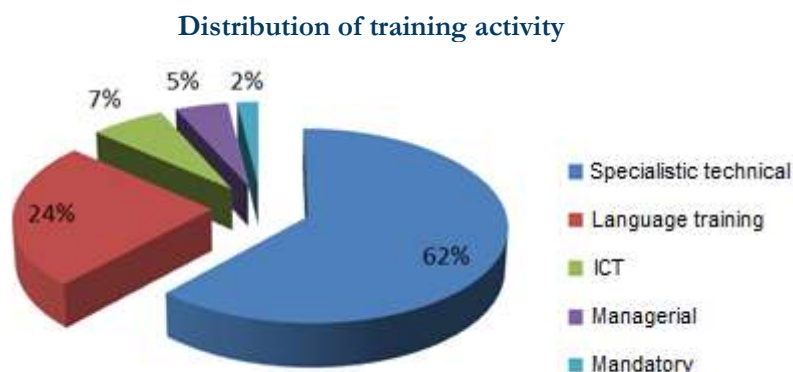
For the update of specialist skills of a smaller pool of users, and with the aim of integrating the internal training, IVASS has continued to use external training with the participation in seminars and courses.

In 2016, language training involved 132 human resources (36% of staff), for a total number of hours provided of 3096.

In the ICT field, courses on Office application package were provided, and on the main languages of statistics programming, according to the different needs of the structures, and in collaboration with the Bank of Italy, without direct economic costs to IVASS.

In 2016, a mandatory update course was given regarding workplace safety.

Figure VIII.1



#### 2.4. - Organisational and operational requirements concerning health and safety in the workplace

In 2016, in collaboration with the Prevention and Protection Service of the University of Rome, Tor Vergata, the obligations provided by Legislative Decree no. 81/2008 were fulfilled and, particularly, the risk evaluation document was updated for the IVASS headquarters and a relative document drafted for the satellite office. Specific environmental monitoring was performed on Radon Gas.

With reference to work-related stress and organisational wellness, the results of the relative questionnaires (administered to all staff in 2015) have been presented by the Secretary General and analysed with the Directors of the Structures on the occasions of ad hoc meetings to identify corrective and improvement measures of the internal environment.

To increase the organisational wellness and the internal cohesion, three training/information events on the theme of stress and techniques for managing emotions were organised with the support of the University.

With regard to health supervision, 196 medical visits were carried out in 2016.

### 3. - ICT SYSTEMS

The process of integration of the ICT services of IVASS with those of the Bank of Italy received a strong push with the signing, in September 2014, of the agreement that regulates the ICT collaboration between the two organisations and with the definition of a broad program of the activity of the 2015-2017 three-year period.

The provision of ICT services to IVASS has developed, from the beginning, along two distinct lines:

- one with an infrastructure character, to ensure the confluence of the ex-ISVAP equipment and procedures in the data centre of the Bank of Italy at the Centro Donato Menichella; in 2016, work was done to complete the extension of the basic services of the Bank to IVASS users, and to integrate the ex-ISVAP applications in the management services of the data centre of the Bank; completion of the integration of the centres is expected by the end of 2017;
- the other, of planning and development, aimed at evolving the procedures and ICT services available to users to better fulfil IVASS mission, initiate the dematerialisation and technological modernisation process and respond to the new needs arriving from the external context.

During the process for the gradual ICT integration, approximately 4,100 support requests were satisfied, broken down into 53% by IVASS, and the remaining 47% by the Bank.

The development of the new ICT services for IVASS has registered:

- the launch, in December 2016, of the new internet site, with renewed graphics, enriched with new services and with revised organisation of the content;
- the conclusion, in December 2016, of the study phase of the College of Supervisors project to arrange for appropriate infrastructure for secure exchange of information with other European Authorities involved in the supervision of cross-border groups for which IVASS is Group Supervisor;
- the launch of the creation of the Integrated Anti-fraud Archive (AIA) - Phase 2, whose conclusion is expected within 2017, for the collection and analysis of the data relating to claims and the integration with the databases maintained by various bodies of the Public Administration to calculate risk indicators and identify cases of suspected fraud;
- the drafting of the study for automation of the Information System of Complaints received from citizens, technical/legal studies and Consumer Associations. The creation is expected within 2017;
- the initiation of the study for the new Registry of insurance undertakings and groups, whose completion is expected within 2017, to link in a single database a multiple series of data registries established over time for specific reasons;

- the initiation, in June 2016, of environments of collaboration for all the Services and Offices of IVASS;
- the issue, in December 2016, of the Prestitolibri@online service with the possibility for IVASS staff to use the book lending service of volumes of interest for work activity in the library of the Bank, as well as the consultation of external databases;
- the integration of IVASS telephone services with the telephone network of the Bank through the use of advanced telephone systems, whose spread started in December 2016;
- the extension to IVASS of the procedure in use at the Bank for personnel files, an application whose testing was completed in March 2017.

#### **4. - INTERNAL AUDIT**

In 2016, the Internal Audit Office developed important initiatives aimed at broadening the scope of the activity, at favouring the development of an internal control system founded on risk and at making inspections faster and more agile. The interventions were formalised through the modification of the regulations and operational rules under which the Office operates, and through the integration of the Regulation on internal audit activities and the initiation of the documentary follow-up process. The regulatory and operational modifications introduced have made the auditing process easier and more effective.

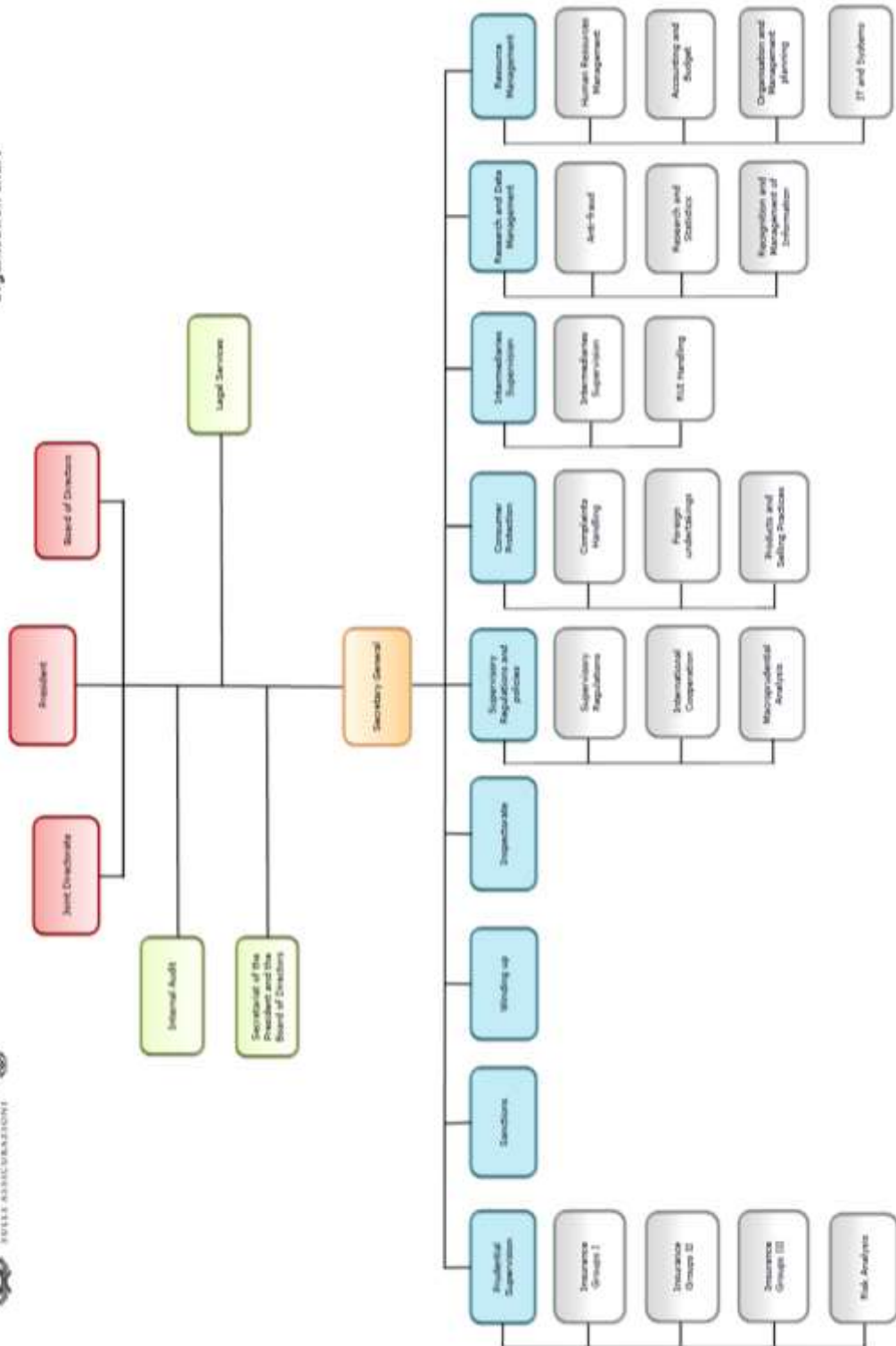
For the planning of the 2016 audit, reference was made for the first time to IVASS' criteria and methodologies for the assessment of the operational risk. The information acquired, combined with the indications from Top Management, constituted the information source of the audit planning model.

The audits were directed towards the most critical and delicate business sectors. The general revisions essentially focused on assessing the adequacy of internal controls and the functioning of the organisational structure. The effectiveness and efficiency of the work processes, the reliability and security of the information system, the capacity to manage risks and compliance with the regulations were all subject to control. A follow-up was also carried out to evaluate the initiatives taken by the Structures concerned.

The activity was characterized by full transparency with regard to the organisational units subject to review. The complete representation of the results accompanied by an open and constructive discussion, in addition to reinforcing the ability of detecting the phenomena, has raised the level of involvement of the structures and accelerated the solutions to the problems.

The follow-up and document monitoring processes recently activated by the Office will prevent that the improvement mechanisms put into action with the audit interventions are interrupted due to organisational inertia, and will provide useful indications to reinforce the internal control system.

Organisation chart



SECRETARIAT OFFICE OF THE PRESIDENT AND THE BOARD OF DIRECTORS

Head of Office: Roberto NOVELLI

Number of staff: 12

INTERNAL AUDIT OFFICE

Head of Office: Marina MIELI

Number of staff: 5

LEGAL SERVICES OFFICE

Head of Office: Enrico GALANTI

Number of staff: 14

PRUDENTIAL SUPERVISION DIRECTORATE

Head of Directorate: Roberto ROBERTI

Number of staff: 68

*Insurance Groups I Division - Head of Division: Raffaele LAROBINA;*

*Deputy Head of Division: Antonietta BOZZANO*

*Insurance Groups II Division - Head of Division: Roberto FALSO;*

*Deputy Head of Division: Maria DI FRANCESCO*

*Insurance Groups III Division - Head of Division: Giuseppa BENTIVEGNA;*

*Deputy Head of Division: Francesca BUZZICHELLI*

*Risk Analysis Division - Head of Division: Sergio SABBATUCCI*

SANCTIONS DIRECTORATE

Head of Directorate: Domenico ANGARINI

Number of staff: 22

Deputy Head of Directorate: Patrizia DI BENEDETTO

WINDING UP DIRECTORATE

Head of Directorate: Marcello MORVILLO

Number of staff: 14

INSPECTION DIRECTORATE

Head of Directorate: Marcello LUBERTI

Number of staff: 34

Deputy Head of Directorate: Alberto ARPANO

SUPERVISORY REGULATIONS AND POLICIES DIRECTORATE

Head of Directorate: Martina BIGNAMI

Number of staff: 34

*Supervisory Regulations Division - Head of Division: Francesco MAURO*

*International Cooperation Division - Head of Division: Alessia ANGELILLI*

*Macroprudential Analysis Division - Head of Division: Stefano PASQUALINI*



## CONSUMER PROTECTION DIRECTORATE

Head of Directorate: Elena BELLIZZI

Number of staff: 50

*Complaints Handling Division - Head of Division: Massimo FRANCESANGELI;*

*Deputy Head of Division: Nicoletta CARNEVALE*

*Foreign Undertakings Division - Head of Division: Annamaria DAMLANI*

*Products and Selling Practices Division - Head of Division: Daniela MARLANI*

## INTERMEDIARIES SUPERVISION DIRECTORATE

Head of Directorate: Maria Luisa CAVINA

Number of staff: 42

Deputy Head of Directorate: Violetta DE LUCA

*Intermediaries Supervision Division - Head of Division: Roberto COPLA*

*RUI Management Division - Head of Division: Marina CARNEVALE*

## RESEARCH AND DATA MANAGEMENT DIRECTORATE

Head of Directorate: Antonio DE PASCALIS

Number of staff: 34

Deputy Head of Directorate: Pietro FRANCHINI

*Anti-fraud Division - Head of Division: Paola SALACOTTI*

*Research and Statistics Division - Head of Division: Lino MATARAZZO*

*Recognition and management of information Division - Head of Division: Fabio FARABULLINI*

## MANAGEMENT OF RESOURCES DIRECTORATE

Head of Directorate: Giorgio PATARACCHIA

Number of staff: 66

Deputy Head of Directorate: Isabella BOZZANO

*Human Resources Management Division - Head of Division: Chiara FAVALE;*

*Deputy Head of Division: Giovanni TIBERI*

*Accounting and Budget Division - Head of Division: Maria Elena PUZZO*

*Organisation and Management Planning Division - Head of Division: Saverio FREDA;*

*Deputy Head of Division: Marco NOGARA*

*IT and Systems Division - Head of Division: Sergio ANTONICA*



## APPENDIX

STATISTICAL TABLES<sup>106</sup>

|          |                                                                                                                                                                             |     |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Tab. A1  | Premiums earned in Italy by way of establishment by EU/EEA undertakings broken down by country of the head office.....                                                      | 274 |
| Tab. A2  | Premiums earned in Italy by way of freedom of services by EU/EEA undertakings broken down by country of the head office .....                                               | 275 |
| Tab. A3  | Premiums earned in Italy by EU/EEA undertakings broken down by insurance class – Non-life business.....                                                                     | 276 |
| Tab. A4  | Premiums earned in Italy by EU/EEA undertakings broken down by insurance class – Life business .....                                                                        | 277 |
| Tab. A5  | Non-life business – Premiums earned in Italy by way of establishment by EU/EEA undertakings broken down by insurance class and by country of the head office .....          | 278 |
| Tab. A6  | Non-life business – Premiums earned in Italy by way of freedom of services by EU/EEA undertakings broken down by country of the head office .....                           | 279 |
| Tab. A7  | Life business – Premiums earned in Italy by way of establishment by EU/EEA undertakings broken down by country of the head office and by class of insurance .....           | 280 |
| Tab. A8  | Life business – Premiums earned in Italy by way of free provision of services by EU/EEA undertakings broken down by country of the head office and class of insurance ..... | 281 |
| Tab. A9  | Non-life classes – Breakdown of the technical provisions of the Italian direct portfolio - Year 2015 .....                                                                  | 282 |
| Tab. A10 | Non-life classes – Breakdown of the technical provisions of the Italian direct portfolio - Year 2016 .....                                                                  | 282 |
| Tab. A11 | Life classes – Breakdown of the technical provisions of the Italian direct portfolio - Year 2015 .....                                                                      | 283 |
| Tab. A12 | Life classes – Breakdown of the technical provisions of the Italian direct portfolio - Year 2016 .....                                                                      | 284 |
| Tab. A13 | Motor Liability - Gross premiums and claims .....                                                                                                                           | 285 |
| Tab. A14 | Motor Liability - Gross premiums and claims (percentage changes) .....                                                                                                      | 288 |
| Tab. A15 | Motor Liability - Loss ratio, frequency, average cost, premium and total loading .....                                                                                      | 291 |
| Tab. A16 | Motor Liability - Loss ratio, frequency, average cost, premium and total loading (percentage changes) .....                                                                 | 294 |
| Tab. A17 | Motor Liability - Composition of claims managed.....                                                                                                                        | 297 |
| Tab. A18 | Motor Liability - Claims settlement time .....                                                                                                                              | 300 |
| Tab. A19 | Motor Liability - Average cost of claims handled .....                                                                                                                      | 303 |

<sup>106</sup> The Tables marked by the letter A are mentioned within the Report.

|          |                                                                                                                          |     |
|----------|--------------------------------------------------------------------------------------------------------------------------|-----|
| Tab. A20 | Motor Liability - Average cost of claims handled (percentage changes) .....                                              | 306 |
| Tab. A21 | Statistics on premium distribution .....                                                                                 | 309 |
| Tab. A22 | Statistics on premium distribution – variations.....                                                                     | 309 |
| Tab. 1   | Undertakings pursuing insurance and reinsurance business in Italy .....                                                  | 310 |
| Tab. 2   | Premiums of the Italian direct insurance portfolio .....                                                                 | 311 |
| Tab. 3   | Premium incidence over the gross domestic product .....                                                                  | 312 |
| Tab. 4   | Insurance business pursued abroad by Italian undertakings and in Italy by foreign undertakings –<br>year 2015.....       | 313 |
| Tab. 5   | Premium income compared to the parent group - Italian direct insurance portfolio –<br>years 2015-2016 .....              | 314 |
| Tab. 6   | Outward reinsurance premiums – Life and non-life business – year 2015.....                                               | 315 |
| Tab. 7   | Loss ratio – non life business .....                                                                                     | 316 |
| Tab. 8   | Balance sheet – life and non-life business.....                                                                          | 317 |
| Tab. 9   | Profit and loss account – life and non-life business .....                                                               | 323 |
| Tab. 10  | Breakdown of the profit or loss for the financial year – life business .....                                             | 328 |
| Tab. 11  | Breakdown of the profit or loss for the financial year – non-life business .....                                         | 329 |
| Tab. 12  | Share capital, capital provisions, solvency margin – life business .....                                                 | 330 |
| Tab. 13  | Share capital, capital provisions, solvency margin – non-life business.....                                              | 331 |
| Tab. 14  | Investments – life business .....                                                                                        | 332 |
| Tab. 15  | Investments – non-life business .....                                                                                    | 333 |
| Tab. 16  | Life assurance provisions .....                                                                                          | 334 |
| Tab. 17  | Non-life insurance provisions .....                                                                                      | 335 |
| Tab. 18  | Assets representing technical provisions – life business.....                                                            | 336 |
| Tab. 19  | Assets representing technical provisions pertaining to unit and index-linked contracts .....                             | 339 |
| Tab. 20  | Investments deriving from the management of the pension funds referred to under class D.II of<br>the Balance sheet ..... | 340 |
| Tab. 21  | Assets representing technical provisions – non-life business .....                                                       | 341 |
| Tab. 22  | Consolidated accounts – balance sheet.....                                                                               | 344 |
| Tab. 23  | Consolidated accounts – profit and loss account.....                                                                     | 346 |

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#### WARNINGS

The sign conventions used in the tables mean:

– the phenomenon does not exist;

.... the phenomenon does exist, but data are not known or may not be disclosed for reasons of confidentiality;

.. data do not reach the minimum considered significant;

:: data are statistically not significant.

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Totals may not tally due to rounding off of decimal numbers

Table A1

**Premiums earned in Italy by way of establishment by EU/EEA undertakings broken down by country of the head office**

(million euro)

| States                | Financial year 2012 |              |              | Financial year 2013 |              |              | Financial year 2014 |              |              | Financial year 2015 |              |               |
|-----------------------|---------------------|--------------|--------------|---------------------|--------------|--------------|---------------------|--------------|--------------|---------------------|--------------|---------------|
|                       | Non-life            | Life         | Total        | Non-life            | Life         | Total        | Non-life            | Life         | Total        | Non-life            | Life         | Total         |
| Austria               | 255                 | 12           | 267          | 179                 | 3            | 183          | 88                  | 3            | 90           | 33                  | 2            | 36            |
| Belgium               | 167                 | 4            | 170          | 209                 | 0            | 208          | 212                 | 0            | 213          | 216                 | 0            | 217           |
| Bulgaria              | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Cyprus                | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Croatia (a)           | ....                | ....         | ....         | ....                | ....         | ....         | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Denmark               | 3                   | 0            | 3            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Estonia               | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Finland               | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| France                | 601                 | 206          | 808          | 549                 | 261          | 810          | 617                 | 286          | 903          | 659                 | 308          | 967           |
| Germany               | 282                 | 0            | 282          | 291                 | 0            | 291          | 291                 | 0            | 291          | 304                 | 0            | 304           |
| Greece                | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Ireland               | 1.389               | 1.973        | 3.363        | 1.374               | 2.647        | 4.022        | 1.329               | 2.902        | 4.232        | 1.305               | 3.580        | 4.884         |
| Italy                 | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Latvia                | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Lithuania             | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Luxembourg            | 13                  | 262          | 275          | 26                  | 464          | 489          | 36                  | 1.040        | 1.076        | 46                  | 1.117        | 1.164         |
| Malta                 | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Netherlands           | 76                  | 0            | 76           | 48                  | 0            | 48           | 89                  | 0            | 89           | 97                  | 0            | 97            |
| Poland                | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Portugal              | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| United Kingdom        | 812                 | 40           | 853          | 1.466               | 42           | 1.508        | 1.611               | 46           | 1.657        | 1.482               | 8            | 1.490         |
| Czech Republic        | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Slovak Republic       | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Romania               | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 5                   | 0            | 5             |
| Slovenia              | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Spain                 | 100                 | 169          | 269          | 235                 | 129          | 364          | 221                 | 185          | 406          | 225                 | 239          | 464           |
| Sweden                | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Hungary               | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| <b>EU Total</b>       | <b>3,698</b>        | <b>2,667</b> | <b>6,365</b> | <b>4,376</b>        | <b>3,546</b> | <b>7,923</b> | <b>4,495</b>        | <b>4,461</b> | <b>8,956</b> | <b>4,372</b>        | <b>5,255</b> | <b>9,626</b>  |
| Iceland               | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| Liechtenstein         | 0                   | 312          | 312          | 0                   | 346          | 346          | 0                   | 359          | 359          | 0                   | 514          | 346           |
| Norway                | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0            | 0                   | 0            | 0             |
| <b>EU Total + EEA</b> | <b>3,698</b>        | <b>2,979</b> | <b>6,677</b> | <b>4,376</b>        | <b>3,892</b> | <b>8,269</b> | <b>4,495</b>        | <b>4,820</b> | <b>9,315</b> | <b>4,372</b>        | <b>5,768</b> | <b>10,140</b> |

Source: IVASS statistics based on the statistical data provided by the insurance supervisory Authorities of the other EU/EEA countries.

(a) Croatia joined the European Union on 1 July 2013.

Table A2

**Premiums earned in Italy by way of free provision of services by EU/EEA undertakings broken down by country of the head office**

(million euro)

| States                | Financial year 2012 |               |               | Financial year 2013 |               |               | Financial year 2014 |               |               | Financial year 2015 |               |               |
|-----------------------|---------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|---------------|---------------|
|                       | Non-life            | Life          | Total         | Non-life            | Life          | Total         | Non-life            | Life          | Total         | Non-life            | Life          | Total         |
| Austria               | 55                  | 9             | 65            | 53                  | 11            | 64            | 76                  | 12            | 88            | 72                  | 7             | 80            |
| Belgium               | 5                   | 0             | 5             | 8                   | 0             | 9             | 18                  | 0             | 18            | -186                | 0             | -186          |
| Bulgaria              | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Cyprus                | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Croatia (a)           | ....                | ....          | ....          | ....                | ....          | ....          | 0                   | 0             | 0             | 0                   | 0             | 1             |
| Denmark               | 1                   | 0             | 1             | 0                   | 0             | 0             | 7                   | 0             | 7             | 1                   | 0             | 1             |
| Estonia               | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Finland               | 0                   | 0             | 0             | 1                   | 0             | 1             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| France                | 80                  | 6             | 87            | 94                  | 3             | 97            | 182                 | 2             | 185           | 216                 | 1             | 218           |
| Germany               | 29                  | 4             | 32            | 27                  | 3             | 30            | 26                  | 3             | 29            | 37                  | 2             | 39            |
| Greece                | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Ireland               | 180                 | 8.194         | 8.374         | 232                 | 10.841        | 11.073        | 224                 | 15.231        | 15.455        | 244                 | 15.767        | 16.011        |
| Italy                 | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Latvia                | 4                   | 0             | 4             | 0                   | 0             | 0             | 2                   | 0             | 2             | 2                   | 0             | 2             |
| Lithuania             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Luxembourg            | 13                  | 2,261         | 2,274         | 18                  | 2,163         | 2,180         | 27                  | 2,734         | 2,761         | 24                  | 1,937         | 1,961         |
| Malta                 | 28                  | 33            | 61            | 32                  | 33            | 65            | 31                  | 36            | 67            | 45                  | 46            | 90            |
| Netherlands           | 9                   | 0             | 9             | 46                  | 2             | 48            | 18                  | 0             | 18            | 22                  | 0             | 22            |
| Poland                | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Portugal              | 35                  | 35            | 70            | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| United Kingdom        | 436                 | 0             | 436           | 655                 | 4             | 659           | 1.788               | 3             | 1.791         | 668                 | 3             | 671           |
| Czech Republic        | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Slovak Republic.      | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Romania               | 56                  | 0             | 56            | 52                  | 0             | 52            | 34                  | 0             | 34            | 22                  | 0             | 22            |
| Slovenia              | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Spain                 | 33                  | 0             | 33            | 21                  | 7             | 28            | 37                  | 0             | 37            | 23                  | 0             | 23            |
| Sweden                | 10                  | 0             | 10            | 10                  | 1             | 11            | 10                  | 1             | 11            | 10                  | 1             | 10            |
| Hungary               | 3                   | 0             | 3             | 1                   | 0             | 1             | 0                   | 0             | 0             | 1                   | 0             | 1             |
| <b>EU Total</b>       | <b>976</b>          | <b>10,542</b> | <b>11,518</b> | <b>1,250</b>        | <b>13,068</b> | <b>14,318</b> | <b>2,481</b>        | <b>18,023</b> | <b>20,503</b> | <b>1,201</b>        | <b>17,765</b> | <b>18,967</b> |
| Iceland               | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   | 0             | 0             |
| Liechtenstein         | 3                   | 525           | 529           | 8                   | 211           | 219           | 12                  | 173           | 185           | 0                   | 258           | 258           |
| Norway                | 24                  | 0             | 24            | 25                  | 0             | 25            | 22                  | 0             | 22            | 25                  | 0             | 25            |
| <b>EU Total + EEA</b> | <b>1.004</b>        | <b>11.067</b> | <b>12.071</b> | <b>1.282</b>        | <b>13.279</b> | <b>14.561</b> | <b>2.514</b>        | <b>18.196</b> | <b>20.710</b> | <b>1.226</b>        | <b>18.023</b> | <b>19.249</b> |

Source: IVASS statistics based on the statistical data provided by the insurance supervisory Authorities of the other EU/EEA countries.

(a) Croatia joined the European Union on 1 July 2013.

Table A3

**Premiums earned in Italy by EU/EEA undertakings broken down by insurance class - Non-life business***(million euro)*

| Classes*                                                             | Business under the right of establishment |               |              |               | Business under the freedom of services |               |              |               |
|----------------------------------------------------------------------|-------------------------------------------|---------------|--------------|---------------|----------------------------------------|---------------|--------------|---------------|
|                                                                      | 2014                                      | %             | 2015         | %             | 2014                                   | %             | 2015         | %             |
| 1 and 2 - Accident and sickness                                      | 545                                       | 12.1%         | 541          | 12.4%         | 195                                    | 7.8%          | 109          | 8.9%          |
| 3, 7 and 10 – Motor insurance (excluding that in the following line) | 146                                       | 3.2%          | 142          | 3.3%          | 237                                    | 9.4%          | 107          | 8.7%          |
| 10 - Motor vehicle liability - excluding carrier's liability         | 860                                       | 19.1%         | 745          | 17.0%         | 112                                    | 4.5%          | 244          | 19.9%         |
| 8 and 9 - Fire and other damage to property                          | 677                                       | 15.1%         | 608          | 13.9%         | 285                                    | 11.3%         | 260          | 21.2%         |
| 4, 5, 6, 7, 11 and 12 - Aviation, marine and transport               | 135                                       | 3.0%          | 145          | 3.3%          | 265                                    | 10.5%         | 185          | 15.1%         |
| 13 - General liability                                               | 1,142                                     | 25.4%         | 1,203        | 27.5%         | 477                                    | 19.0%         | 393          | 32.1%         |
| 14 and 15 - Credit and suretyship                                    | 506                                       | 11.3%         | 522          | 11.9%         | 51                                     | 2.0%          | -157         | -12.8%        |
| 16, 17 and 18 - Other classes                                        | 480                                       | 10.7%         | 466          | 10.7%         | 885                                    | 35.2%         | 82           | 6.7%          |
| Reinsurance                                                          | 4                                         | 0.1%          | 0            | 0.0%          | 7                                      | 0.3%          | 3            |               |
| <b>Total non-life premiums</b>                                       | <b>4,495</b>                              | <b>100.0%</b> | <b>4,372</b> | <b>100.0%</b> | <b>2,514</b>                           | <b>100.0%</b> | <b>1,226</b> | <b>100.0%</b> |

\* Group of classes as set out in Annex I to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

Source: IVASS statistics based on the statistical data provided by the insurance supervisory Authorities of the other EU/EEA countries.

(a) Croatia joined the European Union on 1 July 2013.



Table A4

**Premiums earned in Italy by EU/EEA undertakings broken down by insurance class - Life business***(million euro)*

| Classes*                                                                                                                                                                                                     | Business under the right of establishment |               |              |               | Business under the freedom of services |               |               |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------|--------------|---------------|----------------------------------------|---------------|---------------|---------------|
|                                                                                                                                                                                                              | 2014                                      | %             | 2015         | %             | 2014                                   | %             | 2015          | %             |
| I. Assurance on the length of human life not linked to investment funds                                                                                                                                      | 1,221                                     | 25.3%         | 1,190        | 20.6%         | 1,276                                  | 7.0%          | 683           | 3.8%          |
| II. Marriage assurance, birth assurance not linked to investment funds                                                                                                                                       | 0                                         | 0.0%          | 0            | 0.0%          | 0                                      | 0.0%          | 0             | 0.0%          |
| III. Assurance on the length of human life linked to investment funds                                                                                                                                        | 3,537                                     | 73.4%         | 4,511        | 78.2%         | 16,848                                 | 92.6%         | 17,338        | 96.2%         |
| IV. Permanent health insurance not subject to cancellation;                                                                                                                                                  | 33                                        | 0.7%          | 48           | 0.8%          | 1                                      | 0.0%          | 0             | 0.0%          |
| V. Tontines                                                                                                                                                                                                  | 0                                         | 0.0%          | 0            | 0.0%          | 0                                      | 0.0%          | 0             | 0.0%          |
| VI. Capital redemption operations                                                                                                                                                                            | 20                                        | 0.4%          | 19           | 0.3%          | 71                                     | 0.4%          | 2             | 0.0%          |
| VII. Management of group pension funds                                                                                                                                                                       | 0                                         | 0.0%          | 0            | 0.0%          | 0                                      | 0.0%          | 0             | 0.0%          |
| VIII Operations referred to in the French "Code des assurances"                                                                                                                                              | 0                                         | 0.0%          | 0            | 0.0%          | 0                                      | 0.0%          | 0             | 0.0%          |
| IX. Operations relating to the length of human life, which are prescribed by or provided for in social insurance legislation, when they are effected or managed by assurance undertakings at their own risk. | 0                                         | 0.0%          | 0            | 0.0%          | 0                                      | 0.0%          | 0             | 0.0%          |
| Reinsurance                                                                                                                                                                                                  | 9                                         | 0.2%          | 0            | 0.0%          | 0                                      | 0.0%          | 0             | 0.0%          |
| <b>Total life premiums</b>                                                                                                                                                                                   | <b>4,820</b>                              | <b>100.0%</b> | <b>5,768</b> | <b>100.0%</b> | <b>18,196</b>                          | <b>100.0%</b> | <b>18,023</b> | <b>100.0%</b> |

\* Classes as set out in Annex II to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

Source: IVASS statistics based on the statistical data provided by the insurance supervisory Authorities of the other EU/EEA countries.

(a) Croatia joined the European Union on 1 July 2013.

Table A5

**Non-life business - Premiums earned in Italy by way of establishment by EU/EEA undertakings broken down by insurance class and by country of the head office**

(million euro)

| Financial year 2015   |                                 |                                                                      |                                                              |                                             |                                                        |                        |                                   |                               |                        |
|-----------------------|---------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------|------------------------|-----------------------------------|-------------------------------|------------------------|
| States /Classes*      | 1 and 2 - Accident and sickness | 3, 7 and 10 - Motor insurance (excluding that in the following line) | 10 - Motor vehicle liability - excluding carrier's liability | 8 and 9 - Fire and other damage to property | 4, 5, 6, 7, 11 and 12 - Aviation, marine and transport | 13 - General liability | 14 and 15 - Credit and suretyship | 16, 17 and 18 - Other classes | Total non-life classes |
| Austria               | 11                              | 5                                                                    | 4                                                            | 8                                           | 0                                                      | 5                      | 0                                 | 0                             | 33                     |
| Belgium               | 6                               | 0                                                                    | 0                                                            | 1                                           | 0                                                      | 0                      | 196                               | 13                            | 216                    |
| Bulgaria              | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Cyprus                | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Croatia               | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Denmark               | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Estonia               | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Finland               | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| France                | 108                             | 18                                                                   | 46                                                           | 56                                          | 28                                                     | 46                     | 181                               | 175                           | 659                    |
| Germany               | 15                              | 0                                                                    | 0                                                            | 77                                          | 22                                                     | 92                     | 1                                 | 98                            | 304                    |
| Greece                | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Ireland               | 168                             | 0                                                                    | 563                                                          | 279                                         | 7                                                      | 191                    | 13                                | 84                            | 1,305                  |
| 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            | 0                               | 3                                                                    | 0                                                            | 11                                          | 13                                                     | 17                     | 2                                 | 0                             | 46                     |
| Malta                 | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Netherlands           | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 97                                | 0                             | 97                     |
| Poland                | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Portugal              | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| United Kingdom        | 222                             | 102                                                                  | 17                                                           | 145                                         | 66                                                     | 847                    | 21                                | 62                            | 1,482                  |
| 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                                                      | 1                      | 4                                 | 0                             | 5                      |
| Slovenia              | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Spain                 | 11                              | 14                                                                   | 115                                                          | 30                                          | 10                                                     | 5                      | 6                                 | 35                            | 225                    |
| Sweden                | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Hungary               | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| <b>EU Total</b>       | <b>541</b>                      | <b>142</b>                                                           | <b>745</b>                                                   | <b>608</b>                                  | <b>145</b>                                             | <b>1,203</b>           | <b>522</b>                        | <b>466</b>                    | <b>4,372</b>           |
| Liechtenstein         | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Iceland               | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| Norway                | 0                               | 0                                                                    | 0                                                            | 0                                           | 0                                                      | 0                      | 0                                 | 0                             | 0                      |
| <b>EU Total + EEA</b> | <b>541</b>                      | <b>142</b>                                                           | <b>745</b>                                                   | <b>608</b>                                  | <b>145</b>                                             | <b>1,203</b>           | <b>522</b>                        | <b>466</b>                    | <b>4,372</b>           |

Source: IVASS statistics based on the statistical data provided by the insurance supervisory Authorities of the other EU/EEA countries.

\* Group of classes as set out in Annex I to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

Source: IVASS statistics based on the statistical data provided by the insurance supervisory Authorities of the other EU/EEA countries.

Table A6

**Non-life business - Premiums earned in Italy by way of free provision of services by EU/EEA undertakings broken down by country of the head office**

(million euro)

| Financial year 2015       |                                            |                                                                                        |                                                                             |                                                         |                                                                       |                              |                                              |                                     |                                 |
|---------------------------|--------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------|----------------------------------------------|-------------------------------------|---------------------------------|
| States/<br>Classes*       | 1 and 2 -<br>Accident<br>and sick-<br>ness | 3, 7 and<br>10 - Motor<br>insurance<br>(excluding<br>that in the<br>following<br>line) | 10 - Motor<br>vehicle<br>liability -<br>excluding<br>carrier's<br>liability | 8 and 9 -<br>Fire and<br>other<br>damage to<br>property | 4, 5, 6, 7,<br>11 and 12<br>- Aviation,<br>marine<br>and<br>transport | 13 –<br>General<br>liability | 14 and 15<br>- Credit<br>and sure-<br>tyship | 16, 17 and<br>18 - Other<br>classes | Total non-<br>life clas-<br>ses |
| Austria                   | 4                                          | 6                                                                                      | 4                                                                           | 25                                                      | 3                                                                     | 28                           | 1                                            | 1                                   | 72                              |
| Belgium                   | 7                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | -195                                         | 2                                   | -186                            |
| Bulgaria                  | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Cyprus                    | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Croatia                   | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Denmark                   | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 1                                   | 1                               |
| Estonia                   | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Finland                   | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| France                    | 9                                          | 7                                                                                      | 183                                                                         | 0                                                       | 4                                                                     | 3                            | 0                                            | 10                                  | 216                             |
| Germany                   | 1                                          | 0                                                                                      | 0                                                                           | 14                                                      | 10                                                                    | 5                            | 0                                            | 7                                   | 37                              |
| Greece                    | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Ireland                   | 19                                         | 47                                                                                     | 0                                                                           | 89                                                      | 27                                                                    | 41                           | 5                                            | 15                                  | 244                             |
| Italy                     | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Latvia                    | 0                                          | 0                                                                                      | 0                                                                           | 1                                                       | 0                                                                     | 1                            | 0                                            | 0                                   | 2                               |
| Lithuania                 | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Luxem-<br>bourg           | 1                                          | 0                                                                                      | 2                                                                           | 3                                                       | 4                                                                     | 3                            | 1                                            | 10                                  | 24                              |
| Malta                     | 28                                         | 0                                                                                      | 0                                                                           | 6                                                       | 1                                                                     | 5                            | 0                                            | 6                                   | 45                              |
| Nether-<br>lands          | 0                                          | 2                                                                                      | 0                                                                           | 5                                                       | 3                                                                     | 3                            | 6                                            | 2                                   | 22                              |
| Poland                    | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Portugal                  | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| United<br>Kingdom         | 40                                         | 44                                                                                     | 55                                                                          | 92                                                      | 101                                                                   | 286                          | 19                                           | 31                                  | 668                             |
| Czech<br>Republic         | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Slovak<br>Republic.       | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Romania                   | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 17                           | 5                                            | 0                                   | 22                              |
| Slovenia                  | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Spain                     | 0                                          | 0                                                                                      | 0                                                                           | 21                                                      | 2                                                                     | 0                            | 0                                            | 0                                   | 23                              |
| Sweden                    | 0                                          | 0                                                                                      | 0                                                                           | 2                                                       | 6                                                                     | 1                            | 0                                            | 1                                   | 10                              |
| Hungary                   | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 1                                            | 0                                   | 1                               |
| <b>EU Total</b>           | <b>109</b>                                 | <b>107</b>                                                                             | <b>244</b>                                                                  | <b>258</b>                                              | <b>161</b>                                                            | <b>392</b>                   | <b>-157</b>                                  | <b>85</b>                           | <b>1,201</b>                    |
| Liechten-<br>stein        | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Iceland                   | 0                                          | 0                                                                                      | 0                                                                           | 0                                                       | 0                                                                     | 0                            | 0                                            | 0                                   | 0                               |
| Norway                    | 0                                          | 0                                                                                      | 0                                                                           | 1                                                       | 24                                                                    | 0                            | 0                                            | 0                                   | 25                              |
| <b>EU Total<br/>+ EEA</b> | <b>109</b>                                 | <b>107</b>                                                                             | <b>244</b>                                                                  | <b>260</b>                                              | <b>185</b>                                                            | <b>393</b>                   | <b>-157</b>                                  | <b>85</b>                           | <b>1,226</b>                    |

\* Group of classes as set out in Annex I to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

Source: IVASS statistics based on the statistical data provided by the insurance supervisory Authorities of the other EU/EEA countries.

Table A7

**Life business - Premiums earned in Italy by way of establishment by EU/EEA undertakings  
Broken down by country of the head office and class of insurance - Year 2015**

(million euro)

| States /Classes*      | I. Assurance on the length of human life not linked to investment funds | II. Marriage assurance, birth assurance not linked to investment funds | III. Assurance on the length of human life linked to investment funds | IV. Permanent health insurance not subject to cancellation; | V. Ton-tines | VI. Capital redemption operations | VII. Management of group pension funds | VIII. Operations referred to in the French "Code des assurances" | IX. Operations relating to the length of human life, which are prescribed by or provided for in social insurance legislation, when they are effected or managed by assurance undertakings at their own risk. | Total life business** |
|-----------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------|--------------|-----------------------------------|----------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Austria               | 2                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 2                     |
| Belgium               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Bulgaria              | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Cyprus                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Croatia               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Denmark               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Estonia               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Finland               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| France                | 308                                                                     | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 308                   |
| Germany               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Greece                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Ireland               | 280                                                                     | 0                                                                      | 3,254                                                                 | 46                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 3,579                 |
| Italy                 | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Latvia                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Lithuania             | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Luxembourg            | 499                                                                     | 0                                                                      | 618                                                                   | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 1,117                 |
| Malta                 | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Netherlands           | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Poland                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Portugal              | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| United Kingdom        | 7                                                                       | 0                                                                      | 0                                                                     | 1                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 8                     |
| Czech Republic        | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Slovak Republic       | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Romania               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Slovenia              | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Spain                 | 95                                                                      | 0                                                                      | 125                                                                   | 0                                                           | 0            | 19                                | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 239                   |
| Sweden                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Hungary               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| <b>EU Total</b>       | <b>1,190</b>                                                            | <b>0</b>                                                               | <b>3,997</b>                                                          | <b>48</b>                                                   | <b>0</b>     | <b>19</b>                         | <b>0</b>                               | <b>0</b>                                                         | <b>0</b>                                                                                                                                                                                                     | <b>5,254</b>          |
| Liechtenstein         | 0                                                                       | 0                                                                      | 514                                                                   | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 514                   |
| Iceland               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Norway                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                           | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| <b>EU Total + EEA</b> | <b>1,190</b>                                                            | <b>0</b>                                                               | <b>4,511</b>                                                          | <b>48</b>                                                   | <b>0</b>     | <b>19</b>                         | <b>0</b>                               | <b>0</b>                                                         | <b>0</b>                                                                                                                                                                                                     | <b>5,768</b>          |

Source: IVASS statistics based on the statistical data provided by the insurance supervisory Authorities of the other EU/EEA countries.

\* Classes as set out in Annex II to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

\*\* Reinsurance excluded.

Table A8

**Life business - Premiums earned in Italy by way of free provision of services by EU/EEA undertakings broken down by country of the head office and class of insurance - Year 2015**

(million euro)

| States/Classes<br>*   | I. Assurance on the length of human life not linked to investment funds | II. Marriage assurance, birth assurance not linked to investment funds | III. Assurance on the length of human life linked to investment funds | IV. Permanent health insurance not subject to cancellation | V. Ton-tines | VI. Capital redemption operations | VII. Management of group pension funds | VIII. Operations referred to in the French "Code des assurances" | IX. Operations relating to the length of human life, which are prescribed by or provided for in social insurance legislation, when they are effected or managed by assurance undertakings at their own risk. | Total life business** |
|-----------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|--------------|-----------------------------------|----------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Austria               | 4                                                                       | 0                                                                      | 4                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 7                     |
| Belgium               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Bulgaria              | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Cyprus                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Croatia               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Denmark               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Estonia               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Finland               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| France                | 1                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 1                     |
| Germany               | 1                                                                       | 0                                                                      | 1                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 2                     |
| Greece                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Ireland               | 55                                                                      | 0                                                                      | 15,712                                                                | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 15,767                |
| Italy                 | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Latvia                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Lithuania             | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Luxembourg            | 571                                                                     | 0                                                                      | 1,364                                                                 | 0                                                          | 0            | 2                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 1,937                 |
| Malta                 | 46                                                                      | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 46                    |
| Netherlands           | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Poland                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Portugal              | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| United Kingdom        | 3                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 3                     |
| Czech Republic        | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Slovak Republic       | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Romania               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Slovenia              | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Spain                 | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Sweden                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 1                     |
| Hungary               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| <b>EU Total</b>       | <b>682</b>                                                              | <b>0</b>                                                               | <b>17,081</b>                                                         | <b>0</b>                                                   | <b>0</b>     | <b>2</b>                          | <b>0</b>                               | <b>0</b>                                                         | <b>0</b>                                                                                                                                                                                                     | <b>17,765</b>         |
| Liechtenstein         | 0                                                                       | 0                                                                      | 257                                                                   | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 258                   |
| Iceland               | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| Norway                | 0                                                                       | 0                                                                      | 0                                                                     | 0                                                          | 0            | 0                                 | 0                                      | 0                                                                | 0                                                                                                                                                                                                            | 0                     |
| <b>EU Total + EEA</b> | <b>682</b>                                                              | <b>0</b>                                                               | <b>17,338</b>                                                         | <b>0</b>                                                   | <b>0</b>     | <b>2</b>                          | <b>0</b>                               | <b>0</b>                                                         | <b>0</b>                                                                                                                                                                                                     | <b>18,023</b>         |

Source: IVASS statistics based on the statistical data provided by the insurance supervisory Authorities of the other EU/EEA countries.

\* Classes as set out in Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

\*\* Reinsurance excluded.

Table A9

| Non-life classes - Breakdown of the technical provisions of the Italian direct portfolio - Year 2015 |                                         |                                         |                                   |                                               |
|------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------|-----------------------------------------------|
| (million euro)                                                                                       |                                         |                                         |                                   |                                               |
| Classes                                                                                              | Provision for un-earned premiums<br>(1) | Provision for claims outstanding<br>(2) | Other technical provisions<br>(3) | Total technical provisions<br>(4) = 1 + 2 + 3 |
| Accident                                                                                             | 1,409                                   | 1,915                                   | 44                                | 3,368                                         |
| Sickness                                                                                             | 821                                     | 1,097                                   | 108                               | 2,026                                         |
| Land vehicles                                                                                        | 1,045                                   | 597                                     | 46                                | 1,689                                         |
| Railway rolling stock                                                                                | 1                                       | 4                                       | 0                                 | 5                                             |
| Aircraft                                                                                             | 5                                       | 22                                      | 0                                 | 27                                            |
| Ships (sea, lake and river and canal vessels)                                                        | 85                                      | 395                                     | 3                                 | 483                                           |
| Goods in transit                                                                                     | 25                                      | 210                                     | 9                                 | 244                                           |
| Fire and natural forces                                                                              | 1,684                                   | 1,814                                   | 90                                | 3,587                                         |
| Other damage to property                                                                             | 1,306                                   | 1,650                                   | 28                                | 2,985                                         |
| Motor vehicle liability                                                                              | 4,713                                   | 22,391                                  | 0                                 | 27,104                                        |
| Aircraft liability                                                                                   | 4                                       | 23                                      | 0                                 | 27                                            |
| Liability for ships (sea, lake and river and canal vessels)                                          | 14                                      | 92                                      | 0                                 | 106                                           |
| General liability                                                                                    | 1,128                                   | 12,696                                  | 4                                 | 13,828                                        |
| Credit                                                                                               | 160                                     | 118                                     | 6                                 | 284                                           |
| Suretyship                                                                                           | 553                                     | 1,149                                   | 0                                 | 1,702                                         |
| Miscellaneous financial loss                                                                         | 581                                     | 337                                     | 6                                 | 924                                           |
| Legal expenses                                                                                       | 123                                     | 417                                     | 0                                 | 540                                           |
| Assistance                                                                                           | 204                                     | 72                                      | 9                                 | 285                                           |
| <b>Total non-life classes</b>                                                                        | <b>13,861</b>                           | <b>44,999</b>                           | <b>353</b>                        | <b>59,214</b>                                 |

Table A10

| Non-life classes - Breakdown of the technical provisions of the Italian direct portfolio - Year 2016 |                                         |                                         |                                   |                                               |
|------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------|-----------------------------------------------|
| (million euro)                                                                                       |                                         |                                         |                                   |                                               |
| Classes                                                                                              | Provision for un-earned premiums<br>(1) | Provision for claims outstanding<br>(2) | Other technical provisions<br>(3) | Total technical provisions<br>(4) = 1 + 2 + 3 |
| Accident                                                                                             | 1,437                                   | 1,916                                   | 45                                | 3,398                                         |
| Sickness                                                                                             | 886                                     | 1,178                                   | 115                               | 2,179                                         |
| Land vehicles                                                                                        | 1,139                                   | 585                                     | 46                                | 1,770                                         |
| Railway rolling stock                                                                                | 2                                       | 10                                      | 0                                 | 12                                            |
| Aircraft                                                                                             | 6                                       | 19                                      | 0                                 | 25                                            |
| Ships (sea, lake and river and canal vessels)                                                        | 80                                      | 349                                     | 2                                 | 431                                           |
| Goods in transit                                                                                     | 29                                      | 210                                     | 9                                 | 248                                           |
| Fire and natural forces                                                                              | 1,810                                   | 2,011                                   | 106                               | 3,927                                         |
| Other damage to property                                                                             | 1,308                                   | 1,613                                   | 27                                | 2,948                                         |
| Motor vehicle liability                                                                              | 4,588                                   | 21,709                                  | 0                                 | 26,296                                        |
| Aircraft liability                                                                                   | 4                                       | 20                                      | 0                                 | 24                                            |
| Liability for ships (sea, lake and river and canal vessels)                                          | 14                                      | 85                                      | 0                                 | 99                                            |
| General liability                                                                                    | 1,121                                   | 12,272                                  | 4                                 | 13,397                                        |
| Credit                                                                                               | 172                                     | 105                                     | 9                                 | 286                                           |
| Suretyship                                                                                           | 550                                     | 1,103                                   | 0                                 | 1,653                                         |
| Miscellaneous financial loss                                                                         | 590                                     | 312                                     | 7                                 | 909                                           |
| Legal expenses                                                                                       | 130                                     | 424                                     | 0                                 | 554                                           |
| Assistance                                                                                           | 215                                     | 82                                      | 4                                 | 301                                           |
| <b>Total non-life classes</b>                                                                        | <b>14,080</b>                           | <b>44,003</b>                           | <b>374</b>                        | <b>58,458</b>                                 |

Table A11

| Life classes - Breakdown of the technical provisions of the Italian direct portfolio - Year 2015 |                |          |                |            |               |               |                |
|--------------------------------------------------------------------------------------------------|----------------|----------|----------------|------------|---------------|---------------|----------------|
| (million euro)                                                                                   |                |          |                |            |               |               |                |
| Technical provisions of the Italian direct portfolio                                             | Class I        | Class II | Class III      | Class IV   | Class V       | Class VI      | Total          |
| Mathematical provisions for pure premiums (including carryover premiums)                         | 412,150        | 0        | 142            | 82         | 27,027        | 29            | 439,430        |
| Provisions for health and professional extra premiums                                            | 22             | 0        | 0              | 0          | 0             | 0             | 22             |
| Additional provision for guaranteed interest rate risk                                           | 490            | 0        | 0              | 0          | 19            | 0             | 509            |
| Additional provision for time lag (rate reduction)                                               | 26             | 0        | 0              | 0          | 1             | 0             | 27             |
| Additional provision for demographic risk                                                        | 823            | 0        | 0              | 0          | 46            | 0             | 869            |
| Other additional provisions                                                                      | 342            | 0        | 0              | 0          | 6             | 0             | 347            |
| Additional provision as per Article 41 (4) of the CAP                                            | 0              | 0        | 504            | 0          | 0             | 62            | 566            |
| <b>Total mathematical provisions for class C.II.1</b>                                            | <b>413,853</b> | <b>0</b> | <b>647</b>     | <b>83</b>  | <b>27,098</b> | <b>91</b>     | <b>441,771</b> |
| Provision for future expenses (class C.II.5)                                                     | 1,268          | 0        | 88             | 3          | 85            | 7             | 1,451          |
| Additional provisions for general risks (class C.II.5)                                           | 28             | 0        | 0              | 0          | 0             | 0             | 28             |
| Other technical provisions (class C.II.5)                                                        | 0              | 0        | 0              | 0          | 0             | 0             | 0              |
| Provision for profit sharing and drawbacks (class C.II.4)                                        | 45             | 0        | 0              | 7          | 0             | 0             | 51             |
| Provision for amounts payable (class C.II.3)                                                     | 4,126          | 0        | 1,613          | 42         | 276           | 17            | 6,073          |
| Provision for complementary insurance premiums (class C.II.2)                                    | 78             | 0        | 2              | 0          | 0             | 0             | 80             |
| <b>Total technical provisions for class C</b>                                                    | <b>419,397</b> | <b>0</b> | <b>2,349</b>   | <b>134</b> | <b>27,459</b> | <b>116</b>    | <b>449,456</b> |
| Provisions class D.I products provided for in Article 41 (1) of the CAP                          | 0              | 0        | 102,635        | 0          | 0             | 0             | 102,635        |
| Provisions class D.I products provided for in Article 41 (2) of the CAP                          | 0              | 0        | 8,253          | 0          | 32            | 0             | 8,286          |
| <b>Total provisions class D.I linked to an index or fund or other reference values</b>           | <b>0</b>       | <b>0</b> | <b>110,888</b> | <b>0</b>   | <b>32</b>     | <b>0</b>      | <b>110,921</b> |
| <b>Total provisions class D.II relating to pension fund management</b>                           | <b>0</b>       | <b>0</b> | <b>0</b>       | <b>0</b>   | <b>0</b>      | <b>13,559</b> | <b>13,559</b>  |
| <b>TOTAL TECHNICAL PROVISIONS ITALIAN DIRECT BUSINESS</b>                                        | <b>419,397</b> | <b>0</b> | <b>113,238</b> | <b>134</b> | <b>27,491</b> | <b>13,675</b> | <b>573,936</b> |

Table A12

| Life classes - Breakdown of the technical provisions of the Italian direct portfolio - Year 2016 |                |          |                |            |               |               |                |
|--------------------------------------------------------------------------------------------------|----------------|----------|----------------|------------|---------------|---------------|----------------|
| (million euro)                                                                                   |                |          |                |            |               |               |                |
| Technical provisions of the Italian direct portfolio                                             | Class I        | Class II | Class III      | Class IV   | Class V       | Class VI      | Total          |
| Mathematical provisions for pure premiums (including carryover premiums)                         | 448,822        | 0        | 142            | 134        | 27,190        | 21            | 476,308        |
| Provisions for health and professional extra premiums                                            | 21             | 0        | 0              | 0          | 0             | 0             | 21             |
| Additional provision for guaranteed interest rate risk                                           | 476            | 0        | 0              | 0          | 24            | 0             | 501            |
| Additional provision for time lag (rate reduction)                                               | 40             | 0        | 0              | 0          | 1             | 0             | 41             |
| Additional provision for demographic risk                                                        | 810            | 0        | 5              | 0          | 58            | 0             | 873            |
| Other additional provisions                                                                      | 446            | 0        | 0              | 0          | 13            | 0             | 459            |
| Additional provisions as per Article 41 (4) of the CAP                                           | 0              | 0        | 550            | 0          | 0             | 59            | 610            |
| <b>Total mathematical provisions for class C.II.1</b>                                            | <b>450,614</b> | <b>0</b> | <b>697</b>     | <b>134</b> | <b>27,287</b> | <b>81</b>     | <b>478,813</b> |
| Provision for future expenses (class C.II.5)                                                     | 1,265          | 0        | 84             | 3          | 78            | 7             | 1,437          |
| Additional provisions for general risks (class C.II.5)                                           | 22             | 0        | 0              | 0          | 0             | 0             | 22             |
| Other technical provisions (class C.II.5)                                                        | 0              | 0        | 0              | 0          | 0             | 0             | 0              |
| Provision for bonuses and rebates (class C.II.4)                                                 | 46             | 0        | 0              | 7          | 0             | 0             | 53             |
| Provision for amounts payable (class C.II.3)                                                     | 3,096          | 0        | 1,372          | 9          | 230           | 18            | 4,725          |
| Provision for complementary insurance premiums (class C.II.2)                                    | 79             | 0        | 1              | 0          | 0             | 0             | 80             |
| <b>Total technical provisions for class C</b>                                                    | <b>455,122</b> | <b>0</b> | <b>2,154</b>   | <b>153</b> | <b>27,595</b> | <b>106</b>    | <b>485,129</b> |
| Provisions class D.I products provided for in Article 41 (1) of the CAP                          | 0              | 0        | 114,014        | 0          | 0             | 0             | 114,014        |
| Provisions class D.I products provided for in Article 41 (2) of the CAP                          | 0              | 0        | 7,017          | 0          | 26            | 0             | 7,043          |
| <b>Total provisions class D.I linked to an index or fund or other reference values</b>           | <b>0</b>       | <b>0</b> | <b>121,031</b> | <b>0</b>   | <b>26</b>     | <b>0</b>      | <b>121,057</b> |
| <b>Total provisions class D.II relating to pension fund management</b>                           | <b>0</b>       | <b>0</b> | <b>0</b>       | <b>0</b>   | <b>0</b>      | <b>14,778</b> | <b>14,778</b>  |
| <b>TOTAL TECHNICAL PROVISIONS ITALIAN DIRECT BUSINESS</b>                                        | <b>455,122</b> | <b>0</b> | <b>123,185</b> | <b>153</b> | <b>27,621</b> | <b>14,884</b> | <b>620,965</b> |



Table A13

## MOTOR LIABILITY - GROSS PREMIUMS AND CLAIMS (euro and percentage values)

| Province / Region            | Gross pre-<br>miums writ-<br>ten | Total<br>amount of<br>claims<br>handled,<br>net of<br>IBNR | Estimated<br>amount<br>of IBNR | Total<br>amount<br>of claims<br>handled,<br>gross of<br>IBNR | Premiums<br>net of<br>claims | Total<br>amount<br>of claims<br>handled,<br>net of<br>IBNR | Weight of<br>IBNR es-<br>timate on<br>the total<br>cost of<br>claims |
|------------------------------|----------------------------------|------------------------------------------------------------|--------------------------------|--------------------------------------------------------------|------------------------------|------------------------------------------------------------|----------------------------------------------------------------------|
| Turin                        | 410.7                            | 349.8                                                      | 27.0                           | 376.9                                                        | 33.8                         | 92.8%                                                      | 7.2%                                                                 |
| Cuneo                        | 85.6                             | 58.1                                                       | 4.5                            | 62.6                                                         | 23.0                         | 92.8%                                                      | 7.2%                                                                 |
| Alessandria                  | 65.2                             | 47.3                                                       | 5.0                            | 52.3                                                         | 12.9                         | 90.5%                                                      | 9.5%                                                                 |
| Novara                       | 47.8                             | 36.8                                                       | 1.7                            | 38.5                                                         | 9.3                          | 95.6%                                                      | 4.4%                                                                 |
| Asti                         | 32.0                             | 28.8                                                       | 1.8                            | 30.7                                                         | 1.3                          | 94.0%                                                      | 6.0%                                                                 |
| Vercelli                     | 30.4                             | 22.5                                                       | 1.3                            | 23.8                                                         | 6.6                          | 94.6%                                                      | 5.4%                                                                 |
| Biella                       | 24.8                             | 16.7                                                       | 1.9                            | 18.6                                                         | 6.2                          | 90.0%                                                      | 10.0%                                                                |
| Verbano-Cusio-Ossola         | 22.5                             | 12.6                                                       | 2.6                            | 15.1                                                         | 7.4                          | 83.1%                                                      | 16.9%                                                                |
| <b>PIEDMONT</b>              | <b>719.0</b>                     | <b>572.6</b>                                               | <b>45.7</b>                    | <b>618.3</b>                                                 | <b>100.7</b>                 | <b>92.6%</b>                                               | <b>7.4%</b>                                                          |
| Aosta                        | 29.8                             | 13.6                                                       | 1.5                            | 15.1                                                         | 14.7                         | 89.9%                                                      | 10.1%                                                                |
| <b>Valle D'Aosta</b>         | <b>29.8</b>                      | <b>13.6</b>                                                | <b>1.5</b>                     | <b>15.1</b>                                                  | <b>14.7</b>                  | <b>89.9%</b>                                               | <b>10.1%</b>                                                         |
| Genoa                        | 138.0                            | 103.2                                                      | 17.2                           | 120.4                                                        | 17.6                         | 85.7%                                                      | 14.3%                                                                |
| Savona                       | 45.9                             | 27.0                                                       | 3.1                            | 30.1                                                         | 15.8                         | 89.5%                                                      | 10.5%                                                                |
| La Spezia                    | 36.3                             | 26.8                                                       | 2.5                            | 29.3                                                         | 6.9                          | 91.5%                                                      | 8.5%                                                                 |
| Imperia                      | 27.4                             | 18.8                                                       | 1.9                            | 20.6                                                         | 6.7                          | 91.0%                                                      | 9.0%                                                                 |
| <b>LIGURIA</b>               | <b>247.6</b>                     | <b>175.8</b>                                               | <b>24.6</b>                    | <b>200.5</b>                                                 | <b>47.1</b>                  | <b>87.7%</b>                                               | <b>12.3%</b>                                                         |
| Milan                        | 532.9                            | 411.2                                                      | 35.5                           | 446.7                                                        | 86.2                         | 92.0%                                                      | 8.0%                                                                 |
| Brescia                      | 196.2                            | 130.2                                                      | 9.9                            | 140.1                                                        | 56.1                         | 92.9%                                                      | 7.1%                                                                 |
| Bergamo                      | 156.6                            | 106.2                                                      | 8.8                            | 114.9                                                        | 41.6                         | 92.4%                                                      | 7.6%                                                                 |
| Varese                       | 154.4                            | 103.4                                                      | 9.5                            | 112.9                                                        | 41.5                         | 91.6%                                                      | 8.4%                                                                 |
| Monza and Brianza            | 137.1                            | 96.1                                                       | 8.7                            | 104.8                                                        | 32.3                         | 91.7%                                                      | 8.3%                                                                 |
| Como                         | 96.2                             | 65.6                                                       | 4.7                            | 70.2                                                         | 26.0                         | 93.3%                                                      | 6.7%                                                                 |
| Pavia                        | 82.5                             | 51.7                                                       | 4.6                            | 56.4                                                         | 26.1                         | 91.8%                                                      | 8.2%                                                                 |
| Mantova                      | 66.3                             | 45.7                                                       | 2.8                            | 48.5                                                         | 17.7                         | 94.2%                                                      | 5.8%                                                                 |
| Cremona                      | 64.4                             | 40.2                                                       | 3.8                            | 44.1                                                         | 20.4                         | 91.3%                                                      | 8.7%                                                                 |
| Lecco                        | 52.6                             | 35.5                                                       | 4.4                            | 39.9                                                         | 12.7                         | 89.0%                                                      | 11.0%                                                                |
| Lodi                         | 36.2                             | 28.1                                                       | 2.0                            | 30.0                                                         | 6.2                          | 93.5%                                                      | 6.5%                                                                 |
| Sondrio                      | 29.5                             | 17.2                                                       | 2.8                            | 20.0                                                         | 9.5                          | 85.9%                                                      | 14.1%                                                                |
| <b>LOMBARDIA</b>             | <b>1,604.9</b>                   | <b>1,131.1</b>                                             | <b>97.6</b>                    | <b>1,228.7</b>                                               | <b>376.2</b>                 | <b>92.1%</b>                                               | <b>7.9%</b>                                                          |
| Trento                       | 82.8                             | 55.7                                                       | 5.0                            | 60.7                                                         | 22.1                         | 91.8%                                                      | 8.2%                                                                 |
| Bolzano                      | 73.7                             | 50.9                                                       | 4.0                            | 54.9                                                         | 18.8                         | 92.7%                                                      | 7.3%                                                                 |
| <b>TRENTINO-ALTO ADIGE</b>   | <b>156.5</b>                     | <b>106.7</b>                                               | <b>9.0</b>                     | <b>115.6</b>                                                 | <b>40.9</b>                  | <b>92.3%</b>                                               | <b>7.7%</b>                                                          |
| Padova                       | 167.1                            | 132.1                                                      | 8.4                            | 140.5                                                        | 26.5                         | 94.0%                                                      | 6.0%                                                                 |
| Treviso                      | 150.3                            | 126.4                                                      | 7.4                            | 133.8                                                        | 16.5                         | 94.5%                                                      | 5.5%                                                                 |
| Verona                       | 151.0                            | 114.0                                                      | 11.7                           | 125.7                                                        | 25.3                         | 90.7%                                                      | 9.3%                                                                 |
| Vicenza                      | 140.2                            | 107.4                                                      | 8.5                            | 116.0                                                        | 24.3                         | 92.6%                                                      | 7.4%                                                                 |
| Venice                       | 124.3                            | 98.5                                                       | 6.1                            | 104.5                                                        | 19.8                         | 94.2%                                                      | 5.8%                                                                 |
| Rovigo                       | 36.9                             | 27.8                                                       | 2.6                            | 30.5                                                         | 6.4                          | 91.3%                                                      | 8.7%                                                                 |
| Belluno                      | 30.2                             | 21.6                                                       | 2.7                            | 24.2                                                         | 6.0                          | 89.0%                                                      | 11.0%                                                                |
| <b>VENETO</b>                | <b>799.9</b>                     | <b>627.9</b>                                               | <b>47.4</b>                    | <b>675.2</b>                                                 | <b>124.7</b>                 | <b>93.0%</b>                                               | <b>7.0%</b>                                                          |
| Udine                        | 85.0                             | 58.6                                                       | 3.7                            | 62.3                                                         | 22.6                         | 94.1%                                                      | 5.9%                                                                 |
| Pordenone                    | 48.0                             | 40.9                                                       | 2.9                            | 43.8                                                         | 4.2                          | 93.4%                                                      | 6.6%                                                                 |
| Trieste                      | 36.9                             | 29.5                                                       | 2.5                            | 32.0                                                         | 4.9                          | 92.3%                                                      | 7.7%                                                                 |
| Gorizia                      | 18.9                             | 14.1                                                       | 2.0                            | 16.1                                                         | 2.8                          | 87.4%                                                      | 12.6%                                                                |
| <b>FRIULI-VENEZIA GIULIA</b> | <b>188.8</b>                     | <b>143.1</b>                                               | <b>11.1</b>                    | <b>154.2</b>                                                 | <b>34.6</b>                  | <b>92.8%</b>                                               | <b>7.2%</b>                                                          |
| Bologna                      | 183.8                            | 144.2                                                      | 9.9                            | 154.1                                                        | 29.7                         | 93.6%                                                      | 6.4%                                                                 |
| Modena                       | 124.2                            | 98.9                                                       | 7.4                            | 106.3                                                        | 17.9                         | 93.0%                                                      | 7.0%                                                                 |
| Reggio Emilia                | 91.5                             | 60.6                                                       | 4.2                            | 64.8                                                         | 26.7                         | 93.5%                                                      | 6.5%                                                                 |
| Ravenna                      | 79.2                             | 69.1                                                       | 4.7                            | 73.8                                                         | 5.4                          | 93.6%                                                      | 6.4%                                                                 |

(continue)

continued: Table A13

## MOTOR LIABILITY - GROSS PREMIUMS AND CLAIMS (euro and percentage values)

| Province / Region     | Gross pre-<br>miums writ-<br>ten | Total<br>amount of<br>claims<br>handled,<br>net of<br>IBNR | Estimated<br>amount of<br>IBNR | Total<br>amount of<br>claims<br>handled,<br>gross of<br>IBNR | Premiums<br>net of<br>claims | Total<br>amount of<br>claims<br>handled,<br>net of<br>IBNR | Weight of<br>IBNR es-<br>timate on<br>the total<br>cost of<br>claims |
|-----------------------|----------------------------------|------------------------------------------------------------|--------------------------------|--------------------------------------------------------------|------------------------------|------------------------------------------------------------|----------------------------------------------------------------------|
| Parma                 | 81.1                             | 59.8                                                       | 4.5                            | 64.2                                                         | 16.8                         | 93.0%                                                      | 7.0%                                                                 |
| Forlì-Cesena          | 72.7                             | 52.1                                                       | 5.3                            | 57.4                                                         | 15.3                         | 90.8%                                                      | 9.2%                                                                 |
| Rimini                | 58.5                             | 40.6                                                       | 4.4                            | 45.0                                                         | 13.6                         | 90.2%                                                      | 9.8%                                                                 |
| Ferrara               | 61.9                             | 45.5                                                       | 4.2                            | 49.8                                                         | 12.1                         | 91.5%                                                      | 8.5%                                                                 |
| Piacenza              | 49.5                             | 34.0                                                       | 2.0                            | 36.0                                                         | 13.4                         | 94.3%                                                      | 5.7%                                                                 |
| <b>EMILIA ROMAGNA</b> | <b>802.4</b>                     | <b>604.7</b>                                               | <b>46.7</b>                    | <b>651.4</b>                                                 | <b>151.0</b>                 | <b>92.8%</b>                                               | <b>7.2%</b>                                                          |
| Ancona                | 84.5                             | 79.6                                                       | 6.4                            | 85.9                                                         | -1.4                         | 92.6%                                                      | 7.4%                                                                 |
| Pesaro e Urbino       | 69.6                             | 52.6                                                       | 8.3                            | 60.9                                                         | 8.7                          | 86.3%                                                      | 13.7%                                                                |
| Macerata              | 60.4                             | 50.0                                                       | 3.5                            | 53.5                                                         | 7.0                          | 93.5%                                                      | 6.5%                                                                 |
| Ascoli Piceno         | 40.4                             | 29.4                                                       | 2.6                            | 31.9                                                         | 8.5                          | 92.0%                                                      | 8.0%                                                                 |
| Fermo                 | 26.9                             | 17.9                                                       | 1.6                            | 19.4                                                         | 7.5                          | 91.9%                                                      | 8.1%                                                                 |
| <b>MARCHE</b>         | <b>281.8</b>                     | <b>229.4</b>                                               | <b>22.3</b>                    | <b>251.7</b>                                                 | <b>30.1</b>                  | <b>91.1%</b>                                               | <b>8.9%</b>                                                          |
| Florence              | 203.3                            | 136.8                                                      | 11.6                           | 148.3                                                        | 55.0                         | 92.2%                                                      | 7.8%                                                                 |
| Pisa                  | 75.6                             | 57.3                                                       | 6.0                            | 63.3                                                         | 12.3                         | 90.5%                                                      | 9.5%                                                                 |
| Lucca                 | 77.3                             | 58.8                                                       | 4.0                            | 62.8                                                         | 14.4                         | 93.6%                                                      | 6.4%                                                                 |
| Arezzo                | 67.7                             | 51.5                                                       | 7.2                            | 58.8                                                         | 8.9                          | 87.7%                                                      | 12.3%                                                                |
| Pistoia               | 63.3                             | 45.8                                                       | 3.5                            | 49.3                                                         | 14.0                         | 92.8%                                                      | 7.2%                                                                 |
| Livorno               | 62.5                             | 50.6                                                       | 6.7                            | 57.3                                                         | 5.2                          | 88.3%                                                      | 11.7%                                                                |
| Prato                 | 58.2                             | 45.9                                                       | 4.1                            | 50.1                                                         | 8.1                          | 91.7%                                                      | 8.3%                                                                 |
| Siena                 | 43.2                             | 32.7                                                       | 3.3                            | 36.0                                                         | 7.2                          | 90.8%                                                      | 9.2%                                                                 |
| Massa-Carrara         | 36.5                             | 32.4                                                       | 2.4                            | 34.8                                                         | 1.7                          | 93.0%                                                      | 7.0%                                                                 |
| Grosseto              | 37.5                             | 30.4                                                       | 4.1                            | 34.4                                                         | 3.1                          | 88.2%                                                      | 11.8%                                                                |
| <b>TOSCANA</b>        | <b>725.2</b>                     | <b>542.2</b>                                               | <b>53.0</b>                    | <b>595.2</b>                                                 | <b>130.0</b>                 | <b>91.1%</b>                                               | <b>8.9%</b>                                                          |
| Perugia               | 118.4                            | 91.9                                                       | 10.3                           | 102.2                                                        | 16.2                         | 90.0%                                                      | 10.0%                                                                |
| Terni                 | 34.2                             | 27.1                                                       | 2.3                            | 29.3                                                         | 4.9                          | 92.3%                                                      | 7.7%                                                                 |
| <b>UMBRIA</b>         | <b>152.6</b>                     | <b>119.0</b>                                               | <b>12.5</b>                    | <b>131.5</b>                                                 | <b>21.1</b>                  | <b>90.5%</b>                                               | <b>9.5%</b>                                                          |
| Rome                  | 861.0                            | 664.5                                                      | 91.7                           | 756.2                                                        | 104.8                        | 87.9%                                                      | 12.1%                                                                |
| Latina                | 108.1                            | 81.2                                                       | 12.1                           | 93.2                                                         | 14.9                         | 87.0%                                                      | 13.0%                                                                |
| Frosinone             | 91.2                             | 65.7                                                       | 13.2                           | 78.9                                                         | 12.3                         | 83.3%                                                      | 16.7%                                                                |
| Viterbo               | 49.8                             | 36.7                                                       | 3.6                            | 40.2                                                         | 9.6                          | 91.2%                                                      | 8.8%                                                                 |
| Rieti                 | 27.8                             | 22.8                                                       | 2.6                            | 25.5                                                         | 2.3                          | 89.6%                                                      | 10.4%                                                                |
| <b>LAZIO</b>          | <b>1,137.9</b>                   | <b>870.8</b>                                               | <b>123.2</b>                   | <b>994.0</b>                                                 | <b>143.9</b>                 | <b>87.6%</b>                                               | <b>12.4%</b>                                                         |
| Naples                | 467.3                            | 275.7                                                      | 107.4                          | 383.1                                                        | 84.1                         | 72.0%                                                      | 28.0%                                                                |
| Salerno               | 177.2                            | 113.3                                                      | 19.1                           | 132.4                                                        | 44.9                         | 85.6%                                                      | 14.4%                                                                |
| Caserta               | 140.2                            | 87.1                                                       | 23.3                           | 110.4                                                        | 29.9                         | 78.9%                                                      | 21.1%                                                                |
| Avellino              | 65.6                             | 48.6                                                       | 7.3                            | 55.9                                                         | 9.7                          | 86.9%                                                      | 13.1%                                                                |
| Benevento             | 52.9                             | 34.7                                                       | 6.9                            | 41.6                                                         | 11.3                         | 83.3%                                                      | 16.7%                                                                |
| <b>CAMPANIA</b>       | <b>903.2</b>                     | <b>559.3</b>                                               | <b>164.1</b>                   | <b>723.4</b>                                                 | <b>179.8</b>                 | <b>77.3%</b>                                               | <b>22.7%</b>                                                         |
| Chieti                | 54.7                             | 36.4                                                       | 3.0                            | 39.3                                                         | 15.4                         | 92.4%                                                      | 7.6%                                                                 |
| Pescara               | 53.8                             | 42.1                                                       | 4.9                            | 47.1                                                         | 6.7                          | 89.5%                                                      | 10.5%                                                                |
| Teramo                | 47.3                             | 40.2                                                       | 3.2                            | 43.4                                                         | 3.9                          | 92.7%                                                      | 7.3%                                                                 |
| L'Aquila              | 48.8                             | 32.5                                                       | 2.4                            | 34.9                                                         | 13.9                         | 93.0%                                                      | 7.0%                                                                 |
| <b>ABRUZZO</b>        | <b>204.7</b>                     | <b>151.2</b>                                               | <b>13.5</b>                    | <b>164.7</b>                                                 | <b>39.9</b>                  | <b>91.8%</b>                                               | <b>8.2%</b>                                                          |
| Campobasso            | 31.7                             | 21.7                                                       | 3.1                            | 24.8                                                         | 6.9                          | 87.6%                                                      | 12.4%                                                                |
| Isernia               | 13.3                             | 9.1                                                        | 1.6                            | 10.7                                                         | 2.6                          | 85.5%                                                      | 14.5%                                                                |
| <b>MOLISE</b>         | <b>44.9</b>                      | <b>30.9</b>                                                | <b>4.6</b>                     | <b>35.5</b>                                                  | <b>9.4</b>                   | <b>87.0%</b>                                               | <b>13.0%</b>                                                         |
| Bari                  | 215.3                            | 157.8                                                      | 15.0                           | 172.9                                                        | 42.4                         | 91.3%                                                      | 8.7%                                                                 |
| Lecce                 | 127.5                            | 88.8                                                       | 8.0                            | 96.7                                                         | 30.7                         | 91.8%                                                      | 8.2%                                                                 |
| Taranto               | 97.5                             | 66.6                                                       | 6.0                            | 72.6                                                         | 25.0                         | 91.8%                                                      | 8.2%                                                                 |

(continue)

continued: Table A13

## MOTOR LIABILITY - GROSS PREMIUMS AND CLAIMS (euro and percentage values)

| Province / Region      | Gross pre-<br>miums writ-<br>ten | Total<br>amount of<br>claims<br>handled,<br>net of<br>IBNR | Estimated<br>amount<br>of IBNR | Total<br>amount<br>of claims<br>handled,<br>gross of<br>IBNR | Premiums<br>net of<br>claims | Total<br>amount of claims<br>handled,<br>net of<br>IBNR | Weight of<br>IBNR es-<br>timate on<br>the total<br>cost of<br>claims |
|------------------------|----------------------------------|------------------------------------------------------------|--------------------------------|--------------------------------------------------------------|------------------------------|---------------------------------------------------------|----------------------------------------------------------------------|
| Foggia                 | 93.9                             | 62.4                                                       | 8.1                            | 70.6                                                         | 23.3                         | 88.5%                                                   | 11.5%                                                                |
| Brindisi               | 65.2                             | 42.1                                                       | 4.5                            | 46.6                                                         | 18.5                         | 90.4%                                                   | 9.6%                                                                 |
| Barletta-Andria-Trani  | 58.1                             | 36.2                                                       | 4.6                            | 40.8                                                         | 17.3                         | 88.8%                                                   | 11.2%                                                                |
| <b>PUGLIA</b>          | <b>657.4</b>                     | <b>454.0</b>                                               | <b>46.2</b>                    | <b>500.2</b>                                                 | <b>157.2</b>                 | <b>90.8%</b>                                            | <b>9.2%</b>                                                          |
| Potenza                | 57.6                             | 41.1                                                       | 6.5                            | 47.5                                                         | 10.0                         | 86.4%                                                   | 13.6%                                                                |
| Matera                 | 36.1                             | 25.3                                                       | 3.0                            | 28.3                                                         | 7.8                          | 89.5%                                                   | 10.5%                                                                |
| <b>BASILICATA</b>      | <b>93.6</b>                      | <b>66.4</b>                                                | <b>9.4</b>                     | <b>75.8</b>                                                  | <b>17.8</b>                  | <b>87.5%</b>                                            | <b>12.5%</b>                                                         |
| Cosenza                | 107.6                            | 69.7                                                       | 8.3                            | 77.9                                                         | 29.7                         | 89.4%                                                   | 10.6%                                                                |
| Reggio Calabria        | 89.8                             | 49.8                                                       | 10.2                           | 60.0                                                         | 29.8                         | 83.1%                                                   | 16.9%                                                                |
| Catanzaro              | 69.0                             | 49.8                                                       | 3.6                            | 53.4                                                         | 15.6                         | 93.2%                                                   | 6.8%                                                                 |
| Vibo Valentia          | 23.2                             | 16.6                                                       | 1.3                            | 18.0                                                         | 5.2                          | 92.5%                                                   | 7.5%                                                                 |
| Crotone                | 22.2                             | 14.1                                                       | 1.8                            | 15.9                                                         | 6.3                          | 88.4%                                                   | 11.6%                                                                |
| <b>CALABRIA</b>        | <b>311.8</b>                     | <b>199.9</b>                                               | <b>25.3</b>                    | <b>225.2</b>                                                 | <b>86.6</b>                  | <b>88.8%</b>                                            | <b>11.2%</b>                                                         |
| Palermo                | 184.9                            | 138.5                                                      | 17.4                           | 155.9                                                        | 29.0                         | 88.8%                                                   | 11.2%                                                                |
| Catania                | 160.8                            | 99.7                                                       | 11.8                           | 111.5                                                        | 49.3                         | 89.4%                                                   | 10.6%                                                                |
| Messina                | 105.2                            | 60.7                                                       | 7.6                            | 68.3                                                         | 36.9                         | 88.9%                                                   | 11.1%                                                                |
| Trapani                | 65.7                             | 48.8                                                       | 4.6                            | 53.4                                                         | 12.4                         | 91.4%                                                   | 8.6%                                                                 |
| Siracusa               | 59.7                             | 35.6                                                       | 4.4                            | 40.0                                                         | 19.8                         | 89.0%                                                   | 11.0%                                                                |
| Agrigento              | 55.2                             | 40.4                                                       | 3.8                            | 44.2                                                         | 11.1                         | 91.5%                                                   | 8.5%                                                                 |
| Ragusa                 | 54.5                             | 32.6                                                       | 5.8                            | 38.4                                                         | 16.1                         | 84.9%                                                   | 15.1%                                                                |
| Caltanissetta          | 35.7                             | 24.5                                                       | 2.8                            | 27.3                                                         | 8.4                          | 89.8%                                                   | 10.2%                                                                |
| Enna                   | 22.6                             | 14.1                                                       | 1.2                            | 15.4                                                         | 7.2                          | 92.0%                                                   | 8.0%                                                                 |
| <b>SICILY</b>          | <b>744.3</b>                     | <b>494.9</b>                                               | <b>59.4</b>                    | <b>554.3</b>                                                 | <b>190.1</b>                 | <b>89.3%</b>                                            | <b>10.7%</b>                                                         |
| Cagliari               | 96.3                             | 73.9                                                       | 8.1                            | 82.0                                                         | 14.3                         | 90.1%                                                   | 9.9%                                                                 |
| Sassari                | 54.6                             | 37.3                                                       | 2.4                            | 39.8                                                         | 14.8                         | 93.9%                                                   | 6.1%                                                                 |
| Nuoro                  | 22.7                             | 12.7                                                       | 2.0                            | 14.7                                                         | 8.0                          | 86.7%                                                   | 13.3%                                                                |
| Olbia-Tempio           | 23.4                             | 14.1                                                       | 2.2                            | 16.3                                                         | 7.0                          | 86.3%                                                   | 13.7%                                                                |
| Oristano               | 22.9                             | 12.7                                                       | 1.5                            | 14.2                                                         | 8.7                          | 89.5%                                                   | 10.5%                                                                |
| Ogliastra              | 13.3                             | 9.1                                                        | 0.5                            | 9.5                                                          | 3.8                          | 95.2%                                                   | 4.8%                                                                 |
| Carbonia-Iglesias      | 17.0                             | 10.2                                                       | 1.3                            | 11.5                                                         | 5.5                          | 88.7%                                                   | 11.3%                                                                |
| Medio Campidano        | 15.0                             | 8.7                                                        | 0.5                            | 9.2                                                          | 5.8                          | 94.8%                                                   | 5.2%                                                                 |
| <b>SARDINIA</b>        | <b>265.1</b>                     | <b>178.6</b>                                               | <b>18.4</b>                    | <b>197.1</b>                                                 | <b>68.0</b>                  | <b>90.6%</b>                                            | <b>9.4%</b>                                                          |
| <b>All the regions</b> | <b>10,071.6</b>                  | <b>7,271.9</b>                                             | <b>835.7</b>                   | <b>8,107.5</b>                                               | <b>1,964.1</b>               | <b>89.7%</b>                                            | <b>10.3%</b>                                                         |
| <b>GRAND TOTAL (*)</b> | <b>10,101.2</b>                  | <b>7,292.6</b>                                             | <b>839.0</b>                   | <b>8,131.7</b>                                               | <b>1,969.6</b>               | <b>89.7%</b>                                            | <b>10.3%</b>                                                         |

(\*) Including general directions.

Table A14

## MOTOR LIABILITY - GROSS PREMIUMS AND CLAIMS (PERCENTAGE CHANGES 2016/2015)

(euro and percentage values)

| Province / Region            | Gross pre-<br>miums writ-<br>ten | Total amount of<br>claims handled,<br>net of IBNR | Estimated<br>amount of<br>IBNR | Total amount<br>of claims<br>handled,<br>gross of<br>IBNR | Premiums<br>net of claims |
|------------------------------|----------------------------------|---------------------------------------------------|--------------------------------|-----------------------------------------------------------|---------------------------|
| Turin                        | -3.3%                            | 3.4%                                              | -15.0%                         | 1.9%                                                      | -38.1%                    |
| Cuneo                        | -2.1%                            | -5.7%                                             | 8.4%                           | -4.8%                                                     | 6.2%                      |
| Alessandria                  | -4.6%                            | 3.8%                                              | 1.2%                           | 3.5%                                                      | -27.6%                    |
| Novara                       | -4.1%                            | 21.6%                                             | -33.8%                         | 17.3%                                                     | -45.3%                    |
| Asti                         | -2.1%                            | 27.2%                                             | -10.5%                         | 24.1%                                                     | -83.2%                    |
| Vercelli                     | -1.6%                            | 2.1%                                              | -45.3%                         | -2.5%                                                     | 1.7%                      |
| Biella                       | -4.0%                            | -12.9%                                            | 0.8%                           | -11.7%                                                    | 30.0%                     |
| Verbano-Cusio-Ossola         | -2.2%                            | -19.4%                                            | 57.3%                          | -12.2%                                                    | 27.0%                     |
| <b>PIEDMONT</b>              | <b>-3.2%</b>                     | <b>3.2%</b>                                       | <b>-10.8%</b>                  | <b>2.0%</b>                                               | <b>-26.2%</b>             |
| Aosta                        | 5.9%                             | -2.1%                                             | 9.9%                           | -1.0%                                                     | 14.1%                     |
| <b>VALLE D'AOSTA</b>         | <b>5.9%</b>                      | <b>-2.1%</b>                                      | <b>9.9%</b>                    | <b>-1.0%</b>                                              | <b>14.1%</b>              |
| Genoa                        | -1.6%                            | -2.5%                                             | 15.0%                          | -0.4%                                                     | -9.2%                     |
| Savona                       | -2.7%                            | -3.2%                                             | 7.6%                           | -2.2%                                                     | -3.5%                     |
| La Spezia                    | -2.5%                            | 4.1%                                              | 14.4%                          | 4.9%                                                      | -25.0%                    |
| Imperia                      | -2.8%                            | -20.0%                                            | -9.4%                          | -19.1%                                                    | 154.7%                    |
| <b>LIGURIA</b>               | <b>-2.1%</b>                     | <b>-3.9%</b>                                      | <b>11.7%</b>                   | <b>-2.2%</b>                                              | <b>-1.2%</b>              |
| Milan                        | -4.5%                            | 8.0%                                              | -15.5%                         | 5.6%                                                      | -36.2%                    |
| Brescia                      | -3.2%                            | -12.9%                                            | -24.3%                         | -13.8%                                                    | 39.4%                     |
| Bergamo                      | -3.2%                            | 1.8%                                              | -5.3%                          | 1.2%                                                      | -13.6%                    |
| Varese                       | -2.5%                            | -7.3%                                             | -8.5%                          | -7.4%                                                     | 13.9%                     |
| Monza and Brianza            | -1.3%                            | 8.3%                                              | 21.7%                          | 9.3%                                                      | -25.0%                    |
| Como                         | -2.6%                            | 0.4%                                              | -30.3%                         | -2.5%                                                     | -3.0%                     |
| Pavia                        | -3.2%                            | -11.2%                                            | -28.8%                         | -13.0%                                                    | 27.9%                     |
| Mantova                      | -0.3%                            | -2.1%                                             | -39.3%                         | -5.5%                                                     | 17.5%                     |
| Cremona                      | -0.5%                            | 3.0%                                              | -0.4%                          | 2.7%                                                      | -6.7%                     |
| Lecco                        | -1.1%                            | 2.1%                                              | 60.8%                          | 6.3%                                                      | -18.9%                    |
| Lodi                         | -2.2%                            | 39.0%                                             | -50.2%                         | 24.4%                                                     | -51.9%                    |
| Sondrio                      | -1.2%                            | -25.1%                                            | 117.1%                         | -17.5%                                                    | 70.4%                     |
| <b>LOMBARDIA</b>             | <b>-3.0%</b>                     | <b>0.8%</b>                                       | <b>-12.6%</b>                  | <b>-0.4%</b>                                              | <b>-10.7%</b>             |
| Trento                       | -2.8%                            | 1.6%                                              | -19.8%                         | -0.6%                                                     | -8.3%                     |
| Bolzano                      | 0.5%                             | 13.7%                                             | -0.7%                          | 12.5%                                                     | -23.3%                    |
| <b>TRENTINO-ALTO ADIGE</b>   | <b>-1.2%</b>                     | <b>7.0%</b>                                       | <b>-12.3%</b>                  | <b>5.2%</b>                                               | <b>-15.8%</b>             |
| Padova                       | -1.2%                            | 4.6%                                              | -29.0%                         | 1.8%                                                      | -14.4%                    |
| Treviso                      | -2.1%                            | 8.4%                                              | -13.9%                         | 6.9%                                                      | -41.8%                    |
| Verona                       | -1.7%                            | 15.8%                                             | 10.3%                          | 15.2%                                                     | -43.3%                    |
| Vicenza                      | -2.0%                            | 8.3%                                              | -1.3%                          | 7.5%                                                      | -31.2%                    |
| Venice                       | -4.9%                            | 6.5%                                              | -6.2%                          | 5.7%                                                      | -38.0%                    |
| Rovigo                       | 1.4%                             | 4.9%                                              | 41.1%                          | 7.3%                                                      | -19.7%                    |
| Belluno                      | -3.6%                            | -15.0%                                            | 68.0%                          | -10.2%                                                    | 37.2%                     |
| <b>VENETO</b>                | <b>-2.2%</b>                     | <b>7.3%</b>                                       | <b>-4.4%</b>                   | <b>6.4%</b>                                               | <b>-32.0%</b>             |
| Udine                        | -3.1%                            | 7.4%                                              | -32.7%                         | 3.7%                                                      | -17.9%                    |
| Pordenone                    | -0.6%                            | 29.6%                                             | 0.9%                           | 27.2%                                                     | -69.5%                    |
| Trieste                      | -4.6%                            | 9.2%                                              | -26.7%                         | 5.2%                                                      | -40.6%                    |
| Gorizia                      | -2.8%                            | -7.4%                                             | 27.8%                          | -4.1%                                                     | 5.5%                      |
| <b>FRIULI-VENEZIA GIULIA</b> | <b>-2.7%</b>                     | <b>11.5%</b>                                      | <b>-16.8%</b>                  | <b>8.8%</b>                                               | <b>-34.0%</b>             |
| Bologna                      | -2.5%                            | 6.0%                                              | -17.9%                         | 4.0%                                                      | -26.5%                    |
| Modena                       | -2.9%                            | -4.2%                                             | -14.5%                         | -5.0%                                                     | 11.4%                     |
| Reggio Emilia                | -3.0%                            | -18.4%                                            | -31.6%                         | -19.4%                                                    | 91.6%                     |
| Ravenna                      | -5.2%                            | 1.0%                                              | -29.1%                         | -1.7%                                                     | -36.0%                    |

(continue)

continued: Table A14

## MOTOR LIABILITY - GROSS PREMIUMS AND CLAIMS (PERCENTAGE CHANGES 2016/2015)

(euro and percentage values)

| Province / Region     | Gross pre-<br>miums writ-<br>ten | Total amount of<br>claims handled,<br>net of IBNR | Estimated<br>amount<br>of IBNR | Total amount of<br>claims handled,<br>gross of IBNR | Premiums<br>net of claims |
|-----------------------|----------------------------------|---------------------------------------------------|--------------------------------|-----------------------------------------------------|---------------------------|
| Parma                 | -1.2%                            | -4.6%                                             | -2.6%                          | -4.5%                                               | 13.5%                     |
| Forlì-Cesena          | -0.1%                            | 8.2%                                              | -11.1%                         | 6.0%                                                | -18.0%                    |
| Rimini                | -4.4%                            | -13.4%                                            | 10.2%                          | -11.6%                                              | 31.3%                     |
| Ferrara               | -1.6%                            | 2.6%                                              | -16.7%                         | 0.7%                                                | -9.8%                     |
| Piacenza              | -2.5%                            | 0.0%                                              | -24.4%                         | -1.8%                                               | -4.5%                     |
| <b>EMILIA ROMAGNA</b> | <b>-2.6%</b>                     | <b>-2.1%</b>                                      | <b>-16.5%</b>                  | <b>-3.3%</b>                                        | <b>0.5%</b>               |
| Ancona                | -5.5%                            | -1.6%                                             | 4.4%                           | -1.2%                                               | -157.5%                   |
| Pesaro e Urbino       | -3.0%                            | -3.0%                                             | 105.7%                         | 4.6%                                                | -35.7%                    |
| Macerata              | -4.3%                            | -10.9%                                            | -9.4%                          | -10.8%                                              | 117.0%                    |
| Ascoli Piceno         | -2.0%                            | 6.0%                                              | -13.0%                         | 4.1%                                                | -19.7%                    |
| Fermo                 | -8.5%                            | -15.8%                                            | -19.5%                         | -16.2%                                              | 20.1%                     |
| <b>MARCHE</b>         | <b>-4.4%</b>                     | <b>-4.5%</b>                                      | <b>18.2%</b>                   | <b>-2.8%</b>                                        | <b>-16.0%</b>             |
| Florence              | -6.5%                            | -7.4%                                             | -14.9%                         | -8.1%                                               | -2.2%                     |
| Pisa                  | -4.4%                            | -1.3%                                             | 14.4%                          | 0.0%                                                | -22.2%                    |
| Lucca                 | -4.4%                            | -11.4%                                            | -25.7%                         | -12.5%                                              | 60.6%                     |
| Arezzo                | -1.8%                            | 1.0%                                              | 45.4%                          | 5.0%                                                | -31.1%                    |
| Pistoia               | -5.9%                            | 7.7%                                              | -30.7%                         | 3.6%                                                | -28.9%                    |
| Livorno               | -1.1%                            | -11.9%                                            | 16.5%                          | -9.3%                                               | ::                        |
| Prato                 | -1.5%                            | 7.5%                                              | 7.3%                           | 7.4%                                                | -34.7%                    |
| Siena                 | -3.4%                            | 11.6%                                             | -30.4%                         | 5.7%                                                | -32.5%                    |
| Massa-Carrara         | -7.1%                            | 13.8%                                             | 5.8%                           | 13.2%                                               | -80.3%                    |
| Grosseto              | -5.4%                            | 3.6%                                              | 57.3%                          | 7.9%                                                | -60.3%                    |
| <b>TOSCANA</b>        | <b>-4.5%</b>                     | <b>-2.0%</b>                                      | <b>-1.1%</b>                   | <b>-1.9%</b>                                        | <b>-15.1%</b>             |
| Perugia               | -4.0%                            | -0.2%                                             | 12.0%                          | 0.9%                                                | -26.5%                    |
| Terni                 | -5.2%                            | -6.8%                                             | -18.1%                         | -7.8%                                               | 13.8%                     |
| <b>UMBRIA</b>         | <b>-4.3%</b>                     | <b>-1.8%</b>                                      | <b>5.0%</b>                    | <b>-1.2%</b>                                        | <b>-20.0%</b>             |
| Rome                  | -7.4%                            | 1.1%                                              | 2.9%                           | 1.3%                                                | -43.0%                    |
| Latina                | -9.0%                            | -8.0%                                             | -10.7%                         | -8.4%                                               | -12.5%                    |
| Frosinone             | -4.3%                            | 1.7%                                              | 94.5%                          | 10.5%                                               | -48.4%                    |
| Viterbo               | -4.8%                            | -15.7%                                            | -22.6%                         | -16.4%                                              | 129.6%                    |
| Rieti                 | -5.3%                            | -8.2%                                             | 11.3%                          | -6.5%                                               | 11.0%                     |
| <b>LAZIO</b>          | <b>-7.2%</b>                     | <b>-0.9%</b>                                      | <b>5.8%</b>                    | <b>-0.1%</b>                                        | <b>-37.7%</b>             |
| Naples                | -11.3%                           | -1.8%                                             | 2.0%                           | -0.8%                                               | -40.2%                    |
| Salerno               | -5.7%                            | 5.7%                                              | -8.7%                          | 3.3%                                                | -25.0%                    |
| Caserta               | -8.3%                            | 1.2%                                              | 14.0%                          | 3.7%                                                | -35.7%                    |
| Avellino              | -6.2%                            | 13.7%                                             | -19.3%                         | 7.9%                                                | -46.7%                    |
| Benevento             | -6.2%                            | -2.4%                                             | -6.0%                          | -3.0%                                               | -16.4%                    |
| <b>CAMPANIA</b>       | <b>-9.1%</b>                     | <b>1.3%</b>                                       | <b>0.6%</b>                    | <b>1.1%</b>                                         | <b>-35.4%</b>             |
| Chieti                | -5.7%                            | 0.1%                                              | -37.1%                         | -4.2%                                               | -9.4%                     |
| Pescara               | -6.9%                            | 6.5%                                              | 7.9%                           | 6.6%                                                | -50.8%                    |
| Teramo                | -6.8%                            | 7.2%                                              | -19.6%                         | 4.7%                                                | -57.6%                    |
| L'Aquila              | -3.5%                            | 11.6%                                             | -26.6%                         | 7.7%                                                | -23.4%                    |
| <b>ABRUZZO</b>        | <b>-5.7%</b>                     | <b>6.1%</b>                                       | <b>-18.5%</b>                  | <b>3.5%</b>                                         | <b>-31.2%</b>             |
| Campobasso            | -4.9%                            | -10.1%                                            | -24.7%                         | -12.2%                                              | 35.8%                     |
| Isernia               | -12.7%                           | -19.5%                                            | -3.7%                          | -17.5%                                              | 15.5%                     |
| <b>MOLISE</b>         | <b>-7.4%</b>                     | <b>-13.1%</b>                                     | <b>-18.7%</b>                  | <b>-13.9%</b>                                       | <b>29.6%</b>              |
| Bari                  | -7.9%                            | 19.3%                                             | -7.6%                          | 16.4%                                               | -50.3%                    |
| Lecce                 | -8.9%                            | -1.8%                                             | -21.3%                         | -3.8%                                               | -22.0%                    |
| Taranto               | -13.5%                           | 15.0%                                             | -30.4%                         | 9.2%                                                | -46.0%                    |
| Foggia                | -8.6%                            | -0.3%                                             | 10.7%                          | 0.9%                                                | -28.9%                    |

(continue)

continued: Table A14

**MOTOR LIABILITY - GROSS PREMIUMS AND CLAIMS (PERCENTAGE CHANGES 2016/2015)**  
(euro and percentage values)

| Province / Region      | Gross pre-<br>miums writ-<br>ten | Total amount of<br>claims handled,<br>net of IBNR | Estimated<br>amount of<br>IBNR | Total amount<br>of claims<br>handled,<br>gross of<br>IBNR | Premiums<br>net of claims |
|------------------------|----------------------------------|---------------------------------------------------|--------------------------------|-----------------------------------------------------------|---------------------------|
| Brindisi               | -12.8%                           | -5.5%                                             | 17.1%                          | -3.7%                                                     | -29.6%                    |
| Barletta-Andria-Trani  | -11.6%                           | 2.5%                                              | 17.8%                          | 4.0%                                                      | -34.7%                    |
| <b>PUGLIA</b>          | <b>-9.9%</b>                     | <b>7.3%</b>                                       | <b>-7.7%</b>                   | <b>5.7%</b>                                               | <b>-38.7%</b>             |
| Potenza                | -8.0%                            | -9.9%                                             | 13.0%                          | -7.4%                                                     | -10.9%                    |
| Matera                 | -5.6%                            | -13.2%                                            | 54.4%                          | -9.0%                                                     | 9.0%                      |
| <b>BASILICATA</b>      | <b>-7.1%</b>                     | <b>-11.2%</b>                                     | <b>23.4%</b>                   | <b>-8.0%</b>                                              | <b>-3.2%</b>              |
| Cosenza                | -7.2%                            | -1.1%                                             | 2.4%                           | -0.8%                                                     | -20.8%                    |
| Reggio Calabria        | -9.4%                            | -5.2%                                             | 23.6%                          | -1.3%                                                     | -22.3%                    |
| Catanzaro              | -8.9%                            | 15.4%                                             | -4.8%                          | 13.7%                                                     | -45.8%                    |
| Vibo Valentia          | -12.3%                           | 12.9%                                             | -37.4%                         | 6.5%                                                      | -45.4%                    |
| Crotone                | -6.4%                            | 3.2%                                              | -37.9%                         | -4.1%                                                     | -11.6%                    |
| <b>CALABRIA</b>        | <b>-8.6%</b>                     | <b>2.8%</b>                                       | <b>0.1%</b>                    | <b>2.5%</b>                                               | <b>-28.6%</b>             |
| Palermo                | -6.9%                            | 3.9%                                              | -9.7%                          | 2.2%                                                      | -37.0%                    |
| Catania                | -7.8%                            | -9.3%                                             | -7.1%                          | -9.1%                                                     | -4.8%                     |
| Messina                | -7.8%                            | -9.6%                                             | 7.4%                           | -7.9%                                                     | -7.7%                     |
| Trapani                | -5.8%                            | -1.1%                                             | -4.2%                          | -1.4%                                                     | -21.3%                    |
| Siracusa               | -8.2%                            | -13.0%                                            | 23.6%                          | -10.1%                                                    | -4.1%                     |
| Agrigento              | -8.8%                            | 6.9%                                              | 22.4%                          | 8.1%                                                      | -43.9%                    |
| Ragusa                 | -7.1%                            | -16.6%                                            | 24.1%                          | -12.2%                                                    | 8.2%                      |
| Caltanissetta          | -10.9%                           | -7.2%                                             | 5.5%                           | -6.0%                                                     | -23.7%                    |
| Enna                   | -9.2%                            | -28.8%                                            | -57.1%                         | -32.3%                                                    | 236.3%                    |
| <b>SICILY</b>          | <b>-7.7%</b>                     | <b>-5.5%</b>                                      | <b>-2.1%</b>                   | <b>-5.1%</b>                                              | <b>-14.3%</b>             |
| Cagliari               | -4.5%                            | 11.9%                                             | 37.7%                          | 14.0%                                                     | -50.6%                    |
| Sassari                | -9.3%                            | 16.9%                                             | -24.8%                         | 13.1%                                                     | -40.8%                    |
| Nuoro                  | -12.6%                           | -25.4%                                            | 0.3%                           | -22.8%                                                    | 15.4%                     |
| Olbia-Tempio           | -5.1%                            | -17.9%                                            | 77.6%                          | -11.4%                                                    | 13.7%                     |
| Oristano               | 1.7%                             | -28.5%                                            | -56.4%                         | -33.0%                                                    | 536.0%                    |
| Ogliastra              | -10.1%                           | -20.2%                                            | -24.6%                         | -20.4%                                                    | 33.2%                     |
| Carbonia-Iglesias      | -5.5%                            | -10.1%                                            | 65.0%                          | -5.2%                                                     | -6.2%                     |
| Medio Campidano        | -3.5%                            | -8.1%                                             | -30.4%                         | -9.6%                                                     | 8.3%                      |
| <b>SARDINIA</b>        | <b>-6.1%</b>                     | <b>-1.9%</b>                                      | <b>3.6%</b>                    | <b>-1.4%</b>                                              | <b>-17.6%</b>             |
| <b>All the regions</b> | <b>-5.3%</b>                     | <b>0.6%</b>                                       | <b>-3.2%</b>                   | <b>0.2%</b>                                               | <b>-22.8%</b>             |
| <b>GRAND TOTAL (*)</b> | <b>-5.2%</b>                     | <b>0.7%</b>                                       | <b>-3.1%</b>                   | <b>0.3%</b>                                               | <b>-22.6%</b>             |

(\*) Including general directions.

Table A15

**MOTOR LIABILITY - LOSS RATIO, FREQUENCY, AVERAGE COST, PREMIUM AND TOTAL LOADING**  
(euro and percentage values)

| Province / Region            | Loss Ratio gross of IBNR (proxy) | Claims frequency net of IBNR | Claims frequency gross of IBNR | Average cost of claims handled, net of IBNR | Average cost of claims handled, gross of IBNR | Average pure premium of claims handled, net of IBNR | Average pure premium of claims handled, gross of IBNR | Average premium paid (*) | Total loading on average premium paid |
|------------------------------|----------------------------------|------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|--------------------------|---------------------------------------|
| Turin                        | 91.8%                            | 7.8%                         | 8.3%                           | 3,783                                       | 3,801                                         | 294                                                 | 317                                                   | 345                      | 8.2%                                  |
| Cuneo                        | 73.1%                            | 5.3%                         | 5.6%                           | 3,499                                       | 3,574                                         | 186                                                 | 201                                                   | 274                      | 26.9%                                 |
| Alessandria                  | 80.2%                            | 5.8%                         | 6.1%                           | 3,602                                       | 3,763                                         | 208                                                 | 230                                                   | 287                      | 19.8%                                 |
| Novara                       | 80.5%                            | 5.5%                         | 5.8%                           | 3,837                                       | 3,823                                         | 210                                                 | 220                                                   | 273                      | 19.5%                                 |
| Asti                         | 95.8%                            | 5.9%                         | 6.2%                           | 4,208                                       | 4,215                                         | 248                                                 | 263                                                   | 275                      | 4.2%                                  |
| Vercelli                     | 78.3%                            | 5.0%                         | 5.2%                           | 3,942                                       | 3,962                                         | 196                                                 | 207                                                   | 265                      | 21.7%                                 |
| Biella                       | 75.0%                            | 5.8%                         | 6.2%                           | 3,029                                       | 3,167                                         | 176                                                 | 196                                                   | 261                      | 25.0%                                 |
| Verbano-Cusio-Ossola         | 67.0%                            | 5.3%                         | 5.5%                           | 2,833                                       | 3,281                                         | 150                                                 | 180                                                   | 269                      | 33.0%                                 |
| <b>PIEDMONT</b>              | <b>86.0%</b>                     | <b>6.7%</b>                  | <b>7.1%</b>                    | <b>3,711</b>                                | <b>3,762</b>                                  | <b>248</b>                                          | <b>267</b>                                            | <b>311</b>               | <b>14.0%</b>                          |
| Aosta                        | 50.6%                            | 3.7%                         | 3.9%                           | 3,588                                       | 3,737                                         | 132                                                 | 147                                                   | 291                      | 49.4%                                 |
| <b>VALLE D'AOSTA</b>         | <b>50.6%</b>                     | <b>3.7%</b>                  | <b>3.9%</b>                    | <b>3,588</b>                                | <b>3,737</b>                                  | <b>132</b>                                          | <b>147</b>                                            | <b>291</b>               | <b>49.4%</b>                          |
| Genoa                        | 87.2%                            | 9.0%                         | 9.9%                           | 3,156                                       | 3,337                                         | 283                                                 | 330                                                   | 378                      | 12.8%                                 |
| Savona                       | 65.6%                            | 6.3%                         | 6.7%                           | 2,985                                       | 3,137                                         | 187                                                 | 209                                                   | 318                      | 34.4%                                 |
| La Spezia                    | 80.8%                            | 6.9%                         | 7.4%                           | 4,106                                       | 4,198                                         | 285                                                 | 311                                                   | 385                      | 19.2%                                 |
| Imperia                      | 75.4%                            | 5.9%                         | 6.3%                           | 3,486                                       | 3,573                                         | 206                                                 | 227                                                   | 301                      | 24.6%                                 |
| <b>LIGURIA</b>               | <b>81.0%</b>                     | <b>7.7%</b>                  | <b>8.4%</b>                    | <b>3,276</b>                                | <b>3,430</b>                                  | <b>253</b>                                          | <b>289</b>                                            | <b>357</b>               | <b>19.0%</b>                          |
| Milan                        | 83.8%                            | 6.8%                         | 7.3%                           | 3,780                                       | 3,840                                         | 257                                                 | 279                                                   | 333                      | 16.2%                                 |
| Brescia                      | 71.4%                            | 6.1%                         | 6.4%                           | 3,414                                       | 3,505                                         | 207                                                 | 223                                                   | 312                      | 28.6%                                 |
| Bergamo                      | 73.4%                            | 5.9%                         | 6.1%                           | 3,475                                       | 3,588                                         | 204                                                 | 220                                                   | 300                      | 26.6%                                 |
| Varese                       | 73.1%                            | 6.2%                         | 6.5%                           | 3,508                                       | 3,647                                         | 217                                                 | 237                                                   | 324                      | 26.9%                                 |
| Monza and Brianza            | 76.4%                            | 6.9%                         | 7.3%                           | 3,297                                       | 3,393                                         | 227                                                 | 247                                                   | 323                      | 23.6%                                 |
| Como                         | 73.0%                            | 6.7%                         | 7.1%                           | 3,421                                       | 3,454                                         | 229                                                 | 246                                                   | 337                      | 27.0%                                 |
| Pavia                        | 68.3%                            | 5.8%                         | 6.1%                           | 3,447                                       | 3,540                                         | 199                                                 | 217                                                   | 318                      | 31.7%                                 |
| Mantova                      | 73.3%                            | 5.1%                         | 5.4%                           | 3,863                                       | 3,864                                         | 195                                                 | 207                                                   | 283                      | 26.7%                                 |
| Cremona                      | 68.4%                            | 5.3%                         | 5.6%                           | 3,579                                       | 3,705                                         | 191                                                 | 209                                                   | 306                      | 31.6%                                 |
| Lecco                        | 75.8%                            | 5.8%                         | 6.2%                           | 3,474                                       | 3,661                                         | 201                                                 | 226                                                   | 298                      | 24.2%                                 |
| Lodi                         | 82.8%                            | 5.6%                         | 6.0%                           | 4,433                                       | 4,420                                         | 249                                                 | 266                                                   | 321                      | 17.2%                                 |
| Sondrio                      | 67.9%                            | 4.9%                         | 5.1%                           | 3,502                                       | 3,894                                         | 171                                                 | 200                                                   | 294                      | 32.1%                                 |
| <b>LOMBARDIA</b>             | <b>76.6%</b>                     | <b>6.3%</b>                  | <b>6.6%</b>                    | <b>3,593</b>                                | <b>3,682</b>                                  | <b>225</b>                                          | <b>244</b>                                            | <b>319</b>               | <b>23.4%</b>                          |
| Trento                       | 73.3%                            | 5.1%                         | 5.4%                           | 3,838                                       | 3,947                                         | 195                                                 | 212                                                   | 290                      | 26.7%                                 |
| Bolzano                      | 74.5%                            | 5.0%                         | 5.3%                           | 4,203                                       | 4,281                                         | 209                                                 | 225                                                   | 302                      | 25.5%                                 |
| <b>TRENTINO-ALTO ADIGE</b>   | <b>73.9%</b>                     | <b>5.0%</b>                  | <b>5.3%</b>                    | <b>4,004</b>                                | <b>4,099</b>                                  | <b>201</b>                                          | <b>218</b>                                            | <b>295</b>               | <b>26.1%</b>                          |
| Padova                       | 84.1%                            | 5.3%                         | 5.6%                           | 4,955                                       | 4,943                                         | 262                                                 | 279                                                   | 331                      | 15.9%                                 |
| Treviso                      | 89.0%                            | 5.1%                         | 5.4%                           | 5,274                                       | 5,303                                         | 268                                                 | 284                                                   | 319                      | 11.0%                                 |
| Verona                       | 83.3%                            | 5.5%                         | 5.8%                           | 4,240                                       | 4,413                                         | 233                                                 | 257                                                   | 309                      | 16.7%                                 |
| Vicenza                      | 82.7%                            | 5.1%                         | 5.4%                           | 4,492                                       | 4,598                                         | 230                                                 | 248                                                   | 300                      | 17.3%                                 |
| Venice                       | 84.1%                            | 5.0%                         | 5.3%                           | 5,356                                       | 5,377                                         | 267                                                 | 283                                                   | 337                      | 15.9%                                 |
| Rovigo                       | 82.7%                            | 4.1%                         | 4.4%                           | 5,171                                       | 5,304                                         | 214                                                 | 235                                                   | 284                      | 17.3%                                 |
| Belluno                      | 80.2%                            | 4.6%                         | 4.9%                           | 4,125                                       | 4,387                                         | 190                                                 | 213                                                   | 266                      | 19.8%                                 |
| <b>VENETO</b>                | <b>84.4%</b>                     | <b>5.1%</b>                  | <b>5.4%</b>                    | <b>4,814</b>                                | <b>4,890</b>                                  | <b>247</b>                                          | <b>265</b>                                            | <b>314</b>               | <b>15.6%</b>                          |
| Udine                        | 73.4%                            | 4.6%                         | 4.8%                           | 4,066                                       | 4,110                                         | 186                                                 | 197                                                   | 269                      | 26.6%                                 |
| Pordenone                    | 91.2%                            | 4.4%                         | 4.6%                           | 5,234                                       | 5,324                                         | 229                                                 | 245                                                   | 269                      | 8.8%                                  |
| Trieste                      | 86.6%                            | 5.6%                         | 6.1%                           | 4,305                                       | 4,316                                         | 241                                                 | 261                                                   | 302                      | 13.4%                                 |
| Gorizia                      | 85.1%                            | 4.5%                         | 4.8%                           | 4,404                                       | 4,745                                         | 198                                                 | 227                                                   | 266                      | 14.9%                                 |
| <b>FRIULI-VENEZIA GIULIA</b> | <b>81.7%</b>                     | <b>4.7%</b>                  | <b>5.0%</b>                    | <b>4,433</b>                                | <b>4,510</b>                                  | <b>208</b>                                          | <b>224</b>                                            | <b>274</b>               | <b>18.3%</b>                          |
| Bologna                      | 83.8%                            | 6.2%                         | 6.6%                           | 4,769                                       | 4,828                                         | 298                                                 | 318                                                   | 380                      | 16.2%                                 |

(continue)



continued: Table A15

**MOTOR LIABILITY - LOSS RATIO, FREQUENCY, AVERAGE COST, PREMIUM AND TOTAL LOADING**  
(euro and percentage values)

| Province / Region     | Loss Ratio gross of IBNR (proxy) | Claims frequency net of IBNR | Claims frequency gross of IBNR | Average cost of claims handled, net of IBNR | Average cost of claims handled, gross of IBNR | Average pure premium of claims handled, net of IBNR | Average pure premium of claims handled, gross of IBNR | Average premium paid (*) | Total loading on average premium paid |
|-----------------------|----------------------------------|------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|--------------------------|---------------------------------------|
| Modena                | 85.6%                            | 6.0%                         | 6.3%                           | 4,395                                       | 4,484                                         | 264                                                 | 284                                                   | 332                      | 14.4%                                 |
| Reggio Emilia         | 70.8%                            | 5.8%                         | 6.2%                           | 3,864                                       | 3,900                                         | 226                                                 | 241                                                   | 341                      | 29.2%                                 |
| Ravenna               | 93.2%                            | 5.4%                         | 5.7%                           | 5,623                                       | 5,685                                         | 303                                                 | 324                                                   | 347                      | 6.8%                                  |
| Parma                 | 79.2%                            | 6.0%                         | 6.4%                           | 4,030                                       | 4,081                                         | 242                                                 | 261                                                   | 329                      | 20.8%                                 |
| Forlì-Cesena          | 78.9%                            | 5.1%                         | 5.5%                           | 4,595                                       | 4,774                                         | 236                                                 | 260                                                   | 330                      | 21.1%                                 |
| Rimini                | 76.8%                            | 5.8%                         | 6.3%                           | 4,357                                       | 4,450                                         | 251                                                 | 278                                                   | 362                      | 23.2%                                 |
| Ferrara               | 80.5%                            | 4.7%                         | 5.0%                           | 4,887                                       | 5,035                                         | 230                                                 | 252                                                   | 313                      | 19.5%                                 |
| Piacenza              | 72.8%                            | 6.0%                         | 6.3%                           | 3,740                                       | 3,765                                         | 224                                                 | 237                                                   | 326                      | 27.2%                                 |
| <b>EMILIA ROMAGNA</b> | <b>81.2%</b>                     | <b>5.8%</b>                  | <b>6.1%</b>                    | <b>4,493</b>                                | <b>4,570</b>                                  | <b>259</b>                                          | <b>279</b>                                            | <b>344</b>               | <b>18.8%</b>                          |
| Ancona                | 101.7%                           | 5.8%                         | 6.3%                           | 5,516                                       | 5,537                                         | 322                                                 | 347                                                   | 342                      | -1.7%                                 |
| Pesaro e Urbino       | 87.6%                            | 5.4%                         | 5.8%                           | 4,654                                       | 5,069                                         | 252                                                 | 292                                                   | 334                      | 12.4%                                 |
| Macerata              | 88.5%                            | 5.5%                         | 5.9%                           | 5,226                                       | 5,211                                         | 288                                                 | 308                                                   | 348                      | 11.5%                                 |
| Ascoli Piceno         | 79.0%                            | 5.4%                         | 5.8%                           | 4,203                                       | 4,237                                         | 226                                                 | 246                                                   | 311                      | 21.0%                                 |
| Fermo                 | 72.3%                            | 5.8%                         | 6.2%                           | 3,853                                       | 3,905                                         | 223                                                 | 242                                                   | 335                      | 27.7%                                 |
| <b>MARCHE</b>         | <b>89.3%</b>                     | <b>5.6%</b>                  | <b>6.0%</b>                    | <b>4,889</b>                                | <b>5,003</b>                                  | <b>273</b>                                          | <b>300</b>                                            | <b>336</b>               | <b>10.7%</b>                          |
| Florence              | 73.0%                            | 7.5%                         | 8.1%                           | 3,812                                       | 3,861                                         | 288                                                 | 312                                                   | 428                      | 27.0%                                 |
| Pisa                  | 83.7%                            | 6.5%                         | 7.1%                           | 4,615                                       | 4,730                                         | 302                                                 | 334                                                   | 399                      | 16.3%                                 |
| Lucca                 | 81.3%                            | 6.8%                         | 7.3%                           | 4,463                                       | 4,446                                         | 302                                                 | 322                                                   | 396                      | 18.7%                                 |
| Arezzo                | 86.9%                            | 5.8%                         | 6.3%                           | 4,293                                       | 4,505                                         | 251                                                 | 286                                                   | 329                      | 13.1%                                 |
| Pistoia               | 77.9%                            | 7.0%                         | 7.5%                           | 4,459                                       | 4,468                                         | 313                                                 | 337                                                   | 433                      | 22.1%                                 |
| Livorno               | 91.6%                            | 6.4%                         | 6.9%                           | 4,569                                       | 4,787                                         | 293                                                 | 332                                                   | 362                      | 8.4%                                  |
| Prato                 | 86.0%                            | 8.5%                         | 9.1%                           | 4,283                                       | 4,363                                         | 365                                                 | 398                                                   | 463                      | 14.0%                                 |
| Siena                 | 83.3%                            | 5.6%                         | 6.1%                           | 4,010                                       | 4,068                                         | 225                                                 | 248                                                   | 297                      | 16.7%                                 |
| Massa-Carrara         | 95.4%                            | 6.9%                         | 7.4%                           | 5,431                                       | 5,396                                         | 373                                                 | 402                                                   | 421                      | 4.6%                                  |
| Grosseto              | 91.8%                            | 5.6%                         | 6.1%                           | 4,552                                       | 4,749                                         | 255                                                 | 289                                                   | 315                      | 8.2%                                  |
| <b>TOSCANA</b>        | <b>82.1%</b>                     | <b>6.8%</b>                  | <b>7.3%</b>                    | <b>4,292</b>                                | <b>4,376</b>                                  | <b>291</b>                                          | <b>320</b>                                            | <b>390</b>               | <b>17.9%</b>                          |
| Perugia               | 86.3%                            | 6.0%                         | 6.4%                           | 3,949                                       | 4,142                                         | 238                                                 | 265                                                   | 307                      | 13.7%                                 |
| Terni                 | 85.7%                            | 5.8%                         | 6.2%                           | 4,252                                       | 4,319                                         | 246                                                 | 266                                                   | 310                      | 14.3%                                 |
| <b>UMBRIA</b>         | <b>86.2%</b>                     | <b>6.0%</b>                  | <b>6.3%</b>                    | <b>4,014</b>                                | <b>4,180</b>                                  | <b>240</b>                                          | <b>265</b>                                            | <b>308</b>               | <b>13.8%</b>                          |
| Rome                  | 87.8%                            | 7.8%                         | 8.6%                           | 3,997                                       | 4,123                                         | 313                                                 | 356                                                   | 406                      | 12.2%                                 |
| Latina                | 86.2%                            | 5.8%                         | 6.6%                           | 5,255                                       | 5,361                                         | 307                                                 | 352                                                   | 409                      | 13.8%                                 |
| Frosinone             | 86.5%                            | 5.3%                         | 5.9%                           | 4,754                                       | 5,133                                         | 252                                                 | 303                                                   | 350                      | 13.5%                                 |
| Viterbo               | 80.8%                            | 5.6%                         | 6.0%                           | 3,945                                       | 4,068                                         | 221                                                 | 242                                                   | 300                      | 19.2%                                 |
| Rieti                 | 91.7%                            | 6.3%                         | 7.0%                           | 4,526                                       | 4,604                                         | 287                                                 | 320                                                   | 349                      | 8.3%                                  |
| <b>LAZIO</b>          | <b>87.4%</b>                     | <b>7.3%</b>                  | <b>8.0%</b>                    | <b>4,150</b>                                | <b>4,292</b>                                  | <b>301</b>                                          | <b>344</b>                                            | <b>393</b>               | <b>12.6%</b>                          |
| Naples                | 82.0%                            | 8.4%                         | 11.0%                          | 3,632                                       | 3,849                                         | 305                                                 | 424                                                   | 518                      | 18.0%                                 |
| Salerno               | 74.7%                            | 5.8%                         | 6.8%                           | 4,358                                       | 4,409                                         | 255                                                 | 298                                                   | 399                      | 25.3%                                 |
| Caserta               | 78.7%                            | 6.4%                         | 7.8%                           | 4,416                                       | 4,569                                         | 283                                                 | 358                                                   | 455                      | 21.3%                                 |
| Avellino              | 85.3%                            | 5.0%                         | 6.0%                           | 4,996                                       | 4,848                                         | 252                                                 | 290                                                   | 340                      | 14.7%                                 |
| Benevento             | 78.7%                            | 5.7%                         | 6.6%                           | 4,058                                       | 4,215                                         | 230                                                 | 276                                                   | 351                      | 21.3%                                 |
| <b>CAMPANIA</b>       | <b>80.1%</b>                     | <b>7.0%</b>                  | <b>8.8%</b>                    | <b>3,998</b>                                | <b>4,131</b>                                  | <b>280</b>                                          | <b>362</b>                                            | <b>452</b>               | <b>19.9%</b>                          |
| Chieti                | 71.9%                            | 5.1%                         | 5.5%                           | 4,192                                       | 4,197                                         | 213                                                 | 231                                                   | 321                      | 28.1%                                 |
| Pescara               | 87.6%                            | 6.1%                         | 6.7%                           | 4,430                                       | 4,499                                         | 270                                                 | 301                                                   | 344                      | 12.4%                                 |
| Teramo                | 91.7%                            | 5.2%                         | 5.6%                           | 5,213                                       | 5,178                                         | 271                                                 | 293                                                   | 319                      | 8.3%                                  |
| L'Aquila              | 71.6%                            | 5.7%                         | 6.1%                           | 3,630                                       | 3,667                                         | 207                                                 | 223                                                   | 312                      | 28.4%                                 |
| <b>ABRUZZO</b>        | <b>80.5%</b>                     | <b>5.5%</b>                  | <b>6.0%</b>                    | <b>4,339</b>                                | <b>4,365</b>                                  | <b>239</b>                                          | <b>261</b>                                            | <b>324</b>               | <b>19.5%</b>                          |

(continue)



continued: Table A15

**MOTOR LIABILITY - LOSS RATIO, FREQUENCY, AVERAGE COST, PREMIUM AND TOTAL LOADING**  
(euro and percentage values)

| Province / Region       | Loss Ratio gross of IBNR (proxy) | Claims frequency net of IBNR | Claims frequency gross of IBNR | Average cost of claims handled, net of IBNR | Average cost of claims handled, gross of IBNR | Average pure premium of claims handled, net of IBNR | Average pure premium of claims handled, gross of IBNR | Average premium paid (*) | Total loading on average premium paid |
|-------------------------|----------------------------------|------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|--------------------------|---------------------------------------|
| Campobasso              | 78.3%                            | 4.9%                         | 5.5%                           | 3,643                                       | 3,754                                         | 180                                                 | 206                                                   | 262                      | 21.7%                                 |
| Isernia                 | 80.6%                            | 5.0%                         | 5.8%                           | 4,128                                       | 4,207                                         | 208                                                 | 243                                                   | 302                      | 19.4%                                 |
| <b>MOLISE</b>           | <b>79.0%</b>                     | <b>5.0%</b>                  | <b>5.6%</b>                    | <b>3,775</b>                                | <b>3,879</b>                                  | <b>188</b>                                          | <b>216</b>                                            | <b>273</b>               | <b>21.0%</b>                          |
| Bari                    | 80.3%                            | 5.8%                         | 6.3%                           | 4,735                                       | 4,771                                         | 276                                                 | 303                                                   | 377                      | 19.7%                                 |
| Lecce                   | 75.9%                            | 5.0%                         | 5.5%                           | 4,683                                       | 4,680                                         | 236                                                 | 258                                                   | 339                      | 24.1%                                 |
| Taranto                 | 74.4%                            | 5.4%                         | 5.9%                           | 5,237                                       | 5,154                                         | 280                                                 | 306                                                   | 411                      | 25.6%                                 |
| Foggia                  | 75.2%                            | 5.1%                         | 5.5%                           | 5,186                                       | 5,342                                         | 262                                                 | 296                                                   | 394                      | 24.8%                                 |
| Brindisi                | 71.6%                            | 5.2%                         | 5.7%                           | 4,935                                       | 4,998                                         | 256                                                 | 283                                                   | 396                      | 28.4%                                 |
| Barletta-Andria-Trani   | 70.3%                            | 5.8%                         | 6.3%                           | 3,881                                       | 4,043                                         | 225                                                 | 253                                                   | 360                      | 29.7%                                 |
| <b>PUGLIA</b>           | <b>76.1%</b>                     | <b>5.4%</b>                  | <b>5.9%</b>                    | <b>4,783</b>                                | <b>4,827</b>                                  | <b>260</b>                                          | <b>286</b>                                            | <b>376</b>               | <b>23.9%</b>                          |
| Potenza                 | 82.5%                            | 4.6%                         | 5.1%                           | 4,447                                       | 4,645                                         | 205                                                 | 237                                                   | 287                      | 17.5%                                 |
| Matera                  | 78.4%                            | 4.9%                         | 5.3%                           | 4,501                                       | 4,660                                         | 220                                                 | 246                                                   | 313                      | 21.6%                                 |
| <b>BASILICATA</b>       | <b>81.0%</b>                     | <b>4.7%</b>                  | <b>5.2%</b>                    | <b>4,468</b>                                | <b>4,651</b>                                  | <b>210</b>                                          | <b>240</b>                                            | <b>297</b>               | <b>19.0%</b>                          |
| Cosenza                 | 72.4%                            | 4.6%                         | 5.1%                           | 4,636                                       | 4,744                                         | 215                                                 | 240                                                   | 332                      | 27.6%                                 |
| Reggio Calabria         | 66.8%                            | 4.5%                         | 5.2%                           | 5,473                                       | 5,746                                         | 247                                                 | 298                                                   | 446                      | 33.2%                                 |
| Catanzaro               | 77.4%                            | 4.9%                         | 5.3%                           | 5,350                                       | 5,283                                         | 261                                                 | 280                                                   | 362                      | 22.6%                                 |
| Vibo Valentia           | 77.5%                            | 5.1%                         | 5.6%                           | 5,850                                       | 5,783                                         | 300                                                 | 325                                                   | 419                      | 22.5%                                 |
| Crotone                 | 71.5%                            | 5.1%                         | 5.7%                           | 5,309                                       | 5,313                                         | 270                                                 | 305                                                   | 427                      | 28.5%                                 |
| <b>CALABRIA</b>         | <b>72.2%</b>                     | <b>4.7%</b>                  | <b>5.2%</b>                    | <b>5,137</b>                                | <b>5,228</b>                                  | <b>243</b>                                          | <b>273</b>                                            | <b>379</b>               | <b>27.8%</b>                          |
| Palermo                 | 84.3%                            | 6.8%                         | 7.4%                           | 3,842                                       | 3,949                                         | 261                                                 | 294                                                   | 348                      | 15.7%                                 |
| Catania                 | 69.3%                            | 6.5%                         | 7.1%                           | 3,560                                       | 3,627                                         | 231                                                 | 259                                                   | 373                      | 30.7%                                 |
| Messina                 | 64.9%                            | 5.6%                         | 6.2%                           | 3,900                                       | 3,968                                         | 220                                                 | 247                                                   | 381                      | 35.1%                                 |
| Trapani                 | 81.2%                            | 6.4%                         | 6.9%                           | 3,861                                       | 3,950                                         | 248                                                 | 272                                                   | 335                      | 18.8%                                 |
| Siracusa                | 66.9%                            | 6.1%                         | 6.6%                           | 3,274                                       | 3,410                                         | 200                                                 | 225                                                   | 336                      | 33.1%                                 |
| Agrigento               | 80.0%                            | 5.0%                         | 5.3%                           | 4,548                                       | 4,642                                         | 227                                                 | 248                                                   | 310                      | 20.0%                                 |
| Ragusa                  | 70.5%                            | 6.2%                         | 6.6%                           | 3,206                                       | 3,533                                         | 198                                                 | 233                                                   | 330                      | 29.5%                                 |
| Caltanissetta           | 76.5%                            | 5.7%                         | 6.2%                           | 3,833                                       | 3,954                                         | 219                                                 | 244                                                   | 319                      | 23.5%                                 |
| Enna                    | 68.0%                            | 4.9%                         | 5.3%                           | 3,664                                       | 3,713                                         | 181                                                 | 196                                                   | 289                      | 32.0%                                 |
| <b>SICILY</b>           | <b>74.5%</b>                     | <b>6.2%</b>                  | <b>6.7%</b>                    | <b>3,737</b>                                | <b>3,847</b>                                  | <b>231</b>                                          | <b>258</b>                                            | <b>347</b>               | <b>25.5%</b>                          |
| Cagliari                | 85.1%                            | 7.0%                         | 7.5%                           | 3,658                                       | 3,820                                         | 257                                                 | 285                                                   | 334                      | 14.9%                                 |
| Sassari                 | 72.8%                            | 5.3%                         | 5.6%                           | 4,106                                       | 4,119                                         | 216                                                 | 230                                                   | 316                      | 27.2%                                 |
| Nuoro                   | 64.8%                            | 5.5%                         | 6.0%                           | 3,102                                       | 3,290                                         | 170                                                 | 196                                                   | 302                      | 35.2%                                 |
| Olbia-Tempio            | 69.9%                            | 5.3%                         | 5.6%                           | 3,448                                       | 3,748                                         | 181                                                 | 210                                                   | 301                      | 30.1%                                 |
| Oristano                | 61.8%                            | 4.9%                         | 5.3%                           | 3,265                                       | 3,365                                         | 159                                                 | 178                                                   | 287                      | 38.2%                                 |
| Ogliastra               | 71.4%                            | 5.7%                         | 6.0%                           | 3,492                                       | 3,497                                         | 200                                                 | 210                                                   | 295                      | 28.6%                                 |
| Carbonia-Iglesias       | 67.6%                            | 5.2%                         | 5.5%                           | 3,145                                       | 3,364                                         | 164                                                 | 185                                                   | 273                      | 32.4%                                 |
| Medio Campidano         | 61.3%                            | 5.5%                         | 5.8%                           | 2,900                                       | 2,908                                         | 160                                                 | 169                                                   | 275                      | 38.7%                                 |
| <b>SARDINIA</b>         | <b>74.3%</b>                     | <b>5.9%</b>                  | <b>6.3%</b>                    | <b>3,559</b>                                | <b>3,689</b>                                  | <b>209</b>                                          | <b>231</b>                                            | <b>310</b>               | <b>25.7%</b>                          |
| <b>All the regions</b>  | <b>80.5%</b>                     | <b>6.1%</b>                  | <b>6.7%</b>                    | <b>4,091</b>                                | <b>4,189</b>                                  | <b>251</b>                                          | <b>279</b>                                            | <b>347</b>               | <b>19.5%</b>                          |
| <b>GRAND TOTAL (**)</b> | <b>80.5%</b>                     | <b>6.1%</b>                  | <b>6.7%</b>                    | <b>4,089</b>                                | <b>4,187</b>                                  | <b>251</b>                                          | <b>280</b>                                            | <b>347</b>               | <b>19.5%</b>                          |

(\*) net of taxes and parafiscal charges.

(\*\*) Including general directions.

Table A16

## MOTOR LIABILITY - LOSS RATIO, FREQUENCY, AVERAGE COST, PREMIUM AND TOTAL LOADING

(percentage values 2016/2015)

| Province / Region            | Loss Ratio gross of IBNR (proxy) | Claims frequency net of IBNR | Claims frequency gross of IBNR | Average cost of claims handled, net of IBNR | Average cost of claims handled, gross of IBNR | Average pure premium of claims handled, net of IBNR | Average pure premium of claims handled, gross of IBNR | Average premium paid (*) | Total loading on average premium paid |
|------------------------------|----------------------------------|------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|--------------------------|---------------------------------------|
| Turin                        | 5.3%                             | 2.0%                         | 2.0%                           | -1.2%                                       | -2.7%                                         | 0.8%                                                | -0.7%                                                 | -5.7%                    | -36.0%                                |
| Cuneo                        | -2.8%                            | -2.5%                        | -2.6%                          | -8.3%                                       | -7.3%                                         | -10.6%                                              | -9.7%                                                 | -7.1%                    | 8.4%                                  |
| Alessandria                  | 8.5%                             | 6.5%                         | 4.7%                           | 3.5%                                        | 5.1%                                          | 10.3%                                               | 10.0%                                                 | 1.4%                     | -24.1%                                |
| Novara                       | 22.3%                            | -0.9%                        | -1.7%                          | 21.4%                                       | 18.0%                                         | 20.3%                                               | 16.0%                                                 | -5.1%                    | -43.0%                                |
| Asti                         | 26.8%                            | -3.0%                        | -2.9%                          | 27.3%                                       | 24.0%                                         | 23.5%                                               | 20.4%                                                 | -5.0%                    | -82.8%                                |
| Vercelli                     | -0.9%                            | -3.8%                        | -4.9%                          | 2.4%                                        | -1.0%                                         | -1.4%                                               | -5.8%                                                 | -5.0%                    | 3.3%                                  |
| Biella                       | -8.0%                            | -4.3%                        | -4.4%                          | -10.9%                                      | -9.5%                                         | -14.6%                                              | -13.5%                                                | -5.9%                    | 35.3%                                 |
| Verbano-Cusio-Ossola         | -10.2%                           | 1.5%                         | -0.8%                          | -19.5%                                      | -10.2%                                        | -18.3%                                              | -10.9%                                                | -0.8%                    | 29.9%                                 |
| <b>PIEDMONT</b>              | <b>5.3%</b>                      | <b>1.1%</b>                  | <b>0.8%</b>                    | <b>0.2%</b>                                 | <b>-0.7%</b>                                  | <b>1.3%</b>                                         | <b>0.1%</b>                                           | <b>-5.0%</b>             | <b>-23.7%</b>                         |
| Aosta                        | -6.6%                            | -8.1%                        | -9.9%                          | -0.3%                                       | 2.9%                                          | -8.3%                                               | -7.3%                                                 | -0.8%                    | 7.7%                                  |
| <b>VALLE D'AOSTA</b>         | <b>-6.6%</b>                     | <b>-8.1%</b>                 | <b>-9.9%</b>                   | <b>-0.3%</b>                                | <b>2.9%</b>                                   | <b>-8.3%</b>                                        | <b>-7.3%</b>                                          | <b>-0.8%</b>             | <b>7.7%</b>                           |
| Genoa                        | 1.2%                             | -2.0%                        | -1.9%                          | -1.6%                                       | 0.5%                                          | -3.6%                                               | -1.5%                                                 | -2.7%                    | -7.7%                                 |
| Savona                       | 0.5%                             | 3.9%                         | 3.6%                           | -6.4%                                       | -5.2%                                         | -2.8%                                               | -1.8%                                                 | -2.2%                    | -0.9%                                 |
| La Spezia                    | 7.6%                             | -0.2%                        | -0.7%                          | 0.7%                                        | 2.0%                                          | 0.5%                                                | 1.2%                                                  | -5.9%                    | -23.0%                                |
| Imperia                      | -16.8%                           | -2.6%                        | -2.6%                          | -16.2%                                      | -15.4%                                        | -18.4%                                              | -17.6%                                                | -1.0%                    | 162.1%                                |
| <b>LIGURIA</b>               | <b>-0.2%</b>                     | <b>-0.8%</b>                 | <b>-0.9%</b>                   | <b>-3.9%</b>                                | <b>-2.1%</b>                                  | <b>-4.6%</b>                                        | <b>-3.0%</b>                                          | <b>-2.8%</b>             | <b>0.8%</b>                           |
| Milan                        | 10.6%                            | 0.7%                         | 0.4%                           | 5.5%                                        | 3.5%                                          | 6.3%                                                | 4.0%                                                  | -6.0%                    | -33.2%                                |
| Brescia                      | -10.9%                           | 0.2%                         | -0.6%                          | -15.7%                                      | -15.9%                                        | -15.6%                                              | -16.5%                                                | -6.2%                    | 44.0%                                 |
| Bergamo                      | 4.6%                             | 3.6%                         | 2.8%                           | -1.6%                                       | -1.3%                                         | 2.0%                                                | 1.4%                                                  | -3.0%                    | -10.7%                                |
| Varese                       | -5.0%                            | 0.6%                         | -0.6%                          | -9.5%                                       | -8.4%                                         | -8.9%                                               | -9.0%                                                 | -4.2%                    | 16.8%                                 |
| Monza and Brianza            | 10.7%                            | 2.9%                         | 3.0%                           | 1.7%                                        | 2.5%                                          | 4.6%                                                | 5.6%                                                  | -4.6%                    | -24.0%                                |
| Como                         | 0.2%                             | 1.8%                         | 1.3%                           | -2.0%                                       | -4.4%                                         | -0.3%                                               | -3.1%                                                 | -3.3%                    | -0.4%                                 |
| Pavia                        | -10.1%                           | 2.4%                         | 2.2%                           | -12.3%                                      | -13.9%                                        | -10.2%                                              | -12.0%                                                | -2.1%                    | 32.1%                                 |
| Mantova                      | -5.2%                            | 0.0%                         | -1.1%                          | -5.8%                                       | -8.1%                                         | -5.8%                                               | -9.1%                                                 | -4.1%                    | 17.8%                                 |
| Cremona                      | 3.2%                             | 5.0%                         | 5.1%                           | -6.0%                                       | -6.3%                                         | -1.2%                                               | -1.5%                                                 | -4.6%                    | -6.2%                                 |
| Lecco                        | 7.5%                             | -1.4%                        | -0.3%                          | -2.1%                                       | 0.9%                                          | -3.5%                                               | 0.5%                                                  | -6.5%                    | -18.0%                                |
| Lodi                         | 27.2%                            | -1.4%                        | -0.8%                          | 35.1%                                       | 20.2%                                         | 33.3%                                               | 19.3%                                                 | -6.2%                    | -50.8%                                |
| Sondrio                      | -16.5%                           | -2.7%                        | -3.4%                          | -24.6%                                      | -16.3%                                        | -26.6%                                              | -19.1%                                                | -3.1%                    | 72.4%                                 |
| <b>LOMBARDIA</b>             | <b>2.7%</b>                      | <b>1.2%</b>                  | <b>0.8%</b>                    | <b>-2.4%</b>                                | <b>-3.1%</b>                                  | <b>-1.2%</b>                                        | <b>-2.4%</b>                                          | <b>-4.9%</b>             | <b>-7.9%</b>                          |
| Trento                       | 2.3%                             | 3.3%                         | 2.7%                           | -2.1%                                       | -3.6%                                         | 1.1%                                                | -1.0%                                                 | -3.2%                    | -5.7%                                 |
| Bolzano                      | 11.9%                            | -1.6%                        | -2.2%                          | 11.7%                                       | 11.2%                                         | 9.9%                                                | 8.8%                                                  | -2.8%                    | -23.7%                                |
| <b>TRENTINO-ALTO ADIGE</b>   | <b>6.6%</b>                      | <b>1.0%</b>                  | <b>0.4%</b>                    | <b>4.1%</b>                                 | <b>3.0%</b>                                   | <b>5.1%</b>                                         | <b>3.4%</b>                                           | <b>-3.0%</b>             | <b>-14.8%</b>                         |
| Padova                       | 3.0%                             | 3.6%                         | 1.9%                           | -0.1%                                       | -1.2%                                         | 3.5%                                                | 0.6%                                                  | -2.3%                    | -13.4%                                |
| Treviso                      | 9.2%                             | 3.9%                         | 2.1%                           | 3.5%                                        | 3.9%                                          | 7.6%                                                | 6.1%                                                  | -2.9%                    | -40.6%                                |
| Verona                       | 17.3%                            | 1.5%                         | 0.5%                           | 12.3%                                       | 12.9%                                         | 14.0%                                               | 13.4%                                                 | -3.3%                    | -42.3%                                |
| Vicenza                      | 9.7%                             | 2.0%                         | 0.8%                           | 5.4%                                        | 5.9%                                          | 7.5%                                                | 6.7%                                                  | -2.7%                    | -29.8%                                |
| Venice                       | 11.2%                            | 3.2%                         | 2.7%                           | 4.2%                                        | 3.9%                                          | 7.6%                                                | 6.7%                                                  | -4.0%                    | -34.7%                                |
| Rovigo                       | 5.8%                             | 1.1%                         | 0.7%                           | -0.9%                                       | 1.8%                                          | 0.2%                                                | 2.5%                                                  | -3.2%                    | -20.8%                                |
| Belluno                      | -6.8%                            | 2.8%                         | 2.2%                           | -16.5%                                      | -11.1%                                        | -14.1%                                              | -9.2%                                                 | -2.5%                    | 42.3%                                 |
| <b>VENETO</b>                | <b>8.8%</b>                      | <b>2.7%</b>                  | <b>1.5%</b>                    | <b>3.6%</b>                                 | <b>4.0%</b>                                   | <b>6.4%</b>                                         | <b>5.5%</b>                                           | <b>-3.0%</b>             | <b>-30.5%</b>                         |
| Udine                        | 7.0%                             | 5.3%                         | 2.9%                           | 5.4%                                        | 4.2%                                          | 11.1%                                               | 7.3%                                                  | 0.2%                     | -15.3%                                |
| Pordenone                    | 27.9%                            | 1.1%                         | 0.2%                           | 24.4%                                       | 23.2%                                         | 25.8%                                               | 23.4%                                                 | -3.5%                    | -69.3%                                |
| Trieste                      | 10.3%                            | 3.8%                         | 2.4%                           | 10.4%                                       | 7.8%                                          | 14.6%                                               | 10.4%                                                 | 0.1%                     | -37.8%                                |
| Gorizia                      | -1.4%                            | 5.3%                         | 4.3%                           | -11.7%                                      | -7.7%                                         | -7.0%                                               | -3.7%                                                 | -2.4%                    | 8.5%                                  |
| <b>FRIULI-VENEZIA GIULIA</b> | <b>11.9%</b>                     | <b>3.8%</b>                  | <b>2.1%</b>                    | <b>9.2%</b>                                 | <b>8.4%</b>                                   | <b>13.4%</b>                                        | <b>10.7%</b>                                          | <b>-1.1%</b>             | <b>-32.1%</b>                         |
| Bologna                      | 6.7%                             | 0.8%                         | 0.0%                           | 7.2%                                        | 6.1%                                          | 8.1%                                                | 6.1%                                                  | -0.6%                    | -24.6%                                |

(continue)

continued: Table A16

## MOTOR LIABILITY - LOSS RATIO, FREQUENCY, AVERAGE COST, PREMIUM AND TOTAL LOADING

(percentage values 2016/2015)

| Province / Region     | Loss Ratio gross of IBNR (proxy) | Claims frequency net of IBNR | Claims frequency gross of IBNR | Average cost of claims handled, net of IBNR | Average cost of claims handled, gross of IBNR | Average pure premium of claims handled, net of IBNR | Average pure premium of claims handled, gross of IBNR | Average premium paid (*) | Total loading on average premium paid |
|-----------------------|----------------------------------|------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|--------------------------|---------------------------------------|
| Modena                | -2.1%                            | -1.0%                        | -1.7%                          | -5.0%                                       | -5.1%                                         | -6.0%                                               | -6.8%                                                 | -4.7%                    | 14.8%                                 |
| Reggio Emilia         | -16.9%                           | -0.1%                        | -0.4%                          | -20.6%                                      | -21.4%                                        | -20.7%                                              | -21.7%                                                | -5.7%                    | 97.6%                                 |
| Ravenna               | 3.7%                             | 1.8%                         | 0.3%                           | 2.8%                                        | 1.6%                                          | 4.7%                                                | 1.9%                                                  | -1.7%                    | -32.6%                                |
| Parma                 | -3.3%                            | -0.2%                        | -0.3%                          | -5.3%                                       | -5.0%                                         | -5.5%                                               | -5.3%                                                 | -2.1%                    | 14.9%                                 |
| Forlì-Cesena          | 6.2%                             | 2.1%                         | -0.7%                          | 3.0%                                        | 3.9%                                          | 5.2%                                                | 3.1%                                                  | -2.9%                    | -17.9%                                |
| Rimini                | -7.6%                            | -0.6%                        | 1.0%                           | -13.6%                                      | -13.2%                                        | -14.2%                                              | -12.3%                                                | -5.2%                    | 37.3%                                 |
| Ferrara               | 2.3%                             | 0.6%                         | 0.0%                           | -0.5%                                       | -1.9%                                         | 0.0%                                                | -1.9%                                                 | -4.1%                    | -8.4%                                 |
| Piacenza              | 0.8%                             | 1.3%                         | -0.5%                          | -1.7%                                       | -1.7%                                         | -0.4%                                               | -2.2%                                                 | -2.9%                    | -2.0%                                 |
| <b>EMILIA ROMAGNA</b> | <b>-0.7%</b>                     | <b>0.3%</b>                  | <b>-0.4%</b>                   | <b>-3.0%</b>                                | <b>-3.4%</b>                                  | <b>-2.6%</b>                                        | <b>-3.8%</b>                                          | <b>-3.1%</b>             | <b>3.2%</b>                           |
| Ancona                | 4.5%                             | -2.0%                        | -2.0%                          | 1.7%                                        | 2.2%                                          | -0.3%                                               | 0.2%                                                  | -4.2%                    | -160.8%                               |
| Pesaro e Urbino       | 7.8%                             | 0.4%                         | 0.0%                           | -5.0%                                       | 2.9%                                          | -4.5%                                               | 2.9%                                                  | -4.5%                    | -33.7%                                |
| Macerata              | -6.8%                            | -2.6%                        | -3.2%                          | -10.4%                                      | -9.7%                                         | -12.7%                                              | -12.6%                                                | -6.3%                    | 126.7%                                |
| Ascoli Piceno         | 6.2%                             | 4.7%                         | 4.1%                           | -1.8%                                       | -2.9%                                         | 2.8%                                                | 1.1%                                                  | -4.9%                    | -18.1%                                |
| Fermo                 | -8.4%                            | 4.4%                         | 2.7%                           | -16.8%                                      | -15.8%                                        | -13.1%                                              | -13.4%                                                | -5.6%                    | 31.2%                                 |
| <b>MARCHE</b>         | <b>1.7%</b>                      | <b>0.0%</b>                  | <b>-0.5%</b>                   | <b>-5.0%</b>                                | <b>-2.9%</b>                                  | <b>-5.0%</b>                                        | <b>-3.4%</b>                                          | <b>-5.0%</b>             | <b>-12.1%</b>                         |
| Florence              | -1.6%                            | -0.1%                        | -0.5%                          | -7.3%                                       | -7.5%                                         | -7.3%                                               | -8.0%                                                 | -6.5%                    | 4.7%                                  |
| Pisa                  | 4.6%                             | -2.6%                        | -2.2%                          | 0.3%                                        | 1.3%                                          | -2.3%                                               | -1.0%                                                 | -5.4%                    | -18.6%                                |
| Lucca                 | -8.5%                            | 0.5%                         | -0.3%                          | -11.7%                                      | -12.1%                                        | -11.2%                                              | -12.3%                                                | -4.2%                    | 68.0%                                 |
| Arezzo                | 6.9%                             | 1.0%                         | 1.0%                           | -1.9%                                       | 2.0%                                          | -0.9%                                               | 3.0%                                                  | -3.6%                    | -29.8%                                |
| Pistoia               | 10.1%                            | 2.5%                         | 2.2%                           | 7.3%                                        | 3.4%                                          | 10.0%                                               | 5.8%                                                  | -4.0%                    | -24.4%                                |
| Livorno               | -8.4%                            | 3.3%                         | 3.8%                           | -16.7%                                      | -14.7%                                        | -13.9%                                              | -11.4%                                                | -3.3%                    | ::                                    |
| Prato                 | 9.0%                             | -0.3%                        | -0.7%                          | 4.0%                                        | 4.5%                                          | 3.7%                                                | 3.7%                                                  | -4.9%                    | -33.7%                                |
| Siena                 | 9.5%                             | 6.5%                         | 6.9%                           | 6.8%                                        | 0.9%                                          | 13.8%                                               | 7.8%                                                  | -1.5%                    | -30.1%                                |
| Massa-Carrara         | 21.9%                            | -3.2%                        | -3.6%                          | 18.8%                                       | 18.7%                                         | 15.0%                                               | 14.4%                                                 | -6.1%                    | -78.8%                                |
| Grosseto              | 14.1%                            | 3.6%                         | 4.9%                           | 1.5%                                        | 4.5%                                          | 5.2%                                                | 9.6%                                                  | -3.9%                    | -58.0%                                |
| <b>TOSCANA</b>        | <b>2.8%</b>                      | <b>0.8%</b>                  | <b>0.7%</b>                    | <b>-3.0%</b>                                | <b>-2.8%</b>                                  | <b>-2.2%</b>                                        | <b>-2.1%</b>                                          | <b>-4.8%</b>             | <b>-11.0%</b>                         |
| Perugia               | 5.1%                             | 12.5%                        | 10.7%                          | -4.6%                                       | -2.0%                                         | 7.4%                                                | 8.6%                                                  | 3.3%                     | -23.5%                                |
| Terni                 | -2.7%                            | 6.6%                         | 4.3%                           | -7.6%                                       | -6.5%                                         | -1.5%                                               | -2.5%                                                 | 0.2%                     | 20.1%                                 |
| <b>UMBRIA</b>         | <b>3.3%</b>                      | <b>11.2%</b>                 | <b>9.3%</b>                    | <b>-5.3%</b>                                | <b>-3.1%</b>                                  | <b>5.3%</b>                                         | <b>5.9%</b>                                           | <b>2.6%</b>              | <b>-16.4%</b>                         |
| Rome                  | 9.4%                             | -2.7%                        | -2.9%                          | 1.8%                                        | 2.2%                                          | -0.9%                                               | -0.7%                                                 | -9.3%                    | -38.4%                                |
| Latina                | 0.7%                             | -0.3%                        | -0.9%                          | -5.6%                                       | -5.5%                                         | -5.9%                                               | -6.3%                                                 | -6.9%                    | -3.9%                                 |
| Frosinone             | 15.5%                            | 0.8%                         | 0.7%                           | -0.7%                                       | 8.0%                                          | 0.1%                                                | 8.8%                                                  | -5.8%                    | -46.1%                                |
| Viterbo               | -12.2%                           | -0.2%                        | -2.0%                          | -15.9%                                      | -15.1%                                        | -16.1%                                              | -16.8%                                                | -5.2%                    | 141.1%                                |
| Rieti                 | -1.3%                            | -0.9%                        | -0.9%                          | -5.9%                                       | -4.2%                                         | -6.8%                                               | -5.1%                                                 | -3.9%                    | 17.1%                                 |
| <b>LAZIO</b>          | <b>7.6%</b>                      | <b>-2.0%</b>                 | <b>-2.3%</b>                   | <b>-0.2%</b>                                | <b>0.9%</b>                                   | <b>-2.2%</b>                                        | <b>-1.5%</b>                                          | <b>-8.4%</b>             | <b>-32.9%</b>                         |
| Naples                | 11.9%                            | 6.6%                         | 6.7%                           | -8.8%                                       | -7.9%                                         | -2.8%                                               | -1.8%                                                 | -12.2%                   | -32.5%                                |
| Salerno               | 9.6%                             | 5.8%                         | 5.5%                           | -6.0%                                       | -7.9%                                         | -0.6%                                               | -2.8%                                                 | -11.3%                   | -20.5%                                |
| Caserta               | 13.1%                            | 3.3%                         | 5.6%                           | -7.1%                                       | -6.9%                                         | -4.0%                                               | -1.7%                                                 | -13.0%                   | -29.9%                                |
| Avellino              | 15.1%                            | 5.4%                         | 6.0%                           | 2.3%                                        | -3.4%                                         | 7.8%                                                | 2.3%                                                  | -11.1%                   | -43.2%                                |
| Benevento             | 3.4%                             | 6.9%                         | 8.2%                           | -12.9%                                      | -14.5%                                        | -6.8%                                               | -7.4%                                                 | -10.5%                   | -10.9%                                |
| <b>CAMPANIA</b>       | <b>11.3%</b>                     | <b>5.5%</b>                  | <b>5.8%</b>                    | <b>-7.3%</b>                                | <b>-7.7%</b>                                  | <b>-2.2%</b>                                        | <b>-2.3%</b>                                          | <b>-12.2%</b>            | <b>-29.0%</b>                         |
| Chieti                | 1.6%                             | -4.4%                        | -4.6%                          | 4.6%                                        | 0.3%                                          | 0.0%                                                | -4.4%                                                 | -5.9%                    | -3.9%                                 |
| Pescara               | 14.5%                            | -3.3%                        | -3.1%                          | 4.8%                                        | 4.7%                                          | 1.4%                                                | 1.5%                                                  | -11.4%                   | -47.1%                                |
| Teramo                | 12.2%                            | 0.2%                         | 0.0%                           | 6.4%                                        | 4.0%                                          | 6.5%                                                | 4.0%                                                  | -7.3%                    | -54.5%                                |
| L'Aquila              | 11.6%                            | 2.3%                         | 0.2%                           | 9.4%                                        | 7.8%                                          | 11.9%                                               | 8.0%                                                  | -3.2%                    | -20.7%                                |
| <b>ABRUZZO</b>        | <b>9.9%</b>                      | <b>-1.3%</b>                 | <b>-1.9%</b>                   | <b>6.1%</b>                                 | <b>4.1%</b>                                   | <b>4.7%</b>                                         | <b>2.2%</b>                                           | <b>-7.0%</b>             | <b>-27.0%</b>                         |

(continue)

continued: Table A16

## MOTOR LIABILITY - LOSS RATIO, FREQUENCY, AVERAGE COST, PREMIUM AND TOTAL LOADING

(percentage values 2016/2015)

| Province / Region       | Loss Ratio gross of IBNR (proxy) | Claims frequency net of IBNR | Claims frequency gross of IBNR | Average cost of claims handled, net of IBNR | Average cost of claims handled, gross of IBNR | Average pure premium of claims handled, net of IBNR | Average pure premium of claims handled, gross of IBNR | Average premium paid (*) | Total loading on average premium paid |
|-------------------------|----------------------------------|------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|--------------------------|---------------------------------------|
| Campobasso              | -7.7%                            | 0.5%                         | -1.9%                          | -12.0%                                      | -12.0%                                        | -11.6%                                              | -13.6%                                                | -6.5%                    | 42.9%                                 |
| Isernia                 | -5.5%                            | 6.0%                         | 6.9%                           | -18.2%                                      | -17.0%                                        | -13.3%                                              | -11.2%                                                | -6.0%                    | 32.2%                                 |
| <b>MOLISE</b>           | <b>-7.0%</b>                     | <b>2.0%</b>                  | <b>0.5%</b>                    | <b>-14.1%</b>                               | <b>-13.6%</b>                                 | <b>-12.4%</b>                                       | <b>-13.2%</b>                                         | <b>-6.6%</b>             | <b>39.9%</b>                          |
| Bari                    | 26.4%                            | 4.0%                         | 3.3%                           | 11.4%                                       | 9.3%                                          | 15.8%                                               | 12.9%                                                 | -10.7%                   | -46.0%                                |
| Lecce                   | 5.6%                             | 1.8%                         | 0.3%                           | -6.6%                                       | -7.1%                                         | -4.9%                                               | -6.8%                                                 | -11.8%                   | -14.4%                                |
| Taranto                 | 26.2%                            | 3.1%                         | 1.9%                           | 11.9%                                       | 7.5%                                          | 15.4%                                               | 9.5%                                                  | -13.2%                   | -37.6%                                |
| Foggia                  | 10.4%                            | 4.2%                         | 2.3%                           | -8.7%                                       | -5.9%                                         | -4.8%                                               | -3.7%                                                 | -12.8%                   | -22.2%                                |
| Brindisi                | 10.5%                            | 6.0%                         | 5.1%                           | -10.5%                                      | -8.0%                                         | -5.1%                                               | -3.3%                                                 | -12.5%                   | -19.3%                                |
| Barletta-Andria-Trani   | 17.6%                            | 6.4%                         | 4.7%                           | -2.9%                                       | 0.1%                                          | 3.3%                                                | 4.8%                                                  | -10.9%                   | -26.1%                                |
| <b>PUGLIA</b>           | <b>17.3%</b>                     | <b>3.9%</b>                  | <b>2.7%</b>                    | <b>1.1%</b>                                 | <b>0.8%</b>                                   | <b>5.0%</b>                                         | <b>3.5%</b>                                           | <b>-11.8%</b>            | <b>-32.0%</b>                         |
| Potenza                 | 0.7%                             | 1.9%                         | 2.5%                           | -12.5%                                      | -10.6%                                        | -10.9%                                              | -8.4%                                                 | -9.0%                    | -3.1%                                 |
| Matera                  | -3.6%                            | -2.2%                        | -1.4%                          | -13.6%                                      | -10.1%                                        | -15.4%                                              | -11.4%                                                | -8.1%                    | 15.5%                                 |
| <b>BASILICATA</b>       | <b>-0.9%</b>                     | <b>0.3%</b>                  | <b>1.0%</b>                    | <b>-12.9%</b>                               | <b>-10.4%</b>                                 | <b>-12.7%</b>                                       | <b>-9.5%</b>                                          | <b>-8.6%</b>             | <b>4.2%</b>                           |
| Cosenza                 | 7.0%                             | -1.3%                        | -0.6%                          | -2.3%                                       | -2.7%                                         | -3.6%                                               | -3.2%                                                 | -9.6%                    | -14.6%                                |
| Reggio Calabria         | 9.0%                             | 0.5%                         | 2.0%                           | -5.5%                                       | -3.1%                                         | -5.0%                                               | -1.1%                                                 | -9.3%                    | -14.2%                                |
| Catanzaro               | 24.8%                            | 1.9%                         | 1.8%                           | 10.9%                                       | 9.4%                                          | 13.0%                                               | 11.4%                                                 | -10.7%                   | -40.5%                                |
| Vibo Valentia           | 21.4%                            | 3.1%                         | 1.8%                           | 12.2%                                       | 7.2%                                          | 15.7%                                               | 9.1%                                                  | -10.1%                   | -37.8%                                |
| Crotone                 | 2.4%                             | 1.4%                         | -0.6%                          | -4.8%                                       | -9.8%                                         | -3.4%                                               | -10.3%                                                | -12.4%                   | -5.6%                                 |
| <b>CALABRIA</b>         | <b>12.1%</b>                     | <b>0.4%</b>                  | <b>0.8%</b>                    | <b>0.7%</b>                                 | <b>0.0%</b>                                   | <b>1.1%</b>                                         | <b>0.8%</b>                                           | <b>-10.1%</b>            | <b>-21.9%</b>                         |
| Palermo                 | 9.7%                             | 0.0%                         | 0.3%                           | -0.3%                                       | -2.2%                                         | -0.3%                                               | -1.9%                                                 | -10.6%                   | -32.3%                                |
| Catania                 | -1.4%                            | 5.7%                         | 5.5%                           | -16.8%                                      | -16.4%                                        | -12.1%                                              | -11.9%                                                | -10.6%                   | 3.2%                                  |
| Messina                 | -0.1%                            | 3.4%                         | 3.2%                           | -14.4%                                      | -12.7%                                        | -11.5%                                              | -9.9%                                                 | -9.8%                    | 0.2%                                  |
| Trapani                 | 4.8%                             | 1.9%                         | 1.7%                           | -6.2%                                       | -6.3%                                         | -4.4%                                               | -4.7%                                                 | -9.0%                    | -16.4%                                |
| Siracusa                | -2.1%                            | 2.4%                         | 2.2%                           | -15.2%                                      | -12.2%                                        | -13.2%                                              | -10.2%                                                | -8.3%                    | 4.5%                                  |
| Agrigento               | 18.6%                            | 2.9%                         | 2.2%                           | 1.9%                                        | 3.7%                                          | 4.8%                                                | 5.9%                                                  | -10.6%                   | -38.5%                                |
| Ragusa                  | -5.6%                            | 2.0%                         | 1.7%                           | -20.9%                                      | -16.5%                                        | -19.3%                                              | -15.1%                                                | -10.1%                   | 16.4%                                 |
| Caltanissetta           | 5.4%                             | 1.9%                         | 1.4%                           | -9.9%                                       | -8.4%                                         | -8.2%                                               | -7.0%                                                 | -11.8%                   | -14.4%                                |
| Enna                    | -25.5%                           | 2.9%                         | 2.7%                           | -31.5%                                      | -34.8%                                        | -29.5%                                              | -33.0%                                                | -10.1%                   | 270.2%                                |
| <b>SICILY</b>           | <b>2.7%</b>                      | <b>2.6%</b>                  | <b>2.4%</b>                    | <b>-10.4%</b>                               | <b>-9.9%</b>                                  | <b>-8.1%</b>                                        | <b>-7.7%</b>                                          | <b>-10.2%</b>            | <b>-7.2%</b>                          |
| Cagliari                | 19.4%                            | -2.7%                        | -2.3%                          | 12.7%                                       | 14.3%                                         | 9.6%                                                | 11.7%                                                 | -6.4%                    | -48.2%                                |
| Sassari                 | 24.7%                            | -3.7%                        | -4.6%                          | 16.8%                                       | 14.0%                                         | 12.5%                                               | 8.8%                                                  | -12.8%                   | -34.7%                                |
| Nuoro                   | -11.6%                           | -7.7%                        | -6.6%                          | -14.7%                                      | -12.8%                                        | -21.3%                                              | -18.5%                                                | -7.7%                    | 32.0%                                 |
| Olbia-Tempio            | -6.7%                            | -4.1%                        | -3.9%                          | -17.4%                                      | -11.0%                                        | -20.8%                                              | -14.5%                                                | -8.4%                    | 19.8%                                 |
| Oristano                | -34.1%                           | -1.2%                        | 1.8%                           | -30.0%                                      | -36.3%                                        | -30.8%                                              | -35.2%                                                | -1.6%                    | 525.3%                                |
| Ogliastra               | -11.5%                           | -1.0%                        | -1.8%                          | -16.8%                                      | -16.4%                                        | -17.6%                                              | -17.9%                                                | -7.2%                    | 48.2%                                 |
| Carbonia-Iglesias       | 0.4%                             | 2.9%                         | 1.8%                           | -11.8%                                      | -6.0%                                         | -9.2%                                               | -4.3%                                                 | -4.6%                    | -0.7%                                 |
| Medio Campidano         | -6.4%                            | 7.1%                         | 6.6%                           | -16.7%                                      | -17.6%                                        | -10.8%                                              | -12.2%                                                | -6.2%                    | 12.1%                                 |
| <b>SARDINIA</b>         | <b>5.1%</b>                      | <b>-2.4%</b>                 | <b>-2.2%</b>                   | <b>-1.0%</b>                                | <b>-0.7%</b>                                  | <b>-3.4%</b>                                        | <b>-2.9%</b>                                          | <b>-7.6%</b>             | <b>-12.2%</b>                         |
| <b>All the regions</b>  | <b>5.8%</b>                      | <b>1.3%</b>                  | <b>1.0%</b>                    | <b>-2.0%</b>                                | <b>-2.1%</b>                                  | <b>-0.8%</b>                                        | <b>-1.2%</b>                                          | <b>-6.6%</b>             | <b>-18.5%</b>                         |
| <b>GRAND TOTAL (**)</b> | <b>5.8%</b>                      | <b>1.4%</b>                  | <b>1.0%</b>                    | <b>-2.1%</b>                                | <b>-2.1%</b>                                  | <b>-0.8%</b>                                        | <b>-1.2%</b>                                          | <b>-6.5%</b>             | <b>-18.4%</b>                         |

(\*) net of taxes and parafiscal charges.

(\*\*) Including general directions.

Table A17

## MOTOR LIABILITY - COMPOSITION OF CLAIMS MANAGED (percentage values)

| Province / Region            | PAID                 |                                 |             |                      |                                 |              | RESERVED (net of IBNR) |                                 |              |                      |                                 |              |
|------------------------------|----------------------|---------------------------------|-------------|----------------------|---------------------------------|--------------|------------------------|---------------------------------|--------------|----------------------|---------------------------------|--------------|
|                              | Numbers              |                                 |             | Amounts              |                                 |              | Numbers                |                                 |              | Amounts              |                                 |              |
|                              | Only personal injury | Only damage to vehicle/property | Both        | Only personal injury | Only damage to vehicle/property | Both         | Only personal injury   | Only damage to vehicle/property | Both         | Only personal injury | Only damage to vehicle/property | Both         |
| Turin                        | 1.0%                 | 93.4%                           | 5.6%        | 5.0%                 | 71.5%                           | 23.5%        | 6.3%                   | 64.4%                           | 29.3%        | 34.9%                | 24.2%                           | 40.9%        |
| Cuneo                        | 1.1%                 | 92.9%                           | 6.0%        | 4.1%                 | 74.1%                           | 21.9%        | 8.2%                   | 66.5%                           | 25.3%        | 34.7%                | 14.7%                           | 50.6%        |
| Alessandria                  | 1.4%                 | 92.7%                           | 5.9%        | 12.6%                | 68.1%                           | 19.2%        | 9.5%                   | 67.5%                           | 23.0%        | 40.1%                | 14.7%                           | 45.3%        |
| Novara                       | 1.1%                 | 93.5%                           | 5.4%        | 4.5%                 | 72.7%                           | 22.8%        | 8.8%                   | 65.1%                           | 26.0%        | 36.2%                | 13.1%                           | 50.7%        |
| Asti                         | 1.1%                 | 93.2%                           | 5.7%        | 9.4%                 | 69.8%                           | 20.8%        | 8.6%                   | 66.8%                           | 24.5%        | 35.0%                | 11.1%                           | 53.9%        |
| Vercelli                     | 1.0%                 | 93.0%                           | 6.0%        | 11.2%                | 69.3%                           | 19.5%        | 9.2%                   | 65.9%                           | 24.8%        | 36.7%                | 12.1%                           | 51.2%        |
| Biella                       | 1.1%                 | 94.0%                           | 4.8%        | 3.8%                 | 80.6%                           | 15.6%        | 6.8%                   | 70.9%                           | 22.4%        | 50.8%                | 21.3%                           | 27.9%        |
| Verbano-Cusio-Ossola         | 1.2%                 | 94.2%                           | 4.6%        | 5.1%                 | 74.8%                           | 20.1%        | 8.3%                   | 70.0%                           | 21.7%        | 31.7%                | 23.5%                           | 44.8%        |
| <b>PIEDMONT</b>              | <b>1.1%</b>          | <b>93.3%</b>                    | <b>5.7%</b> | <b>5.9%</b>          | <b>71.8%</b>                    | <b>22.3%</b> | <b>7.1%</b>            | <b>65.3%</b>                    | <b>27.6%</b> | <b>35.9%</b>         | <b>20.3%</b>                    | <b>43.8%</b> |
| Aosta                        | 1.1%                 | 94.7%                           | 4.2%        | 12.3%                | 72.5%                           | 15.2%        | 8.1%                   | 66.3%                           | 25.6%        | 32.1%                | 12.7%                           | 55.3%        |
| <b>VALLE D'AOSTA</b>         | <b>1.1%</b>          | <b>94.7%</b>                    | <b>4.2%</b> | <b>12.3%</b>         | <b>72.5%</b>                    | <b>15.2%</b> | <b>8.1%</b>            | <b>66.3%</b>                    | <b>25.6%</b> | <b>32.1%</b>         | <b>12.7%</b>                    | <b>55.3%</b> |
| Genoa                        | 1.0%                 | 95.6%                           | 3.4%        | 3.9%                 | 82.1%                           | 13.9%        | 5.8%                   | 79.4%                           | 14.8%        | 29.3%                | 33.5%                           | 37.2%        |
| Savona                       | 1.2%                 | 93.7%                           | 5.1%        | 5.8%                 | 74.0%                           | 20.2%        | 11.1%                  | 62.1%                           | 26.8%        | 40.0%                | 15.5%                           | 44.4%        |
| La Spezia                    | 1.4%                 | 91.4%                           | 7.2%        | 9.6%                 | 66.4%                           | 24.0%        | 11.4%                  | 61.5%                           | 27.1%        | 37.4%                | 17.0%                           | 45.6%        |
| Imperia                      | 1.0%                 | 93.5%                           | 5.4%        | 3.2%                 | 77.3%                           | 19.5%        | 8.7%                   | 69.3%                           | 22.0%        | 28.2%                | 15.9%                           | 55.8%        |
| <b>LIGURIA</b>               | <b>1.1%</b>          | <b>94.5%</b>                    | <b>4.4%</b> | <b>5.0%</b>          | <b>78.2%</b>                    | <b>16.8%</b> | <b>7.4%</b>            | <b>74.2%</b>                    | <b>18.4%</b> | <b>32.2%</b>         | <b>25.7%</b>                    | <b>42.2%</b> |
| Milan                        | 1.1%                 | 93.8%                           | 5.2%        | 8.5%                 | 70.1%                           | 21.5%        | 7.9%                   | 66.0%                           | 26.2%        | 34.5%                | 20.1%                           | 45.4%        |
| Brescia                      | 0.9%                 | 93.4%                           | 5.7%        | 8.4%                 | 72.4%                           | 19.2%        | 7.5%                   | 68.3%                           | 24.2%        | 43.8%                | 16.3%                           | 39.9%        |
| Bergamo                      | 1.0%                 | 92.6%                           | 6.4%        | 8.1%                 | 69.4%                           | 22.4%        | 7.7%                   | 65.4%                           | 27.0%        | 40.3%                | 16.2%                           | 43.5%        |
| Varese                       | 1.4%                 | 92.0%                           | 6.6%        | 6.8%                 | 65.1%                           | 28.2%        | 9.0%                   | 61.9%                           | 29.1%        | 32.4%                | 19.6%                           | 48.0%        |
| Monza and Brianza            | 1.3%                 | 92.2%                           | 6.5%        | 6.6%                 | 69.5%                           | 23.9%        | 9.3%                   | 63.0%                           | 27.7%        | 35.2%                | 18.2%                           | 46.6%        |
| Como                         | 1.6%                 | 92.5%                           | 5.9%        | 7.0%                 | 71.0%                           | 21.9%        | 9.2%                   | 65.0%                           | 25.7%        | 36.1%                | 20.8%                           | 43.1%        |
| Pavia                        | 1.4%                 | 91.5%                           | 7.1%        | 14.6%                | 62.6%                           | 22.9%        | 10.0%                  | 57.6%                           | 32.4%        | 40.5%                | 15.3%                           | 44.2%        |
| Mantova                      | 2.1%                 | 92.8%                           | 5.2%        | 8.0%                 | 73.1%                           | 18.8%        | 10.5%                  | 62.2%                           | 27.3%        | 33.3%                | 15.4%                           | 51.3%        |
| Cremona                      | 2.0%                 | 91.0%                           | 6.9%        | 8.5%                 | 68.3%                           | 23.3%        | 10.8%                  | 56.5%                           | 32.7%        | 20.3%                | 13.1%                           | 66.6%        |
| Lecco                        | 1.0%                 | 93.1%                           | 5.9%        | 4.2%                 | 73.9%                           | 21.9%        | 8.5%                   | 66.0%                           | 25.5%        | 48.3%                | 14.2%                           | 37.5%        |
| Lodi                         | 1.3%                 | 92.2%                           | 6.6%        | 7.2%                 | 62.5%                           | 30.3%        | 9.9%                   | 54.8%                           | 35.3%        | 38.2%                | 10.4%                           | 51.4%        |
| Sondrio                      | 0.9%                 | 93.5%                           | 5.6%        | 2.3%                 | 73.2%                           | 24.5%        | 9.7%                   | 61.8%                           | 28.5%        | 38.9%                | 18.1%                           | 43.0%        |
| <b>LOMBARDIA</b>             | <b>1.2%</b>          | <b>92.9%</b>                    | <b>5.9%</b> | <b>8.0%</b>          | <b>69.6%</b>                    | <b>22.4%</b> | <b>8.5%</b>            | <b>64.3%</b>                    | <b>27.2%</b> | <b>36.2%</b>         | <b>18.1%</b>                    | <b>45.7%</b> |
| Trento                       | 0.8%                 | 94.8%                           | 4.4%        | 9.3%                 | 72.3%                           | 18.4%        | 6.8%                   | 69.1%                           | 24.1%        | 26.1%                | 13.4%                           | 60.4%        |
| Bolzano                      | 1.3%                 | 95.2%                           | 3.5%        | 4.8%                 | 77.0%                           | 18.2%        | 8.9%                   | 73.8%                           | 17.3%        | 54.8%                | 19.6%                           | 25.6%        |
| <b>TRENTINO-ALTO ADIGE</b>   | <b>1.0%</b>          | <b>95.0%</b>                    | <b>4.0%</b> | <b>7.2%</b>          | <b>74.5%</b>                    | <b>18.3%</b> | <b>7.8%</b>            | <b>71.6%</b>                    | <b>20.6%</b> | <b>40.4%</b>         | <b>16.5%</b>                    | <b>43.1%</b> |
| Padova                       | 1.0%                 | 93.3%                           | 5.7%        | 5.4%                 | 63.8%                           | 30.8%        | 8.3%                   | 49.2%                           | 42.5%        | 28.6%                | 9.9%                            | 61.5%        |
| Treviso                      | 1.0%                 | 92.9%                           | 6.1%        | 4.9%                 | 63.1%                           | 32.0%        | 7.8%                   | 50.2%                           | 42.0%        | 30.3%                | 8.8%                            | 60.9%        |
| Verona                       | 1.5%                 | 92.0%                           | 6.5%        | 4.7%                 | 65.6%                           | 29.7%        | 8.4%                   | 62.0%                           | 29.6%        | 29.8%                | 12.0%                           | 58.2%        |
| Vicenza                      | 0.6%                 | 93.5%                           | 5.8%        | 6.0%                 | 71.1%                           | 22.9%        | 7.0%                   | 55.8%                           | 37.2%        | 30.8%                | 11.0%                           | 58.2%        |
| Venice                       | 1.0%                 | 92.2%                           | 6.8%        | 10.3%                | 56.3%                           | 33.3%        | 8.4%                   | 46.7%                           | 44.9%        | 33.7%                | 9.6%                            | 56.6%        |
| Rovigo                       | 1.5%                 | 92.4%                           | 6.1%        | 16.3%                | 57.0%                           | 26.6%        | 12.6%                  | 47.1%                           | 40.3%        | 26.5%                | 9.9%                            | 63.6%        |
| Belluno                      | 0.6%                 | 94.7%                           | 4.7%        | 2.7%                 | 71.1%                           | 26.1%        | 7.7%                   | 63.7%                           | 28.5%        | 28.8%                | 14.1%                           | 57.1%        |
| <b>VENETO</b>                | <b>1.0%</b>          | <b>92.9%</b>                    | <b>6.1%</b> | <b>6.4%</b>          | <b>64.1%</b>                    | <b>29.5%</b> | <b>8.2%</b>            | <b>52.9%</b>                    | <b>38.9%</b> | <b>30.3%</b>         | <b>10.3%</b>                    | <b>59.4%</b> |
| Udine                        | 0.9%                 | 93.5%                           | 5.5%        | 7.1%                 | 70.9%                           | 22.0%        | 8.4%                   | 59.1%                           | 32.5%        | 29.3%                | 12.4%                           | 58.3%        |
| Pordenone                    | 1.3%                 | 93.2%                           | 5.5%        | 13.7%                | 65.6%                           | 20.7%        | 8.7%                   | 58.7%                           | 32.5%        | 46.7%                | 8.9%                            | 44.4%        |
| Trieste                      | 0.7%                 | 95.2%                           | 4.1%        | 6.1%                 | 67.9%                           | 26.0%        | 8.2%                   | 62.8%                           | 29.0%        | 57.6%                | 11.5%                           | 30.9%        |
| Gorizia                      | 0.9%                 | 93.9%                           | 5.2%        | 5.9%                 | 74.4%                           | 19.6%        | 10.2%                  | 57.0%                           | 32.8%        | 42.3%                | 10.9%                           | 46.8%        |
| <b>FRIULI-VENEZIA GIULIA</b> | <b>1.0%</b>          | <b>93.8%</b>                    | <b>5.2%</b> | <b>8.5%</b>          | <b>69.3%</b>                    | <b>22.3%</b> | <b>8.6%</b>            | <b>59.6%</b>                    | <b>31.7%</b> | <b>41.9%</b>         | <b>11.0%</b>                    | <b>47.1%</b> |
| Bologna                      | 0.9%                 | 92.4%                           | 6.7%        | 11.4%                | 62.2%                           | 26.4%        | 8.0%                   | 56.5%                           | 35.5%        | 33.1%                | 11.4%                           | 55.6%        |
| Modena                       | 1.2%                 | 92.1%                           | 6.7%        | 6.7%                 | 68.5%                           | 24.8%        | 8.2%                   | 62.4%                           | 29.4%        | 26.2%                | 10.6%                           | 63.2%        |
| Reggio Emilia                | 1.0%                 | 91.9%                           | 7.0%        | 7.2%                 | 67.4%                           | 25.5%        | 7.8%                   | 62.4%                           | 29.8%        | 49.5%                | 13.5%                           | 37.1%        |
| Ravenna                      | 1.6%                 | 90.5%                           | 7.9%        | 9.6%                 | 63.2%                           | 27.1%        | 10.6%                  | 54.9%                           | 34.5%        | 42.9%                | 6.6%                            | 50.5%        |
| Parma                        | 1.8%                 | 92.0%                           | 6.2%        | 7.4%                 | 70.1%                           | 22.5%        | 9.8%                   | 62.6%                           | 27.5%        | 44.2%                | 12.8%                           | 43.0%        |
| Forlì-Cesena                 | 1.2%                 | 90.8%                           | 8.0%        | 11.4%                | 61.0%                           | 27.6%        | 8.3%                   | 52.5%                           | 39.2%        | 26.6%                | 7.9%                            | 65.5%        |

(continue)

continued: Table A17

## MOTOR LIABILITY - COMPOSITION OF CLAIMS MANAGED (percentage values)

| Province / Region     | PAID                 |                      |                      |                      |                      |                      |                      | RESERVED (net of IBNR)          |              |                      |                                 |              |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------------------|--------------|----------------------|---------------------------------|--------------|
|                       | Numbers              |                      |                      |                      | Numbers              |                      |                      |                                 | Numbers      |                      | Numbers                         |              |
|                       | Only personal injury | Only personal injury | Only personal injury | Only personal injury | Only personal injury | Only personal injury | Only personal injury | Only damage to vehicle/property | Both         | Only personal injury | Only damage to vehicle/property | Both         |
| Rimini                | 1.1%                 | 90.3%                | 8.6%                 | 5.8%                 | 59.0%                | 35.3%                | 9.8%                 | 47.0%                           | 43.2%        | 28.8%                | 9.6%                            | 61.7%        |
| Ferrara               | 1.3%                 | 91.7%                | 7.0%                 | 9.0%                 | 57.7%                | 33.3%                | 10.2%                | 49.9%                           | 40.0%        | 29.8%                | 8.1%                            | 62.1%        |
| Piacenza              | 1.9%                 | 91.0%                | 7.0%                 | 8.8%                 | 69.5%                | 21.7%                | 11.2%                | 60.6%                           | 28.2%        | 36.8%                | 13.2%                           | 49.9%        |
| <b>EMILIA ROMAGNA</b> | <b>1.3%</b>          | <b>91.7%</b>         | <b>7.1%</b>          | <b>8.9%</b>          | <b>64.5%</b>         | <b>26.7%</b>         | <b>8.9%</b>          | <b>57.4%</b>                    | <b>33.7%</b> | <b>34.9%</b>         | <b>10.4%</b>                    | <b>54.7%</b> |
| Ancona                | 1.4%                 | 89.8%                | 8.8%                 | 6.0%                 | 59.5%                | 34.5%                | 10.1%                | 48.0%                           | 41.9%        | 40.1%                | 7.9%                            | 52.0%        |
| Pesaro e Urbino       | 1.6%                 | 90.5%                | 7.9%                 | 7.1%                 | 63.1%                | 29.8%                | 10.2%                | 48.8%                           | 40.9%        | 32.6%                | 9.3%                            | 58.1%        |
| Macerata              | 1.7%                 | 89.5%                | 8.8%                 | 14.0%                | 56.8%                | 29.2%                | 11.1%                | 48.6%                           | 40.3%        | 52.7%                | 7.8%                            | 39.5%        |
| Ascoli Piceno         | 1.6%                 | 90.4%                | 8.1%                 | 12.8%                | 58.7%                | 28.5%                | 12.1%                | 52.0%                           | 35.8%        | 58.8%                | 9.5%                            | 31.7%        |
| Fermo                 | 1.3%                 | 89.7%                | 9.0%                 | 5.8%                 | 60.7%                | 33.5%                | 9.6%                 | 51.5%                           | 39.0%        | 30.5%                | 14.0%                           | 55.6%        |
| <b>MARCHE</b>         | <b>1.5%</b>          | <b>90.0%</b>         | <b>8.5%</b>          | <b>8.8%</b>          | <b>59.8%</b>         | <b>31.4%</b>         | <b>10.6%</b>         | <b>49.2%</b>                    | <b>40.2%</b> | <b>42.9%</b>         | <b>8.8%</b>                     | <b>48.3%</b> |
| Florence              | 0.9%                 | 93.3%                | 5.7%                 | 4.8%                 | 75.2%                | 20.0%                | 7.8%                 | 67.3%                           | 24.9%        | 34.8%                | 22.5%                           | 42.7%        |
| Pisa                  | 1.7%                 | 90.7%                | 7.6%                 | 8.1%                 | 64.3%                | 27.6%                | 10.7%                | 55.7%                           | 33.6%        | 37.0%                | 13.9%                           | 49.0%        |
| Lucca                 | 2.0%                 | 89.4%                | 8.6%                 | 14.3%                | 60.9%                | 24.8%                | 9.9%                 | 55.8%                           | 34.3%        | 40.6%                | 13.0%                           | 46.4%        |
| Arezzo                | 2.3%                 | 90.3%                | 7.4%                 | 12.0%                | 65.5%                | 22.5%                | 14.3%                | 56.0%                           | 29.7%        | 42.5%                | 11.0%                           | 46.4%        |
| Pistoia               | 1.9%                 | 90.1%                | 8.1%                 | 8.6%                 | 67.0%                | 24.3%                | 11.1%                | 57.7%                           | 31.2%        | 43.7%                | 17.2%                           | 39.1%        |
| Livorno               | 1.6%                 | 92.3%                | 6.1%                 | 8.5%                 | 68.0%                | 23.5%                | 11.4%                | 58.6%                           | 30.0%        | 47.7%                | 12.5%                           | 39.8%        |
| Prato                 | 1.4%                 | 91.9%                | 6.8%                 | 5.1%                 | 70.4%                | 24.5%                | 7.8%                 | 66.2%                           | 26.0%        | 38.4%                | 21.9%                           | 39.7%        |
| Siena                 | 1.3%                 | 92.5%                | 6.2%                 | 6.1%                 | 73.6%                | 20.3%                | 8.4%                 | 70.0%                           | 21.6%        | 43.0%                | 16.5%                           | 40.5%        |
| Massa-Carrara         | 2.3%                 | 89.6%                | 8.1%                 | 8.4%                 | 68.0%                | 23.6%                | 11.4%                | 56.2%                           | 32.4%        | 30.0%                | 12.5%                           | 57.5%        |
| Grosseto              | 1.1%                 | 93.4%                | 5.5%                 | 4.2%                 | 72.4%                | 23.4%                | 10.3%                | 60.9%                           | 28.8%        | 33.9%                | 11.5%                           | 54.6%        |
| <b>TOSCANA</b>        | <b>1.5%</b>          | <b>91.7%</b>         | <b>6.8%</b>          | <b>7.8%</b>          | <b>69.1%</b>         | <b>23.0%</b>         | <b>9.8%</b>          | <b>61.6%</b>                    | <b>28.6%</b> | <b>38.9%</b>         | <b>16.2%</b>                    | <b>44.9%</b> |
| Perugia               | 1.8%                 | 90.7%                | 7.5%                 | 13.1%                | 57.9%                | 29.0%                | 11.3%                | 52.8%                           | 36.0%        | 39.3%                | 13.4%                           | 47.3%        |
| Terni                 | 1.5%                 | 91.7%                | 6.8%                 | 9.3%                 | 65.7%                | 25.0%                | 12.4%                | 51.8%                           | 35.8%        | 55.7%                | 11.4%                           | 32.9%        |
| <b>UMBRIA</b>         | <b>1.8%</b>          | <b>90.9%</b>         | <b>7.4%</b>          | <b>12.4%</b>         | <b>59.4%</b>         | <b>28.2%</b>         | <b>11.5%</b>         | <b>52.5%</b>                    | <b>35.9%</b> | <b>43.7%</b>         | <b>12.9%</b>                    | <b>43.5%</b> |
| Rome                  | 0.9%                 | 94.8%                | 4.3%                 | 4.6%                 | 75.7%                | 19.7%                | 7.7%                 | 70.2%                           | 22.1%        | 35.0%                | 23.5%                           | 41.5%        |
| Latina                | 2.4%                 | 87.4%                | 10.2%                | 9.1%                 | 55.7%                | 35.3%                | 12.4%                | 53.3%                           | 34.3%        | 31.7%                | 12.5%                           | 55.7%        |
| Frosinone             | 2.2%                 | 88.6%                | 9.2%                 | 9.5%                 | 60.5%                | 30.0%                | 12.5%                | 52.9%                           | 34.5%        | 40.2%                | 11.6%                           | 48.2%        |
| Viterbo               | 1.6%                 | 94.1%                | 4.3%                 | 17.7%                | 66.1%                | 16.2%                | 12.0%                | 63.9%                           | 24.1%        | 39.5%                | 13.2%                           | 47.3%        |
| Rieti                 | 1.6%                 | 91.9%                | 6.5%                 | 5.6%                 | 70.0%                | 24.4%                | 10.3%                | 58.0%                           | 31.7%        | 43.7%                | 14.1%                           | 42.2%        |
| <b>LAZIO</b>          | <b>1.2%</b>          | <b>93.7%</b>         | <b>5.1%</b>          | <b>5.9%</b>          | <b>72.4%</b>         | <b>21.7%</b>         | <b>8.6%</b>          | <b>67.3%</b>                    | <b>24.1%</b> | <b>35.5%</b>         | <b>20.8%</b>                    | <b>43.7%</b> |
| Naples                | 0.9%                 | 94.4%                | 4.6%                 | 3.4%                 | 79.2%                | 17.3%                | 6.4%                 | 76.2%                           | 17.3%        | 25.0%                | 34.4%                           | 40.6%        |
| Salerno               | 3.2%                 | 85.7%                | 11.1%                | 9.7%                 | 57.4%                | 32.9%                | 13.0%                | 56.3%                           | 30.7%        | 39.5%                | 16.0%                           | 44.6%        |
| Caserta               | 2.7%                 | 88.7%                | 8.5%                 | 9.5%                 | 61.5%                | 29.0%                | 11.6%                | 63.0%                           | 25.4%        | 32.8%                | 22.3%                           | 45.0%        |
| Avellino              | 2.7%                 | 85.5%                | 11.8%                | 12.2%                | 53.3%                | 34.5%                | 13.4%                | 50.2%                           | 36.4%        | 37.2%                | 12.2%                           | 50.5%        |
| Benevento             | 2.4%                 | 87.1%                | 10.5%                | 6.5%                 | 64.3%                | 29.2%                | 11.0%                | 60.0%                           | 29.0%        | 33.1%                | 17.1%                           | 49.8%        |
| <b>CAMPANIA</b>       | <b>1.9%</b>          | <b>90.7%</b>         | <b>7.4%</b>          | <b>6.5%</b>          | <b>69.3%</b>         | <b>24.2%</b>         | <b>8.8%</b>          | <b>68.9%</b>                    | <b>22.3%</b> | <b>30.8%</b>         | <b>25.5%</b>                    | <b>43.6%</b> |
| Chieti                | 2.2%                 | 88.0%                | 9.8%                 | 8.1%                 | 60.7%                | 31.2%                | 11.8%                | 51.1%                           | 37.1%        | 35.0%                | 10.2%                           | 54.8%        |
| Pescara               | 2.0%                 | 86.6%                | 11.3%                | 9.7%                 | 52.6%                | 37.7%                | 11.3%                | 51.5%                           | 37.2%        | 23.6%                | 10.6%                           | 65.8%        |
| Teramo                | 2.1%                 | 88.5%                | 9.4%                 | 11.5%                | 54.4%                | 34.1%                | 12.3%                | 49.8%                           | 37.9%        | 20.9%                | 7.4%                            | 71.7%        |
| L'Aquila              | 2.7%                 | 89.9%                | 7.4%                 | 10.7%                | 60.7%                | 28.6%                | 14.5%                | 52.2%                           | 33.3%        | 30.9%                | 13.4%                           | 55.6%        |
| <b>ABRUZZO</b>        | <b>2.2%</b>          | <b>88.3%</b>         | <b>9.5%</b>          | <b>10.0%</b>         | <b>56.9%</b>         | <b>33.1%</b>         | <b>12.4%</b>         | <b>51.2%</b>                    | <b>36.4%</b> | <b>27.1%</b>         | <b>10.1%</b>                    | <b>62.8%</b> |
| Campobasso            | 2.0%                 | 91.1%                | 6.9%                 | 8.4%                 | 69.1%                | 22.5%                | 10.5%                | 60.9%                           | 28.5%        | 41.7%                | 15.8%                           | 42.5%        |
| Isernia               | 2.0%                 | 89.8%                | 8.2%                 | 5.0%                 | 53.1%                | 41.9%                | 10.0%                | 63.7%                           | 26.4%        | 45.9%                | 20.4%                           | 33.7%        |
| <b>MOLISE</b>         | <b>2.0%</b>          | <b>90.8%</b>         | <b>7.3%</b>          | <b>7.3%</b>          | <b>63.7%</b>         | <b>29.0%</b>         | <b>10.3%</b>         | <b>61.8%</b>                    | <b>27.8%</b> | <b>42.8%</b>         | <b>17.0%</b>                    | <b>40.1%</b> |
| Bari                  | 2.5%                 | 83.1%                | 14.4%                | 9.0%                 | 53.8%                | 37.1%                | 11.1%                | 54.5%                           | 34.4%        | 42.9%                | 10.5%                           | 46.6%        |
| Lecce                 | 2.0%                 | 83.6%                | 14.3%                | 8.9%                 | 53.0%                | 38.1%                | 8.8%                 | 49.6%                           | 41.6%        | 37.8%                | 10.3%                           | 51.9%        |
| Taranto               | 3.6%                 | 83.8%                | 12.6%                | 15.2%                | 49.1%                | 35.7%                | 13.5%                | 48.1%                           | 38.4%        | 32.0%                | 10.5%                           | 57.5%        |
| Foggia                | 2.3%                 | 84.7%                | 13.1%                | 9.2%                 | 52.9%                | 37.9%                | 16.3%                | 44.6%                           | 39.1%        | 42.0%                | 9.7%                            | 48.3%        |
| Brindisi              | 2.4%                 | 82.7%                | 14.9%                | 9.4%                 | 52.3%                | 38.3%                | 9.5%                 | 46.3%                           | 44.2%        | 33.5%                | 11.0%                           | 55.4%        |
| Barletta-Andria-Trani | 1.8%                 | 84.2%                | 14.0%                | 6.4%                 | 56.8%                | 36.8%                | 11.4%                | 52.6%                           | 36.0%        | 29.5%                | 12.8%                           | 57.6%        |
| <b>PUGLIA</b>         | <b>2.5%</b>          | <b>83.5%</b>         | <b>14.0%</b>         | <b>9.7%</b>          | <b>53.0%</b>         | <b>37.3%</b>         | <b>11.6%</b>         | <b>50.3%</b>                    | <b>38.1%</b> | <b>38.3%</b>         | <b>10.6%</b>                    | <b>51.1%</b> |
| Potenza               | 2.1%                 | 90.9%                | 7.1%                 | 22.1%                | 55.4%                | 22.6%                | 14.3%                | 51.2%                           | 34.5%        | 51.1%                | 11.2%                           | 37.7%        |
| Matera                | 2.1%                 | 90.2%                | 7.6%                 | 15.5%                | 61.6%                | 22.9%                | 13.7%                | 52.7%                           | 33.7%        | 40.3%                | 10.9%                           | 48.8%        |
| <b>BASILICATA</b>     | <b>2.1%</b>          | <b>90.6%</b>         | <b>7.3%</b>          | <b>19.6%</b>         | <b>57.7%</b>         | <b>22.7%</b>         | <b>14.1%</b>         | <b>51.7%</b>                    | <b>34.2%</b> | <b>46.9%</b>         | <b>11.1%</b>                    | <b>42.0%</b> |
| Cosenza               | 3.7%                 | 85.9%                | 10.4%                | 17.2%                | 53.6%                | 29.2%                | 18.8%                | 47.1%                           | 34.1%        | 47.7%                | 9.6%                            | 42.7%        |

(continue)

continued: Table A17

## MOTOR LIABILITY - COMPOSITION OF CLAIMS MANAGED (percentage values)

| Province / Region      | PAID                 |                                 |              |                      |                                 |              | RESERVED (net of IBNR) |                                 |              |                      |                                 |              |
|------------------------|----------------------|---------------------------------|--------------|----------------------|---------------------------------|--------------|------------------------|---------------------------------|--------------|----------------------|---------------------------------|--------------|
|                        | Numbers              |                                 |              | Amounts              |                                 |              | Numbers                |                                 |              | Amounts              |                                 |              |
|                        | Only personal injury | Only damage to vehicle/property | Both         | Only personal injury | Only damage to vehicle/property | Both         | Only personal injury   | Only damage to vehicle/property | Both         | Only personal injury | Only damage to vehicle/property | Both         |
| Reggio Calabria        | 3.5%                 | 88.4%                           | 8.1%         | 8.9%                 | 65.1%                           | 25.9%        | 22.5%                  | 46.0%                           | 31.6%        | 43.4%                | 11.3%                           | 45.3%        |
| Catanzaro              | 3.4%                 | 85.2%                           | 11.4%        | 10.6%                | 56.1%                           | 33.4%        | 18.9%                  | 46.6%                           | 34.6%        | 43.9%                | 7.3%                            | 48.7%        |
| Vibo Valentia          | 3.5%                 | 87.8%                           | 8.7%         | 10.0%                | 65.7%                           | 24.2%        | 22.9%                  | 45.2%                           | 31.9%        | 21.2%                | 8.0%                            | 70.8%        |
| Crotone                | 3.9%                 | 84.9%                           | 11.2%        | 9.3%                 | 63.5%                           | 27.1%        | 27.4%                  | 40.9%                           | 31.7%        | 57.2%                | 12.1%                           | 30.7%        |
| <b>CALABRIA</b>        | <b>3.6%</b>          | <b>86.4%</b>                    | <b>10.1%</b> | <b>12.4%</b>         | <b>58.8%</b>                    | <b>28.8%</b> | <b>20.8%</b>           | <b>46.0%</b>                    | <b>33.2%</b> | <b>44.0%</b>         | <b>9.5%</b>                     | <b>46.5%</b> |
| Palermo                | 1.8%                 | 92.2%                           | 6.0%         | 8.5%                 | 63.6%                           | 27.9%        | 12.4%                  | 62.2%                           | 25.4%        | 38.6%                | 16.2%                           | 45.1%        |
| Catania                | 2.1%                 | 88.9%                           | 9.0%         | 9.6%                 | 60.0%                           | 30.4%        | 13.5%                  | 55.6%                           | 31.0%        | 38.5%                | 13.3%                           | 48.2%        |
| Messina                | 2.7%                 | 87.6%                           | 9.7%         | 10.2%                | 57.6%                           | 32.2%        | 14.6%                  | 51.6%                           | 33.7%        | 46.4%                | 13.7%                           | 39.9%        |
| Trapani                | 1.7%                 | 89.8%                           | 8.5%         | 8.7%                 | 61.8%                           | 29.6%        | 10.9%                  | 54.9%                           | 34.2%        | 47.2%                | 10.6%                           | 42.2%        |
| Siracusa               | 1.6%                 | 89.7%                           | 8.6%         | 7.9%                 | 60.6%                           | 31.5%        | 8.2%                   | 56.9%                           | 34.8%        | 28.7%                | 14.7%                           | 56.6%        |
| Agrigento              | 2.3%                 | 90.4%                           | 7.3%         | 13.3%                | 61.2%                           | 25.5%        | 14.5%                  | 54.9%                           | 30.5%        | 54.3%                | 10.7%                           | 35.0%        |
| Ragusa                 | 1.4%                 | 88.8%                           | 9.8%         | 5.6%                 | 63.9%                           | 30.5%        | 7.9%                   | 59.2%                           | 32.9%        | 25.3%                | 15.4%                           | 59.3%        |
| Caltanissetta          | 2.5%                 | 89.4%                           | 8.1%         | 6.4%                 | 61.8%                           | 31.8%        | 11.6%                  | 54.3%                           | 34.1%        | 20.1%                | 12.6%                           | 67.3%        |
| Enna                   | 1.0%                 | 91.1%                           | 7.9%         | 6.8%                 | 65.3%                           | 27.9%        | 11.3%                  | 53.0%                           | 35.6%        | 41.8%                | 12.0%                           | 46.2%        |
| <b>SICILY</b>          | <b>2.0%</b>          | <b>90.0%</b>                    | <b>8.0%</b>  | <b>8.9%</b>          | <b>61.5%</b>                    | <b>29.6%</b> | <b>12.3%</b>           | <b>57.1%</b>                    | <b>30.7%</b> | <b>39.4%</b>         | <b>13.8%</b>                    | <b>46.7%</b> |
| Cagliari               | 0.8%                 | 94.4%                           | 4.8%         | 3.7%                 | 76.9%                           | 19.4%        | 9.2%                   | 57.1%                           | 33.7%        | 48.5%                | 13.3%                           | 38.1%        |
| Sassari                | 1.2%                 | 90.9%                           | 7.9%         | 5.1%                 | 65.9%                           | 29.1%        | 10.3%                  | 54.5%                           | 35.3%        | 41.7%                | 11.1%                           | 47.2%        |
| Nuoro                  | 0.7%                 | 95.5%                           | 3.8%         | 3.0%                 | 82.9%                           | 14.1%        | 12.8%                  | 64.1%                           | 23.1%        | 41.8%                | 27.7%                           | 30.5%        |
| Olbia-Tempio           | 1.1%                 | 93.8%                           | 5.1%         | 16.8%                | 64.5%                           | 18.7%        | 9.0%                   | 55.8%                           | 35.2%        | 40.3%                | 14.3%                           | 45.4%        |
| Oristano               | 0.9%                 | 94.5%                           | 4.6%         | 5.1%                 | 78.1%                           | 16.8%        | 12.1%                  | 56.2%                           | 31.7%        | 61.4%                | 12.4%                           | 26.2%        |
| Ogliastra              | 1.3%                 | 94.4%                           | 4.3%         | 11.1%                | 71.8%                           | 17.1%        | 14.0%                  | 47.6%                           | 38.4%        | 49.2%                | 14.7%                           | 36.1%        |
| Carbonia-Iglesias      | 1.5%                 | 91.1%                           | 7.4%         | 10.4%                | 64.3%                           | 25.3%        | 9.3%                   | 45.4%                           | 45.3%        | 26.1%                | 13.1%                           | 60.9%        |
| Medio Campidano        | 1.0%                 | 93.4%                           | 5.6%         | 5.0%                 | 74.2%                           | 20.8%        | 10.5%                  | 57.0%                           | 32.6%        | 39.9%                | 19.4%                           | 40.7%        |
| <b>SARDINIA</b>        | <b>1.0%</b>          | <b>93.6%</b>                    | <b>5.4%</b>  | <b>6.1%</b>          | <b>73.2%</b>                    | <b>20.7%</b> | <b>10.3%</b>           | <b>55.8%</b>                    | <b>34.0%</b> | <b>45.3%</b>         | <b>13.9%</b>                    | <b>40.8%</b> |
| <b>All the regions</b> | <b>1.5%</b>          | <b>91.8%</b>                    | <b>6.8%</b>  | <b>7.8%</b>          | <b>67.1%</b>                    | <b>25.1%</b> | <b>9.5%</b>            | <b>61.3%</b>                    | <b>29.2%</b> | <b>36.3%</b>         | <b>15.9%</b>                    | <b>47.8%</b> |
| <b>GRAND TOTAL (*)</b> | <b>1.4%</b>          | <b>91.8%</b>                    | <b>6.8%</b>  | <b>7.7%</b>          | <b>67.1%</b>                    | <b>25.1%</b> | <b>9.5%</b>            | <b>61.3%</b>                    | <b>29.2%</b> | <b>36.3%</b>         | <b>15.9%</b>                    | <b>47.8%</b> |

(\*) Including general directions.



Table A18

## MOTOR LIABILITY - CLAIMS SETTLEMENT TIME (percentage values)

| Province / Region            | NUMBERS      |                      |                                   |              | AMOUNTS      |                      |                                   |              |
|------------------------------|--------------|----------------------|-----------------------------------|--------------|--------------|----------------------|-----------------------------------|--------------|
|                              | Total        | Only personal injury | Only damage to vehicle / property | Both         | Total        | Only personal injury | Only damage to vehicle / property | Both         |
| Turin                        | 74.6%        | 31.9%                | 81.0%                             | 36.2%        | 49.1%        | 12.1%                | 74.0%                             | 35.7%        |
| Cuneo                        | 81.0%        | 35.4%                | 85.6%                             | 50.4%        | 47.4%        | 9.5%                 | 82.0%                             | 28.0%        |
| Alessandria                  | 81.0%        | 39.0%                | 85.4%                             | 52.4%        | 46.9%        | 21.8%                | 80.4%                             | 27.2%        |
| Novara                       | 79.9%        | 33.6%                | 85.1%                             | 45.2%        | 41.7%        | 8.2%                 | 79.9%                             | 24.4%        |
| Asti                         | 82.4%        | 38.1%                | 86.7%                             | 52.2%        | 43.2%        | 16.9%                | 82.7%                             | 22.7%        |
| Vercelli                     | 80.9%        | 30.8%                | 85.6%                             | 50.7%        | 44.5%        | 19.7%                | 82.1%                             | 23.5%        |
| Biella                       | 81.2%        | 42.1%                | 85.2%                             | 48.3%        | 54.2%        | 8.1%                 | 81.7%                             | 39.9%        |
| Verbano-Cusio-Ossola         | 82.0%        | 39.4%                | 86.0%                             | 49.3%        | 55.6%        | 16.8%                | 79.9%                             | 35.9%        |
| <b>PIEDMONT</b>              | <b>77.2%</b> | <b>33.9%</b>         | <b>82.9%</b>                      | <b>40.9%</b> | <b>48.1%</b> | <b>13.2%</b>         | <b>76.6%</b>                      | <b>32.1%</b> |
| Aosta                        | 83.7%        | 41.2%                | 88.0%                             | 45.7%        | 46.5%        | 24.9%                | 83.3%                             | 19.3%        |
| <b>VALLE D'AOSTA</b>         | <b>83.7%</b> | <b>41.2%</b>         | <b>88.0%</b>                      | <b>45.7%</b> | <b>46.5%</b> | <b>24.9%</b>         | <b>83.3%</b>                      | <b>19.3%</b> |
| Genoa                        | 74.2%        | 33.5%                | 77.6%                             | 39.9%        | 57.9%        | 15.6%                | 77.1%                             | 34.0%        |
| Savona                       | 82.4%        | 33.6%                | 87.6%                             | 46.9%        | 53.4%        | 14.3%                | 84.5%                             | 34.2%        |
| La Spezia                    | 76.9%        | 29.5%                | 83.1%                             | 46.8%        | 52.8%        | 22.4%                | 81.4%                             | 37.1%        |
| Imperia                      | 79.8%        | 31.7%                | 84.2%                             | 49.4%        | 43.5%        | 8.1%                 | 78.9%                             | 21.2%        |
| <b>LIGURIA</b>               | <b>76.5%</b> | <b>32.6%</b>         | <b>80.6%</b>                      | <b>43.6%</b> | <b>54.9%</b> | <b>15.9%</b>         | <b>78.7%</b>                      | <b>32.6%</b> |
| Milan                        | 75.7%        | 29.7%                | 81.6%                             | 38.1%        | 43.5%        | 15.8%                | 72.8%                             | 26.7%        |
| Brescia                      | 81.4%        | 35.6%                | 85.7%                             | 50.5%        | 53.3%        | 18.0%                | 83.5%                             | 35.5%        |
| Bergamo                      | 80.1%        | 35.1%                | 85.1%                             | 48.7%        | 48.4%        | 15.9%                | 80.1%                             | 32.6%        |
| Varese                       | 76.9%        | 34.5%                | 83.1%                             | 43.0%        | 48.1%        | 16.2%                | 75.5%                             | 35.2%        |
| Monza and Brianza            | 78.1%        | 32.4%                | 83.9%                             | 45.5%        | 48.9%        | 15.3%                | 78.5%                             | 32.9%        |
| Como                         | 77.8%        | 38.0%                | 83.3%                             | 44.6%        | 51.9%        | 17.4%                | 78.7%                             | 35.4%        |
| Pavia                        | 79.0%        | 34.1%                | 85.7%                             | 45.2%        | 49.6%        | 26.1%                | 80.0%                             | 33.7%        |
| Mantova                      | 78.2%        | 41.5%                | 84.3%                             | 40.5%        | 49.7%        | 19.3%                | 82.4%                             | 26.7%        |
| Cremona                      | 78.2%        | 40.3%                | 85.3%                             | 43.2%        | 44.9%        | 25.3%                | 80.9%                             | 22.1%        |
| Lecco                        | 79.2%        | 30.1%                | 84.3%                             | 47.0%        | 44.1%        | 6.5%                 | 80.5%                             | 31.5%        |
| Lodi                         | 76.9%        | 30.0%                | 84.8%                             | 38.2%        | 40.5%        | 11.4%                | 80.4%                             | 28.6%        |
| Sondrio                      | 78.8%        | 26.3%                | 84.9%                             | 42.1%        | 54.4%        | 6.6%                 | 82.8%                             | 40.4%        |
| <b>LOMBARDIA</b>             | <b>77.8%</b> | <b>33.4%</b>         | <b>83.5%</b>                      | <b>43.1%</b> | <b>47.1%</b> | <b>16.5%</b>         | <b>77.4%</b>                      | <b>30.4%</b> |
| Trento                       | 82.6%        | 34.7%                | 86.7%                             | 46.5%        | 48.4%        | 24.9%                | 83.5%                             | 22.2%        |
| Bolzano                      | 77.5%        | 33.5%                | 81.6%                             | 40.9%        | 44.1%        | 6.5%                 | 75.6%                             | 35.9%        |
| <b>TRENTINO-ALTO ADIGE</b>   | <b>80.2%</b> | <b>34.0%</b>         | <b>84.4%</b>                      | <b>44.2%</b> | <b>46.3%</b> | <b>13.4%</b>         | <b>79.6%</b>                      | <b>26.8%</b> |
| Padova                       | 76.2%        | 26.9%                | 85.9%                             | 30.3%        | 41.1%        | 11.6%                | 81.8%                             | 25.9%        |
| Treviso                      | 76.2%        | 29.2%                | 85.6%                             | 31.7%        | 40.6%        | 10.0%                | 83.0%                             | 26.4%        |
| Verona                       | 79.1%        | 39.5%                | 84.9%                             | 45.6%        | 45.1%        | 11.5%                | 81.8%                             | 29.5%        |
| Vicenza                      | 79.2%        | 26.0%                | 86.4%                             | 37.4%        | 42.8%        | 12.7%                | 82.9%                             | 22.8%        |
| Venice                       | 74.0%        | 24.5%                | 84.9%                             | 30.2%        | 40.9%        | 17.5%                | 80.1%                             | 28.9%        |
| Rovigo                       | 77.4%        | 28.4%                | 87.0%                             | 34.1%        | 41.6%        | 30.5%                | 80.5%                             | 23.0%        |
| Belluno                      | 80.2%        | 23.8%                | 85.8%                             | 40.3%        | 45.3%        | 7.3%                 | 80.7%                             | 27.5%        |
| <b>VENETO</b>                | <b>77.3%</b> | <b>29.7%</b>         | <b>85.6%</b>                      | <b>34.8%</b> | <b>42.1%</b> | <b>13.3%</b>         | <b>81.9%</b>                      | <b>26.6%</b> |
| Udine                        | 79.6%        | 30.1%                | 86.1%                             | 40.0%        | 46.4%        | 17.3%                | 83.3%                             | 24.6%        |
| Pordenone                    | 78.8%        | 35.6%                | 85.5%                             | 38.5%        | 38.0%        | 15.2%                | 81.9%                             | 22.2%        |
| Trieste                      | 76.0%        | 21.5%                | 82.8%                             | 31.0%        | 41.3%        | 6.9%                 | 80.6%                             | 37.2%        |
| Gorizia                      | 77.4%        | 23.7%                | 84.9%                             | 35.1%        | 37.7%        | 7.9%                 | 80.5%                             | 20.3%        |
| <b>FRIULI-VENEZIA GIULIA</b> | <b>78.4%</b> | <b>29.1%</b>         | <b>85.1%</b>                      | <b>37.4%</b> | <b>42.1%</b> | <b>12.8%</b>         | <b>82.1%</b>                      | <b>25.6%</b> |
| Bologna                      | 76.3%        | 26.3%                | 84.0%                             | 37.7%        | 41.2%        | 19.5%                | 79.3%                             | 25.0%        |
| Modena                       | 79.7%        | 35.9%                | 85.3%                             | 47.4%        | 41.1%        | 15.2%                | 81.9%                             | 21.5%        |
| Reggio Emilia                | 78.6%        | 33.0%                | 84.4%                             | 46.4%        | 46.1%        | 11.0%                | 81.1%                             | 37.0%        |
| Ravenna                      | 79.4%        | 36.9%                | 86.4%                             | 46.7%        | 35.4%        | 10.9%                | 84.0%                             | 22.7%        |

(continue)



*continued: Table A18***MOTOR LIABILITY - CLAIMS SETTLEMENT TIME (percentage values)**

| Province / Region     | NUMBERS      |                      |                                   |              | AMOUNTS      |                      |                                   |              |
|-----------------------|--------------|----------------------|-----------------------------------|--------------|--------------|----------------------|-----------------------------------|--------------|
|                       | Total        | Only personal injury | Only damage to vehicle / property | Both         | Total        | Only personal injury | Only damage to vehicle / property | Both         |
| Parma                 | 79.5%        | 41.5%                | 85.1%                             | 46.7%        | 44.1%        | 11.7%                | 81.2%                             | 29.2%        |
| Forlì-Cesena          | 80.8%        | 37.9%                | 87.9%                             | 46.1%        | 43.5%        | 24.9%                | 85.6%                             | 24.5%        |
| Rimini                | 76.9%        | 27.6%                | 86.5%                             | 39.8%        | 45.0%        | 14.1%                | 83.4%                             | 31.9%        |
| Ferrara               | 77.5%        | 30.8%                | 86.4%                             | 37.6%        | 39.8%        | 16.7%                | 82.4%                             | 26.2%        |
| Piacenza              | 79.8%        | 40.6%                | 85.6%                             | 49.5%        | 46.5%        | 17.2%                | 82.0%                             | 27.3%        |
| <b>EMILIA ROMAGNA</b> | <b>78.5%</b> | <b>34.1%</b>         | <b>85.4%</b>                      | <b>43.4%</b> | <b>42.0%</b> | <b>15.5%</b>         | <b>81.7%</b>                      | <b>26.0%</b> |
| Ancona                | 76.8%        | 31.5%                | 86.1%                             | 40.9%        | 42.6%        | 9.9%                 | 84.8%                             | 32.9%        |
| Pesaro e Urbino       | 76.3%        | 33.5%                | 85.7%                             | 38.3%        | 43.5%        | 14.3%                | 83.9%                             | 28.3%        |
| Macerata              | 76.9%        | 33.3%                | 86.0%                             | 42.1%        | 43.1%        | 16.8%                | 84.7%                             | 35.9%        |
| Ascoli Piceno         | 79.0%        | 32.8%                | 86.7%                             | 45.8%        | 42.1%        | 13.6%                | 81.7%                             | 39.6%        |
| Fermo                 | 77.8%        | 32.7%                | 85.9%                             | 44.6%        | 47.3%        | 14.6%                | 79.6%                             | 35.2%        |
| <b>MARCHE</b>         | <b>77.1%</b> | <b>32.7%</b>         | <b>86.0%</b>                      | <b>41.6%</b> | <b>43.2%</b> | <b>13.5%</b>         | <b>83.7%</b>                      | <b>33.1%</b> |
| Florence              | 76.8%        | 28.5%                | 82.1%                             | 43.2%        | 55.2%        | 14.7%                | 80.4%                             | 36.6%        |
| Pisa                  | 76.3%        | 34.0%                | 83.9%                             | 42.1%        | 50.6%        | 18.4%                | 82.5%                             | 36.5%        |
| Lucca                 | 78.9%        | 42.6%                | 85.7%                             | 48.4%        | 53.9%        | 29.2%                | 84.6%                             | 38.5%        |
| Arezzo                | 80.3%        | 39.8%                | 86.8%                             | 50.5%        | 48.1%        | 20.8%                | 84.6%                             | 31.0%        |
| Pistoia               | 76.7%        | 35.4%                | 83.7%                             | 46.0%        | 55.9%        | 20.0%                | 83.1%                             | 44.0%        |
| Livorno               | 77.2%        | 32.0%                | 84.2%                             | 40.7%        | 45.2%        | 12.8%                | 81.8%                             | 32.8%        |
| Prato                 | 76.6%        | 36.3%                | 82.0%                             | 46.0%        | 55.8%        | 14.4%                | 80.2%                             | 43.8%        |
| Siena                 | 77.9%        | 35.9%                | 82.3%                             | 50.3%        | 44.1%        | 10.1%                | 77.9%                             | 28.3%        |
| Massa-Carrara         | 74.0%        | 36.7%                | 82.0%                             | 41.5%        | 48.9%        | 21.2%                | 83.9%                             | 28.2%        |
| Grosseto              | 80.0%        | 30.3%                | 86.0%                             | 43.2%        | 39.4%        | 7.5%                 | 80.4%                             | 21.8%        |
| <b>TOSCANA</b>        | <b>77.4%</b> | <b>34.8%</b>         | <b>83.6%</b>                      | <b>45.0%</b> | <b>51.1%</b> | <b>17.4%</b>         | <b>81.7%</b>                      | <b>34.9%</b> |
| Perugia               | 80.0%        | 39.4%                | 87.3%                             | 45.5%        | 56.3%        | 30.1%                | 84.7%                             | 44.1%        |
| Terni                 | 75.7%        | 27.7%                | 84.7%                             | 37.2%        | 46.1%        | 12.5%                | 83.2%                             | 39.4%        |
| <b>UMBRIA</b>         | <b>79.1%</b> | <b>36.7%</b>         | <b>86.7%</b>                      | <b>43.6%</b> | <b>54.0%</b> | <b>25.0%</b>         | <b>84.4%</b>                      | <b>43.2%</b> |
| Rome                  | 71.4%        | 22.8%                | 77.1%                             | 32.8%        | 43.9%        | 9.4%                 | 71.6%                             | 27.1%        |
| Latina                | 70.8%        | 31.8%                | 79.9%                             | 41.9%        | 39.8%        | 15.9%                | 74.6%                             | 29.5%        |
| Frosinone             | 72.6%        | 31.6%                | 81.6%                             | 41.3%        | 37.0%        | 12.2%                | 75.3%                             | 26.8%        |
| Viterbo               | 79.2%        | 34.1%                | 84.8%                             | 40.1%        | 46.0%        | 27.7%                | 81.0%                             | 22.5%        |
| Rieti                 | 72.2%        | 28.2%                | 80.5%                             | 34.8%        | 44.6%        | 9.4%                 | 80.0%                             | 31.8%        |
| <b>LAZIO</b>          | <b>71.8%</b> | <b>25.5%</b>         | <b>78.0%</b>                      | <b>35.1%</b> | <b>43.1%</b> | <b>11.3%</b>         | <b>72.5%</b>                      | <b>27.3%</b> |
| Naples                | 59.0%        | 17.0%                | 64.1%                             | 27.9%        | 40.6%        | 8.6%                 | 61.2%                             | 22.6%        |
| Salerno               | 67.9%        | 34.0%                | 76.3%                             | 43.4%        | 38.0%        | 13.1%                | 68.7%                             | 31.1%        |
| Caserta               | 63.9%        | 29.6%                | 71.4%                             | 37.2%        | 38.9%        | 15.6%                | 63.7%                             | 29.1%        |
| Avellino              | 68.3%        | 30.5%                | 78.6%                             | 41.1%        | 33.0%        | 13.9%                | 68.1%                             | 25.2%        |
| Benevento             | 68.9%        | 32.3%                | 76.3%                             | 44.5%        | 39.8%        | 11.5%                | 71.3%                             | 28.0%        |
| <b>CAMPANIA</b>       | <b>62.6%</b> | <b>26.2%</b>         | <b>68.8%</b>                      | <b>35.9%</b> | <b>39.1%</b> | <b>11.8%</b>         | <b>63.5%</b>                      | <b>26.3%</b> |
| Chieti                | 78.1%        | 39.5%                | 86.0%                             | 48.5%        | 41.4%        | 14.0%                | 80.8%                             | 28.6%        |
| Pescara               | 75.5%        | 35.7%                | 83.8%                             | 48.5%        | 43.3%        | 23.9%                | 79.1%                             | 30.4%        |
| Teramo                | 76.4%        | 35.3%                | 85.2%                             | 44.5%        | 37.6%        | 24.9%                | 81.6%                             | 22.2%        |
| L'Aquila              | 78.3%        | 40.0%                | 86.1%                             | 44.6%        | 46.2%        | 22.9%                | 79.5%                             | 30.6%        |
| <b>ABRUZZO</b>        | <b>77.1%</b> | <b>37.7%</b>         | <b>85.3%</b>                      | <b>46.7%</b> | <b>41.9%</b> | <b>21.0%</b>         | <b>80.2%</b>                      | <b>27.6%</b> |
| Campobasso            | 77.5%        | 39.2%                | 83.8%                             | 45.7%        | 37.1%        | 10.6%                | 72.1%                             | 23.8%        |
| Isernia               | 70.6%        | 33.0%                | 77.2%                             | 42.7%        | 44.6%        | 8.1%                 | 67.6%                             | 50.0%        |
| <b>MOLISE</b>         | <b>75.7%</b> | <b>37.4%</b>         | <b>82.0%</b>                      | <b>44.8%</b> | <b>39.3%</b> | <b>9.9%</b>          | <b>70.8%</b>                      | <b>31.9%</b> |
| Bari                  | 71.3%        | 36.2%                | 79.1%                             | 50.9%        | 34.2%        | 9.9%                 | 72.7%                             | 29.3%        |
| Lecce                 | 71.2%        | 36.5%                | 80.6%                             | 46.0%        | 40.9%        | 14.1%                | 78.1%                             | 33.7%        |
| Taranto               | 64.7%        | 33.1%                | 76.2%                             | 37.6%        | 33.2%        | 19.1%                | 70.0%                             | 23.6%        |

(continue)

continued: Table A18

## MOTOR LIABILITY - CLAIMS SETTLEMENT TIME (percentage values)

| Province / Region      | NUMBERS      |                      |                                   |              | AMOUNTS      |                      |                                   |              |
|------------------------|--------------|----------------------|-----------------------------------|--------------|--------------|----------------------|-----------------------------------|--------------|
|                        | Total        | Only personal injury | Only damage to vehicle / property | Both         | Total        | Only personal injury | Only damage to vehicle / property | Both         |
| Foggia                 | 66.7%        | 21.7%                | 79.2%                             | 40.1%        | 31.8%        | 9.3%                 | 71.7%                             | 26.8%        |
| Brindisi               | 69.7%        | 37.0%                | 80.4%                             | 43.7%        | 40.0%        | 15.7%                | 76.1%                             | 31.6%        |
| Barletta-Andria-Trani  | 71.6%        | 28.4%                | 80.1%                             | 49.4%        | 36.7%        | 11.2%                | 72.0%                             | 27.0%        |
| <b>PUGLIA</b>          | <b>69.7%</b> | <b>32.6%</b>         | <b>79.3%</b>                      | <b>45.8%</b> | <b>35.8%</b> | <b>12.4%</b>         | <b>73.6%</b>                      | <b>29.0%</b> |
| Potenza                | 76.2%        | 31.8%                | 85.0%                             | 39.5%        | 42.2%        | 24.0%                | 78.3%                             | 30.5%        |
| Matera                 | 76.0%        | 33.0%                | 84.4%                             | 41.7%        | 41.0%        | 21.1%                | 79.7%                             | 24.6%        |
| <b>BASILICATA</b>      | <b>76.1%</b> | <b>32.2%</b>         | <b>84.8%</b>                      | <b>40.4%</b> | <b>41.8%</b> | <b>23.0%</b>         | <b>78.9%</b>                      | <b>27.9%</b> |
| Cosenza                | 75.1%        | 37.1%                | 84.6%                             | 47.9%        | 38.7%        | 18.5%                | 77.9%                             | 30.1%        |
| Reggio Calabria        | 71.0%        | 27.3%                | 82.5%                             | 38.7%        | 38.6%        | 11.4%                | 78.3%                             | 26.4%        |
| Catanzaro              | 75.1%        | 35.5%                | 84.6%                             | 49.8%        | 35.5%        | 11.7%                | 80.8%                             | 27.4%        |
| Vibo Valentia          | 73.1%        | 29.4%                | 84.1%                             | 42.6%        | 33.5%        | 19.3%                | 80.6%                             | 14.7%        |
| Crotone                | 67.0%        | 22.7%                | 80.8%                             | 41.7%        | 39.1%        | 9.5%                 | 77.0%                             | 36.1%        |
| <b>CALABRIA</b>        | <b>73.4%</b> | <b>32.2%</b>         | <b>83.8%</b>                      | <b>45.6%</b> | <b>37.5%</b> | <b>14.4%</b>         | <b>78.8%</b>                      | <b>27.1%</b> |
| Palermo                | 74.3%        | 29.7%                | 81.1%                             | 40.4%        | 40.6%        | 13.1%                | 72.8%                             | 29.6%        |
| Catania                | 74.2%        | 31.0%                | 82.1%                             | 45.5%        | 40.7%        | 14.6%                | 75.6%                             | 30.2%        |
| Messina                | 73.3%        | 33.8%                | 82.3%                             | 44.0%        | 46.6%        | 16.1%                | 78.5%                             | 41.2%        |
| Trapani                | 79.0%        | 37.5%                | 86.0%                             | 48.2%        | 40.3%        | 11.0%                | 79.8%                             | 32.1%        |
| Siracusa               | 77.8%        | 41.2%                | 84.7%                             | 46.5%        | 46.8%        | 19.5%                | 78.4%                             | 32.9%        |
| Agrigento              | 77.6%        | 35.8%                | 85.1%                             | 45.3%        | 41.8%        | 15.0%                | 80.5%                             | 34.3%        |
| Ragusa                 | 79.4%        | 41.5%                | 85.2%                             | 53.4%        | 54.4%        | 20.9%                | 83.2%                             | 38.0%        |
| Caltanissetta          | 74.0%        | 38.1%                | 82.4%                             | 40.4%        | 40.9%        | 17.9%                | 77.2%                             | 24.6%        |
| Enna                   | 76.9%        | 23.5%                | 85.1%                             | 42.5%        | 44.2%        | 11.4%                | 81.2%                             | 32.4%        |
| <b>SICILY</b>          | <b>75.6%</b> | <b>33.2%</b>         | <b>83.0%</b>                      | <b>44.8%</b> | <b>42.9%</b> | <b>14.5%</b>         | <b>77.0%</b>                      | <b>32.2%</b> |
| Cagliari               | 80.8%        | 27.1%                | 87.4%                             | 37.3%        | 45.3%        | 5.9%                 | 82.7%                             | 29.6%        |
| Sassari                | 77.8%        | 29.8%                | 85.4%                             | 43.9%        | 41.4%        | 7.9%                 | 80.7%                             | 30.3%        |
| Nuoro                  | 78.7%        | 17.6%                | 84.6%                             | 37.7%        | 60.9%        | 10.0%                | 82.3%                             | 41.7%        |
| Olbia-Tempio           | 83.2%        | 38.0%                | 89.3%                             | 41.5%        | 55.7%        | 34.4%                | 85.0%                             | 34.1%        |
| Oristano               | 82.0%        | 25.7%                | 88.5%                             | 39.9%        | 48.5%        | 7.2%                 | 85.6%                             | 37.6%        |
| Ogliastra              | 78.2%        | 24.8%                | 87.7%                             | 28.6%        | 56.1%        | 22.3%                | 86.2%                             | 37.7%        |
| Carbonia-Iglesias      | 81.1%        | 40.6%                | 89.6%                             | 41.2%        | 50.1%        | 28.6%                | 83.2%                             | 29.5%        |
| Medio Campidano        | 79.9%        | 28.4%                | 86.7%                             | 40.6%        | 53.0%        | 12.4%                | 81.2%                             | 36.6%        |
| <b>SARDINIA</b>        | <b>80.2%</b> | <b>28.2%</b>         | <b>87.2%</b>                      | <b>39.4%</b> | <b>47.9%</b> | <b>11.0%</b>         | <b>82.9%</b>                      | <b>31.8%</b> |
| <b>All the regions</b> | <b>75.2%</b> | <b>31.6%</b>         | <b>81.9%</b>                      | <b>41.3%</b> | <b>44.2%</b> | <b>14.5%</b>         | <b>77.0%</b>                      | <b>29.4%</b> |
| <b>GRAND TOTAL (*)</b> | <b>75.2%</b> | <b>31.6%</b>         | <b>81.9%</b>                      | <b>41.3%</b> | <b>44.2%</b> | <b>14.4%</b>         | <b>77.0%</b>                      | <b>29.4%</b> |

(\*) Including general directions.

Table A19

## MOTOR LIABILITY - AVERAGE COST OF CLAIMS HANDLED (percentage values)

| Province / Region            | PAID         |                      |                                   |               | RESERVED      |                      |                                   |               |
|------------------------------|--------------|----------------------|-----------------------------------|---------------|---------------|----------------------|-----------------------------------|---------------|
|                              | Total        | Only personal injury | Only damage to vehicle / property | Both          | Total         | Only personal injury | Only damage to vehicle / property | Both          |
| Turin                        | 2,490        | 12,285               | 1,908                             | 10,368        | 7,584         | 41,958               | 2,848                             | 10,586        |
| Cuneo                        | 2,047        | 7,854                | 1,632                             | 7,433         | 9,694         | 40,939               | 2,138                             | 19,389        |
| Alessandria                  | 2,083        | 18,562               | 1,532                             | 6,755         | 10,092        | 42,671               | 2,191                             | 19,865        |
| Novara                       | 2,003        | 8,021                | 1,558                             | 8,456         | 11,133        | 45,628               | 2,235                             | 21,701        |
| Asti                         | 2,205        | 18,267               | 1,652                             | 8,057         | 13,611        | 55,143               | 2,263                             | 29,897        |
| Vercelli                     | 2,171        | 24,896               | 1,617                             | 7,019         | 11,429        | 45,355               | 2,101                             | 23,567        |
| Biella                       | 2,021        | 6,729                | 1,732                             | 6,534         | 7,386         | 55,585               | 2,218                             | 9,213         |
| Verbano-Cusio-Ossola         | 1,919        | 8,309                | 1,524                             | 8,333         | 7,006         | 26,777               | 2,356                             | 14,433        |
| <b>PIEDMONT</b>              | <b>2,311</b> | <b>12,636</b>        | <b>1,779</b>                      | <b>9,135</b>  | <b>8,451</b>  | <b>42,840</b>        | <b>2,626</b>                      | <b>13,413</b> |
| Aosta                        | 1,994        | 22,122               | 1,527                             | 7,212         | 11,743        | 46,584               | 2,240                             | 25,379        |
| <b>Valle D'Aosta</b>         | <b>1,994</b> | <b>22,122</b>        | <b>1,527</b>                      | <b>7,212</b>  | <b>11,743</b> | <b>46,584</b>        | <b>2,240</b>                      | <b>25,379</b> |
| Genoa                        | 2,460        | 9,525                | 2,113                             | 10,107        | 5,164         | 26,035               | 2,176                             | 13,021        |
| Savona                       | 1,933        | 9,456                | 1,526                             | 7,698         | 7,911         | 28,623               | 1,976                             | 13,120        |
| La Spezia                    | 2,823        | 18,985               | 2,050                             | 9,445         | 8,367         | 27,496               | 2,315                             | 14,083        |
| Imperia                      | 1,902        | 5,980                | 1,572                             | 6,796         | 9,731         | 31,500               | 2,240                             | 24,682        |
| <b>LIGURIA</b>               | <b>2,350</b> | <b>10,673</b>        | <b>1,944</b>                      | <b>9,037</b>  | <b>6,289</b>  | <b>27,349</b>        | <b>2,174</b>                      | <b>14,434</b> |
| Milan                        | 2,169        | 17,210               | 1,621                             | 9,023         | 8,805         | 38,710               | 2,684                             | 15,258        |
| Brescia                      | 2,236        | 19,799               | 1,733                             | 7,604         | 8,565         | 49,887               | 2,047                             | 14,127        |
| Bergamo                      | 2,099        | 16,522               | 1,574                             | 7,389         | 9,004         | 47,264               | 2,232                             | 14,533        |
| Varese                       | 2,195        | 10,435               | 1,553                             | 9,348         | 7,868         | 28,416               | 2,489                             | 12,977        |
| Monza and Brianza            | 2,064        | 10,954               | 1,555                             | 7,586         | 7,682         | 29,080               | 2,224                             | 12,905        |
| Como                         | 2,282        | 9,918                | 1,752                             | 8,487         | 7,413         | 28,957               | 2,369                             | 12,425        |
| Pavia                        | 2,163        | 22,781               | 1,479                             | 6,950         | 8,270         | 33,364               | 2,200                             | 11,278        |
| Mantova                      | 2,455        | 9,503                | 1,935                             | 8,957         | 8,926         | 28,224               | 2,216                             | 16,779        |
| Cremona                      | 2,053        | 8,582                | 1,539                             | 6,875         | 9,057         | 17,054               | 2,103                             | 18,426        |
| Lecco                        | 1,935        | 8,511                | 1,536                             | 7,109         | 9,334         | 53,003               | 2,003                             | 13,720        |
| Lodi                         | 2,335        | 13,248               | 1,583                             | 10,787        | 11,411        | 43,992               | 2,156                             | 16,642        |
| Sondrio                      | 2,416        | 6,029                | 1,891                             | 10,612        | 7,542         | 30,220               | 2,215                             | 11,364        |
| <b>LOMBARDIA</b>             | <b>2,176</b> | <b>14,339</b>        | <b>1,629</b>                      | <b>8,309</b>  | <b>8,560</b>  | <b>36,415</b>        | <b>2,405</b>                      | <b>14,381</b> |
| Trento                       | 2,250        | 27,439               | 1,717                             | 9,355         | 11,360        | 43,951               | 2,210                             | 28,428        |
| Bolzano                      | 2,393        | 8,837                | 1,936                             | 12,439        | 10,423        | 64,517               | 2,762                             | 15,412        |
| <b>TRENTINO-ALTO ADIGE</b>   | <b>2,313</b> | <b>16,784</b>        | <b>1,813</b>                      | <b>10,532</b> | <b>10,873</b> | <b>56,002</b>        | <b>2,506</b>                      | <b>22,749</b> |
| Padova                       | 2,669        | 15,080               | 1,824                             | 14,337        | 12,293        | 42,366               | 2,466                             | 17,792        |
| Treviso                      | 2,810        | 13,759               | 1,909                             | 14,782        | 13,173        | 51,267               | 2,313                             | 19,111        |
| Verona                       | 2,415        | 7,843                | 1,722                             | 10,967        | 11,165        | 39,395               | 2,157                             | 21,965        |
| Vicenza                      | 2,431        | 22,497               | 1,848                             | 9,535         | 12,325        | 54,296               | 2,428                             | 19,281        |
| Venice                       | 2,958        | 31,972               | 1,808                             | 14,401        | 12,180        | 48,989               | 2,518                             | 15,341        |
| Rovigo                       | 2,784        | 31,032               | 1,718                             | 12,161        | 13,330        | 27,977               | 2,795                             | 21,052        |
| Belluno                      | 2,330        | 10,700               | 1,751                             | 12,824        | 11,399        | 42,423               | 2,528                             | 22,803        |
| <b>VENETO</b>                | <b>2,626</b> | <b>16,532</b>        | <b>1,813</b>                      | <b>12,664</b> | <b>12,247</b> | <b>45,305</b>        | <b>2,385</b>                      | <b>18,716</b> |
| Udine                        | 2,371        | 17,980               | 1,798                             | 9,396         | 10,691        | 37,125               | 2,236                             | 19,188        |
| Pordenone                    | 2,523        | 26,546               | 1,777                             | 9,507         | 15,292        | 81,661               | 2,310                             | 20,896        |
| Trieste                      | 2,341        | 20,009               | 1,669                             | 14,839        | 10,530        | 73,765               | 1,929                             | 11,222        |
| Gorizia                      | 2,148        | 13,737               | 1,702                             | 8,152         | 12,122        | 50,057               | 2,318                             | 17,321        |
| <b>FRIULI-VENEZIA GIULIA</b> | <b>2,380</b> | <b>20,663</b>        | <b>1,757</b>                      | <b>10,188</b> | <b>11,897</b> | <b>57,658</b>        | <b>2,185</b>                      | <b>17,684</b> |
| Bologna                      | 2,578        | 33,190               | 1,734                             | 10,199        | 11,817        | 48,902               | 2,377                             | 18,506        |
| Modena                       | 2,267        | 13,095               | 1,686                             | 8,338         | 12,761        | 40,944               | 2,170                             | 27,371        |
| Reggio Emilia                | 2,268        | 15,502               | 1,663                             | 8,220         | 9,718         | 61,612               | 2,099                             | 12,088        |
| Ravenna                      | 2,504        | 14,994               | 1,749                             | 8,653         | 17,651        | 71,478               | 2,123                             | 25,834        |

(continue)

continued: Table A19

**MOTOR LIABILITY - AVERAGE COST OF CLAIMS HANDLED** (percentage values)

| Province / Region     | PAID         |                      |                                   |               | RESERVED      |                      |                                   |               |
|-----------------------|--------------|----------------------|-----------------------------------|---------------|---------------|----------------------|-----------------------------------|---------------|
|                       | Total        | Only personal injury | Only damage to vehicle / property | Both          | Total         | Only personal injury | Only damage to vehicle / property | Both          |
| Parma                 | 2,235        | 9,210                | 1,704                             | 8,065         | 10,989        | 49,379               | 2,247                             | 17,173        |
| Forlì-Cesena          | 2,478        | 23,331               | 1,664                             | 8,561         | 13,481        | 42,954               | 2,032                             | 22,553        |
| Rimini                | 2,548        | 13,156               | 1,664                             | 10,479        | 10,395        | 30,545               | 2,122                             | 14,822        |
| Ferrara               | 2,509        | 17,233               | 1,577                             | 11,980        | 13,078        | 38,362               | 2,133                             | 20,312        |
| Piacenza              | 2,178        | 9,874                | 1,663                             | 6,721         | 9,896         | 32,538               | 2,160                             | 17,514        |
| <b>EMILIA ROMAGNA</b> | <b>2,401</b> | <b>16,805</b>        | <b>1,689</b>                      | <b>9,047</b>  | <b>12,135</b> | <b>47,356</b>        | <b>2,201</b>                      | <b>19,718</b> |
| Ancona                | 3,057        | 12,946               | 2,027                             | 12,005        | 13,639        | 54,043               | 2,244                             | 16,935        |
| Pesaro e Urbino       | 2,653        | 11,699               | 1,851                             | 10,008        | 11,097        | 35,309               | 2,119                             | 15,755        |
| Macerata              | 2,928        | 24,598               | 1,856                             | 9,708         | 12,869        | 61,030               | 2,059                             | 12,614        |
| Ascoli Piceno         | 2,240        | 18,148               | 1,455                             | 7,928         | 11,580        | 56,122               | 2,124                             | 10,240        |
| Fermo                 | 2,346        | 10,246               | 1,586                             | 8,755         | 9,120         | 28,956               | 2,475                             | 13,011        |
| <b>MARCHE</b>         | <b>2,739</b> | <b>15,816</b>        | <b>1,819</b>                      | <b>10,144</b> | <b>12,131</b> | <b>49,177</b>        | <b>2,182</b>                      | <b>14,563</b> |
| Florence              | 2,741        | 14,130               | 2,209                             | 9,532         | 7,357         | 32,758               | 2,465                             | 12,604        |
| Pisa                  | 3,061        | 14,573               | 2,170                             | 11,091        | 9,607         | 33,312               | 2,401                             | 14,027        |
| Lucca                 | 3,051        | 22,274               | 2,077                             | 8,785         | 9,737         | 39,971               | 2,271                             | 13,171        |
| Arezzo                | 2,573        | 13,385               | 1,867                             | 7,772         | 11,316        | 33,728               | 2,230                             | 17,693        |
| Pistoia               | 3,247        | 15,127               | 2,417                             | 9,774         | 8,446         | 33,165               | 2,525                             | 10,575        |
| Livorno               | 2,675        | 14,423               | 1,968                             | 10,365        | 10,987        | 46,092               | 2,334                             | 14,583        |
| Prato                 | 3,119        | 11,839               | 2,388                             | 11,296        | 8,101         | 40,033               | 2,681                             | 12,334        |
| Siena                 | 2,272        | 10,357               | 1,809                             | 7,420         | 10,122        | 51,684               | 2,389                             | 19,009        |
| Massa-Carrara         | 3,585        | 13,106               | 2,718                             | 10,495        | 10,694        | 28,236               | 2,372                             | 18,968        |
| Grosseto              | 2,245        | 8,451                | 1,739                             | 9,565         | 13,770        | 45,234               | 2,596                             | 26,088        |
| <b>TOSCANA</b>        | <b>2,836</b> | <b>14,622</b>        | <b>2,139</b>                      | <b>9,574</b>  | <b>9,283</b>  | <b>36,929</b>        | <b>2,434</b>                      | <b>14,591</b> |
| Perugia               | 2,779        | 19,859               | 1,774                             | 10,737        | 8,623         | 30,061               | 2,194                             | 11,342        |
| Terni                 | 2,588        | 15,926               | 1,855                             | 9,512         | 9,450         | 42,604               | 2,073                             | 8,684         |
| <b>UMBRIA</b>         | <b>2,740</b> | <b>19,167</b>        | <b>1,790</b>                      | <b>10,504</b> | <b>8,829</b>  | <b>33,407</b>        | <b>2,164</b>                      | <b>10,683</b> |
| Rome                  | 2,459        | 12,487               | 1,963                             | 11,196        | 7,841         | 35,530               | 2,624                             | 14,729        |
| Latina                | 2,956        | 11,219               | 1,882                             | 10,254        | 10,838        | 27,647               | 2,554                             | 17,604        |
| Frosinone             | 2,420        | 10,529               | 1,651                             | 7,916         | 10,940        | 35,196               | 2,400                             | 15,251        |
| Viterbo               | 2,290        | 24,926               | 1,608                             | 8,704         | 10,229        | 33,711               | 2,113                             | 20,093        |
| Rieti                 | 2,797        | 10,018               | 2,128                             | 10,509        | 9,023         | 38,078               | 2,194                             | 12,024        |
| <b>LAZIO</b>          | <b>2,492</b> | <b>12,827</b>        | <b>1,924</b>                      | <b>10,547</b> | <b>8,374</b>  | <b>34,620</b>        | <b>2,584</b>                      | <b>15,180</b> |
| Naples                | 2,498        | 9,367                | 2,096                             | 9,325         | 5,268         | 20,430               | 2,378                             | 12,356        |
| Salerno               | 2,437        | 7,474                | 1,631                             | 7,209         | 8,426         | 25,498               | 2,394                             | 12,237        |
| Caserta               | 2,687        | 9,343                | 1,863                             | 9,138         | 7,478         | 21,170               | 2,644                             | 13,208        |
| Avellino              | 2,413        | 10,736               | 1,504                             | 7,058         | 10,558        | 29,262               | 2,576                             | 14,669        |
| Benevento             | 2,348        | 6,456                | 1,734                             | 6,513         | 7,842         | 23,625               | 2,237                             | 13,458        |
| <b>CAMPANIA</b>       | <b>2,496</b> | <b>8,619</b>         | <b>1,909</b>                      | <b>8,118</b>  | <b>6,515</b>  | <b>22,749</b>        | <b>2,415</b>                      | <b>12,758</b> |
| Chieti                | 2,219        | 8,340                | 1,531                             | 7,055         | 11,233        | 33,306               | 2,243                             | 16,597        |
| Pescara               | 2,540        | 12,122               | 1,542                             | 8,451         | 10,257        | 21,452               | 2,110                             | 18,156        |
| Teramo                | 2,565        | 14,226               | 1,576                             | 9,316         | 13,773        | 23,400               | 2,038                             | 26,056        |
| L'Aquila              | 2,141        | 8,533                | 1,447                             | 8,224         | 8,996         | 19,201               | 2,316                             | 15,019        |
| <b>ABRUZZO</b>        | <b>2,360</b> | <b>10,510</b>        | <b>1,521</b>                      | <b>8,229</b>  | <b>10,983</b> | <b>23,926</b>        | <b>2,177</b>                      | <b>18,957</b> |
| Campobasso            | 1,742        | 7,429                | 1,321                             | 5,658         | 10,211        | 40,439               | 2,642                             | 15,223        |
| Isernia               | 2,608        | 6,410                | 1,542                             | 13,336        | 7,772         | 35,754               | 2,494                             | 9,932         |
| <b>MOLISE</b>         | <b>1,961</b> | <b>7,164</b>         | <b>1,376</b>                      | <b>7,847</b>  | <b>9,413</b>  | <b>38,961</b>        | <b>2,592</b>                      | <b>13,580</b> |
| Bari                  | 2,275        | 8,106                | 1,474                             | 5,862         | 10,843        | 41,835               | 2,095                             | 14,671        |

(continue)

continued: Table A19

## MOTOR LIABILITY - AVERAGE COST OF CLAIMS HANDLED (percentage values)

| Province / Region      | PAID         |                      |                                   |              | RESERVED      |                      |                                 |               |
|------------------------|--------------|----------------------|-----------------------------------|--------------|---------------|----------------------|---------------------------------|---------------|
|                        | Total        | Only personal injury | Only damage to vehicle / property | Both         | Total         | Only personal injury | Only damage to vehicle/property | Both          |
| Lecce                  | 2,692        | 11,802               | 1,706                             | 7,146        | 9,608         | 41,412               | 1,992                           | 11,982        |
| Taranto                | 2,687        | 11,219               | 1,574                             | 7,634        | 9,920         | 23,508               | 2,159                           | 14,878        |
| Foggia                 | 2,476        | 10,150               | 1,546                             | 7,172        | 10,611        | 27,308               | 2,317                           | 13,117        |
| Brindisi               | 2,834        | 10,971               | 1,794                             | 7,288        | 9,775         | 34,599               | 2,323                           | 12,259        |
| Barletta-Andria-Trani  | 1,992        | 7,131                | 1,343                             | 5,236        | 8,633         | 22,342               | 2,104                           | 13,815        |
| <b>PUGLIA</b>          | <b>2,457</b> | <b>9,718</b>         | <b>1,558</b>                      | <b>6,550</b> | <b>10,132</b> | <b>33,336</b>        | <b>2,133</b>                    | <b>13,597</b> |
| Potenza                | 2,466        | 26,014               | 1,502                             | 7,897        | 10,782        | 38,480               | 2,358                           | 11,783        |
| Matera                 | 2,431        | 17,625               | 1,660                             | 7,303        | 11,040        | 32,491               | 2,282                           | 16,023        |
| <b>BASILICATA</b>      | <b>2,452</b> | <b>22,806</b>        | <b>1,562</b>                      | <b>7,661</b> | <b>10,880</b> | <b>36,264</b>        | <b>2,329</b>                    | <b>13,372</b> |
| Cosenza                | 2,388        | 11,132               | 1,491                             | 6,698        | 11,410        | 28,921               | 2,330                           | 14,281        |
| Reggio Calabria        | 2,974        | 7,690                | 2,191                             | 9,472        | 11,582        | 22,373               | 2,850                           | 16,621        |
| Catanzaro              | 2,531        | 7,793                | 1,666                             | 7,417        | 13,841        | 32,265               | 2,182                           | 19,510        |
| Vibo Valentia          | 2,683        | 7,674                | 2,009                             | 7,470        | 14,461        | 13,387               | 2,560                           | 32,060        |
| Crotone                | 3,093        | 7,325                | 2,315                             | 7,518        | 9,813         | 20,492               | 2,912                           | 9,493         |
| <b>CALABRIA</b>        | <b>2,621</b> | <b>9,089</b>         | <b>1,784</b>                      | <b>7,510</b> | <b>12,090</b> | <b>25,591</b>        | <b>2,489</b>                    | <b>16,948</b> |
| Palermo                | 2,098        | 9,929                | 1,447                             | 9,804        | 8,881         | 27,737               | 2,319                           | 15,755        |
| Catania                | 1,952        | 8,832                | 1,318                             | 6,609        | 8,177         | 23,339               | 1,952                           | 12,744        |
| Messina                | 2,476        | 9,269                | 1,629                             | 8,245        | 7,813         | 24,732               | 2,078                           | 9,248         |
| Trapani                | 1,969        | 9,801                | 1,354                             | 6,880        | 10,974        | 47,439               | 2,111                           | 13,554        |
| Siracusa               | 1,970        | 9,483                | 1,330                             | 7,197        | 7,842         | 27,413               | 2,023                           | 12,740        |
| Agrigento              | 2,452        | 13,996               | 1,661                             | 8,558        | 11,804        | 44,141               | 2,292                           | 13,547        |
| Ragusa                 | 2,195        | 8,503                | 1,579                             | 6,853        | 7,105         | 22,859               | 1,847                           | 12,801        |
| Caltanissetta          | 2,116        | 5,362                | 1,464                             | 8,295        | 8,726         | 15,115               | 2,021                           | 17,244        |
| Enna                   | 2,106        | 13,682               | 1,510                             | 7,456        | 8,862         | 32,650               | 2,005                           | 11,492        |
| <b>SICILY</b>          | <b>2,121</b> | <b>9,569</b>         | <b>1,450</b>                      | <b>7,800</b> | <b>8,737</b>  | <b>28,123</b>        | <b>2,117</b>                    | <b>13,310</b> |
| Cagliari               | 2,052        | 9,279                | 1,673                             | 8,348        | 10,413        | 54,768               | 2,433                           | 11,788        |
| Sassari                | 2,187        | 8,931                | 1,585                             | 8,071        | 10,832        | 43,983               | 2,211                           | 14,500        |
| Nuoro                  | 2,399        | 9,678                | 2,084                             | 8,927        | 5,701         | 18,582               | 2,463                           | 7,536         |
| Olbia-Tempio           | 2,308        | 34,720               | 1,587                             | 8,534        | 9,087         | 40,631               | 2,323                           | 11,739        |
| Oristano               | 1,929        | 10,738               | 1,595                             | 7,034        | 9,366         | 47,699               | 2,062                           | 7,751         |
| Ogliastra              | 2,503        | 21,692               | 1,902                             | 10,009       | 7,046         | 24,815               | 2,171                           | 6,622         |
| Carbonia-Iglesias      | 1,943        | 13,597               | 1,370                             | 6,659        | 8,300         | 23,233               | 2,387                           | 11,162        |
| Medio Campidano        | 1,925        | 9,254                | 1,529                             | 7,159        | 6,779         | 25,830               | 2,308                           | 8,478         |
| <b>SARDINIA</b>        | <b>2,124</b> | <b>12,957</b>        | <b>1,662</b>                      | <b>8,080</b> | <b>9,376</b>  | <b>41,321</b>        | <b>2,335</b>                    | <b>11,262</b> |
| <b>All the regions</b> | <b>2,404</b> | <b>12,858</b>        | <b>1,758</b>                      | <b>8,895</b> | <b>9,207</b>  | <b>35,151</b>        | <b>2,385</b>                    | <b>15,066</b> |
| <b>GRAND TOTAL (*)</b> | <b>2,403</b> | <b>12,867</b>        | <b>1,758</b>                      | <b>8,903</b> | <b>9,198</b>  | <b>35,173</b>        | <b>2,383</b>                    | <b>15,059</b> |

(\*) Including general directions.

Table A20

**MOTOR LIABILITY - AVERAGE COST OF CLAIMS HANDLED (percentage changes 2016/2015)**

| Province / Region            | PAID          |                      |                                   |               | RESERVED     |                      |                                   |              |
|------------------------------|---------------|----------------------|-----------------------------------|---------------|--------------|----------------------|-----------------------------------|--------------|
|                              | Total         | Only personal injury | Only damage to vehicle / property | Both          | Total        | Only personal injury | Only damage to vehicle / property | Both         |
| Turin                        | -1.1%         | -1.0%                | 0.2%                              | -0.1%         | -1.2%        | 21.5%                | 15.7%                             | -9.4%        |
| Cuneo                        | -3.1%         | -45.4%               | 2.3%                              | -4.8%         | -17.7%       | -26.5%               | -13.3%                            | 8.4%         |
| Alessandria                  | 7.0%          | 36.8%                | 4.6%                              | -2.8%         | -7.7%        | -21.6%               | -5.1%                             | 27.5%        |
| Novara                       | 1.3%          | 11.1%                | 2.9%                              | 2.1%          | 36.4%        | 11.8%                | -6.4%                             | 107.0%       |
| Asti                         | 6.1%          | 61.7%                | 2.5%                              | 5.4%          | 52.4%        | 91.6%                | -0.2%                             | 58.9%        |
| Vercelli                     | -5.8%         | 37.7%                | 0.9%                              | -41.1%        | 8.7%         | 91.0%                | -7.2%                             | -2.7%        |
| Biella                       | 7.7%          | 36.0%                | 5.5%                              | -4.2%         | -24.9%       | 35.7%                | -5.2%                             | -53.8%       |
| Verbano-Cusio-Ossola         | 1.2%          | 21.2%                | 0.2%                              | -19.0%        | -40.7%       | 15.6%                | -10.8%                            | -52.0%       |
| <b>PIEDMONT</b>              | <b>0.2%</b>   | <b>4.3%</b>          | <b>1.5%</b>                       | <b>-3.4%</b>  | <b>-1.4%</b> | <b>13.2%</b>         | <b>7.9%</b>                       | <b>-0.9%</b> |
| Aosta                        | -13.7%        | -55.6%               | 1.3%                              | -10.7%        | 14.0%        | 69.6%                | -5.9%                             | -6.0%        |
| <b>VALLE D'AOSTA</b>         | <b>-13.7%</b> | <b>-55.6%</b>        | <b>1.3%</b>                       | <b>-10.7%</b> | <b>14.0%</b> | <b>69.6%</b>         | <b>-5.9%</b>                      | <b>-6.0%</b> |
| Genoa                        | 0.6%          | -32.1%               | 3.4%                              | -19.6%        | -3.1%        | -4.6%                | -2.2%                             | 6.9%         |
| Savona                       | -2.8%         | -14.8%               | 0.6%                              | -3.3%         | -8.8%        | -5.1%                | -9.9%                             | -13.1%       |
| La Spezia                    | 4.0%          | 82.7%                | 0.0%                              | -11.3%        | -5.5%        | 40.2%                | 0.5%                              | -14.1%       |
| Imperia                      | -3.5%         | -50.1%               | -2.2%                             | 1.0%          | -24.4%       | -49.6%               | -11.5%                            | 1.5%         |
| <b>LIGURIA</b>               | <b>0.2%</b>   | <b>-13.7%</b>        | <b>2.0%</b>                       | <b>-12.6%</b> | <b>-7.3%</b> | <b>-8.3%</b>         | <b>-3.5%</b>                      | <b>-2.3%</b> |
| Milan                        | 4.0%          | 45.4%                | 4.2%                              | -3.4%         | 6.9%         | 30.1%                | 14.0%                             | -4.3%        |
| Brescia                      | 2.3%          | 152.5%               | 0.8%                              | -9.9%         | -30.6%       | -12.3%               | -14.3%                            | -35.7%       |
| Bergamo                      | -6.1%         | -12.6%               | 0.5%                              | -15.3%        | -0.6%        | 40.3%                | 1.6%                              | -12.5%       |
| Varese                       | 2.9%          | 25.7%                | 0.3%                              | -8.5%         | -20.6%       | -12.3%               | 5.8%                              | -22.7%       |
| Monza and Brianza            | 3.1%          | 20.4%                | 2.6%                              | -5.4%         | -1.4%        | -10.2%               | -4.9%                             | 12.1%        |
| Como                         | -1.0%         | -38.6%               | 2.9%                              | -11.4%        | -2.2%        | -1.1%                | -1.4%                             | 10.1%        |
| Pavia                        | 10.2%         | 117.8%               | 5.3%                              | -11.7%        | -30.4%       | -0.4%                | 4.5%                              | -43.7%       |
| Mantova                      | 2.3%          | 32.5%                | 5.5%                              | -10.2%        | -12.6%       | -29.3%               | -2.2%                             | 2.4%         |
| Cremona                      | -3.7%         | -13.4%               | -3.0%                             | -5.7%         | -10.3%       | -59.9%               | -1.5%                             | 56.1%        |
| Lecco                        | -11.0%        | -58.5%               | 1.2%                              | -29.9%        | 2.9%         | 37.1%                | -7.4%                             | 3.1%         |
| Lodi                         | 6.0%          | -7.3%                | 1.4%                              | 39.5%         | 68.5%        | 132.7%               | 1.1%                              | 76.9%        |
| Sondrio                      | -2.4%         | -58.1%               | -1.4%                             | 5.5%          | -44.1%       | -51.6%               | -10.8%                            | -54.2%       |
| <b>LOMBARDIA</b>             | <b>1.6%</b>   | <b>22.7%</b>         | <b>2.4%</b>                       | <b>-7.4%</b>  | <b>-6.6%</b> | <b>4.4%</b>          | <b>3.7%</b>                       | <b>-9.3%</b> |
| Trento                       | -7.7%         | 160.4%               | 2.1%                              | -42.5%        | 5.5%         | -24.5%               | -5.4%                             | 36.7%        |
| Bolzano                      | 8.3%          | -39.9%               | 2.3%                              | 36.4%         | 12.7%        | -17.1%               | 0.3%                              | -3.3%        |
| <b>TRENTINO-ALTO ADIGE</b>   | <b>-1.0%</b>  | <b>35.5%</b>         | <b>2.1%</b>                       | <b>-23.5%</b> | <b>8.9%</b>  | <b>-16.5%</b>        | <b>-2.2%</b>                      | <b>21.7%</b> |
| Padova                       | -2.9%         | -29.3%               | 1.0%                              | -21.1%        | 10.0%        | -9.5%                | -3.0%                             | 38.7%        |
| Treviso                      | -3.2%         | -62.4%               | 0.6%                              | -11.7%        | 12.3%        | 17.2%                | -5.7%                             | 22.7%        |
| Verona                       | 9.3%          | 8.4%                 | 0.7%                              | 34.3%         | 16.0%        | -4.0%                | -11.2%                            | 47.5%        |
| Vicenza                      | 2.0%          | 77.4%                | 1.1%                              | -17.0%        | 19.6%        | 104.5%               | 0.8%                              | 4.6%         |
| Venice                       | 1.1%          | 55.7%                | 2.7%                              | -14.8%        | 9.9%         | 17.2%                | -5.8%                             | 26.5%        |
| Rovigo                       | 12.4%         | 61.7%                | -0.8%                             | 1.2%          | -7.2%        | 14.9%                | 1.6%                              | -13.5%       |
| Belluno                      | -22.6%        | -83.0%               | 0.2%                              | -40.9%        | -11.0%       | -30.3%               | -5.6%                             | 26.3%        |
| <b>VENETO</b>                | <b>0.3%</b>   | <b>-11.0%</b>        | <b>1.0%</b>                       | <b>-9.0%</b>  | <b>11.3%</b> | <b>12.7%</b>         | <b>-4.8%</b>                      | <b>24.2%</b> |
| Udine                        | 3.5%          | -10.4%               | 1.7%                              | -3.0%         | 10.7%        | 1.6%                 | -11.5%                            | 29.4%        |
| Pordenone                    | 8.8%          | 100.3%               | -2.6%                             | -4.0%         | 40.6%        | 94.3%                | -8.5%                             | 42.6%        |
| Trieste                      | 4.3%          | 95.9%                | 2.2%                              | 2.7%          | 17.3%        | 217.4%               | -9.2%                             | -34.1%       |
| Gorizia                      | 3.3%          | 50.0%                | 1.8%                              | -7.9%         | -17.5%       | -52.7%               | -4.9%                             | 54.0%        |
| <b>FRIULI-VENEZIA GIULIA</b> | <b>4.9%</b>   | <b>36.1%</b>         | <b>0.8%</b>                       | <b>-3.6%</b>  | <b>15.7%</b> | <b>40.8%</b>         | <b>-9.7%</b>                      | <b>18.4%</b> |
| Bologna                      | 4.6%          | 74.4%                | 0.6%                              | -6.5%         | 6.7%         | 17.6%                | 2.2%                              | 22.3%        |
| Modena                       | 7.8%          | 37.5%                | 4.1%                              | 9.6%          | -15.2%       | -19.7%               | -8.4%                             | -4.0%        |

(continue)

continued: Table A20

## MOTOR LIABILITY - AVERAGE COST OF CLAIMS HANDLED (percentage changes 2016/2015)

| Province / Region     | PAID          |                      |                                   |               | RESERVED      |                      |                                   |               |
|-----------------------|---------------|----------------------|-----------------------------------|---------------|---------------|----------------------|-----------------------------------|---------------|
|                       | Total         | Only personal injury | Only damage to vehicle / property | Both          | Total         | Only personal injury | Only damage to vehicle / property | Both          |
| Reggio Emilia         | -1.9%         | -13.3%               | -0.2%                             | 0.2%          | -33.8%        | 30.5%                | -8.8%                             | -53.4%        |
| Ravenna               | -3.1%         | -8.4%                | -1.5%                             | -11.8%        | 12.8%         | 42.6%                | -9.7%                             | 2.2%          |
| Parma                 | -7.7%         | -73.8%               | 2.0%                              | -2.8%         | -6.3%         | -7.1%                | -5.6%                             | 17.5%         |
| Forlì-Cesena          | 7.7%          | 54.2%                | -0.3%                             | 11.8%         | 4.7%          | 18.8%                | -10.2%                            | 8.4%          |
| Rimini                | 4.6%          | 26.4%                | 1.9%                              | 15.7%         | -23.0%        | -20.4%               | -12.5%                            | -18.0%        |
| Ferrara               | -1.2%         | -33.0%               | -1.0%                             | 2.6%          | 2.8%          | -17.9%               | -7.7%                             | 29.4%         |
| Piacenza              | -5.3%         | -27.0%               | -0.1%                             | -12.7%        | 3.1%          | 8.1%                 | -5.3%                             | 32.7%         |
| <b>EMILIA ROMAGNA</b> | <b>1.3%</b>   | <b>-4.8%</b>         | <b>0.9%</b>                       | <b>0.0%</b>   | <b>-6.2%</b>  | <b>7.3%</b>          | <b>-5.8%</b>                      | <b>0.0%</b>   |
| Ancona                | -2.5%         | 2.6%                 | 4.2%                              | -7.8%         | 10.6%         | 37.7%                | -5.7%                             | 7.0%          |
| Pesaro e Urbino       | -8.6%         | -58.1%               | -1.0%                             | -5.7%         | -0.7%         | 0.4%                 | -9.4%                             | 7.0%          |
| Macerata              | -0.6%         | 101.4%               | 3.8%                              | -28.8%        | -18.6%        | 16.1%                | -12.7%                            | -30.9%        |
| Ascoli Piceno         | 4.0%          | 32.6%                | 0.0%                              | -7.4%         | 0.4%          | 52.4%                | -10.2%                            | -16.4%        |
| Fermo                 | 1.0%          | 20.4%                | 3.3%                              | -7.9%         | -26.4%        | -21.8%               | 7.7%                              | -19.6%        |
| <b>MARCHE</b>         | <b>-2.9%</b>  | <b>1.9%</b>          | <b>2.0%</b>                       | <b>-13.2%</b> | <b>-4.0%</b>  | <b>21.4%</b>         | <b>-7.4%</b>                      | <b>-6.7%</b>  |
| Florence              | -2.4%         | -27.3%               | 2.1%                              | -16.2%        | -10.2%        | -26.8%               | -1.5%                             | 21.1%         |
| Pisa                  | -3.5%         | -4.9%                | -3.2%                             | -3.0%         | 5.0%          | 26.5%                | -10.3%                            | 0.3%          |
| Lucca                 | 2.7%          | 112.1%               | -0.1%                             | -19.9%        | -20.2%        | -3.3%                | -27.9%                            | -21.7%        |
| Arezzo                | 3.9%          | 44.9%                | 0.3%                              | -7.3%         | -3.7%         | -8.5%                | -17.7%                            | 10.1%         |
| Pistoia               | -0.8%         | -21.0%               | 2.2%                              | -6.7%         | 21.5%         | 48.3%                | 1.8%                              | 6.8%          |
| Livorno               | 2.3%          | -21.5%               | -0.5%                             | 16.8%         | -27.6%        | -39.7%               | -5.1%                             | -21.0%        |
| Prato                 | 7.0%          | 26.9%                | -0.4%                             | 10.3%         | 4.3%          | -5.9%                | 2.8%                              | 37.5%         |
| Siena                 | -5.6%         | 2.4%                 | 2.5%                              | -31.5%        | 18.8%         | 56.9%                | -34.4%                            | 73.3%         |
| Massa-Carrara         | -3.0%         | -11.5%               | 2.5%                              | -5.9%         | 52.1%         | 26.2%                | -2.5%                             | 105.2%        |
| Grosseto              | 2.7%          | -14.6%               | 1.2%                              | 10.8%         | -2.3%         | 67.2%                | 7.1%                              | -15.8%        |
| <b>TOSCANA</b>        | <b>-0.3%</b>  | <b>3.4%</b>          | <b>0.6%</b>                       | <b>-8.6%</b>  | <b>-3.6%</b>  | <b>-4.9%</b>         | <b>-8.9%</b>                      | <b>8.7%</b>   |
| Perugia               | 7.5%          | 36.8%                | 1.2%                              | 5.4%          | -14.0%        | -28.2%               | -14.6%                            | 12.8%         |
| Terni                 | 5.7%          | 33.1%                | 3.9%                              | -7.2%         | -18.5%        | 36.1%                | -17.8%                            | -46.7%        |
| <b>UMBRIA</b>         | <b>7.2%</b>   | <b>36.2%</b>         | <b>1.7%</b>                       | <b>3.0%</b>   | <b>-15.1%</b> | <b>-14.3%</b>        | <b>-15.4%</b>                     | <b>-7.5%</b>  |
| Rome                  | 0.2%          | -23.1%               | 2.2%                              | -4.5%         | 5.3%          | 3.8%                 | 5.7%                              | 16.8%         |
| Latina                | 4.6%          | 1.8%                 | 2.5%                              | 13.7%         | -9.4%         | -26.0%               | -1.3%                             | 12.1%         |
| Frosinone             | 1.6%          | -19.4%               | 4.2%                              | -1.4%         | 2.1%          | 14.5%                | 0.0%                              | 1.4%          |
| Viterbo               | 9.5%          | 163.0%               | 4.8%                              | -36.2%        | -29.4%        | -41.2%               | -12.3%                            | 10.2%         |
| Rieti                 | -5.7%         | -2.9%                | -5.4%                             | -22.4%        | -5.9%         | 53.3%                | -3.6%                             | -23.1%        |
| <b>LAZIO</b>          | <b>0.8%</b>   | <b>-10.4%</b>        | <b>2.1%</b>                       | <b>-4.1%</b>  | <b>1.2%</b>   | <b>-1.7%</b>         | <b>4.2%</b>                       | <b>13.2%</b>  |
| Naples                | 4.7%          | -1.9%                | 3.2%                              | 7.2%          | -12.8%        | 12.7%                | -9.6%                             | -20.9%        |
| Salerno               | -4.0%         | -10.8%               | 1.6%                              | -12.8%        | -3.7%         | 18.8%                | -7.0%                             | -15.5%        |
| Caserta               | 4.3%          | 2.9%                 | 1.1%                              | -5.8%         | -8.1%         | 10.6%                | -12.6%                            | -15.4%        |
| Avellino              | -0.2%         | 13.7%                | -0.5%                             | 2.2%          | 11.1%         | 7.5%                 | 2.1%                              | 29.0%         |
| Benevento             | -11.8%        | -17.0%               | -0.5%                             | -34.2%        | -8.4%         | -30.6%               | -8.2%                             | 18.7%         |
| <b>CAMPANIA</b>       | <b>1.3%</b>   | <b>-3.2%</b>         | <b>2.1%</b>                       | <b>-5.5%</b>  | <b>-7.9%</b>  | <b>9.1%</b>          | <b>-9.2%</b>                      | <b>-13.3%</b> |
| Chieti                | -3.4%         | 27.5%                | 4.2%                              | -12.0%        | 12.5%         | 34.9%                | -31.9%                            | 21.7%         |
| Pescara               | -4.7%         | 4.4%                 | 2.0%                              | -8.8%         | 19.6%         | -19.8%               | -0.8%                             | 71.8%         |
| Teramo                | 13.6%         | 52.6%                | 1.3%                              | 20.7%         | 5.1%          | -57.1%               | -18.5%                            | 85.7%         |
| L'Aquila              | 0.9%          | -3.3%                | -3.3%                             | -3.0%         | 19.2%         | -4.9%                | 1.8%                              | 26.7%         |
| <b>ABRUZZO</b>        | <b>0.9%</b>   | <b>18.3%</b>         | <b>1.0%</b>                       | <b>-2.5%</b>  | <b>13.2%</b>  | <b>-21.2%</b>        | <b>-13.6%</b>                     | <b>52.6%</b>  |
| Campobasso            | -25.4%        | -58.2%               | 0.0%                              | -46.9%        | 1.2%          | 41.0%                | 6.1%                              | -5.2%         |
| Isernia               | 33.9%         | 13.8%                | 1.7%                              | 79.1%         | -42.6%        | 0.7%                 | -4.3%                             | -64.5%        |
| <b>MOLISE</b>         | <b>-12.1%</b> | <b>-48.3%</b>        | <b>0.2%</b>                       | <b>-21.3%</b> | <b>-15.5%</b> | <b>27.4%</b>         | <b>2.6%</b>                       | <b>-30.8%</b> |

(continue)



continued: Table A20

**MOTOR LIABILITY - AVERAGE COST OF CLAIMS HANDLED** (percentage changes 2016/2015)

| Province / Region      | PAID         |                      |                                   |              | RESERVED      |                      |                                   |               |
|------------------------|--------------|----------------------|-----------------------------------|--------------|---------------|----------------------|-----------------------------------|---------------|
|                        | Total        | Only personal injury | Only damage to vehicle / property | Both         | Total         | Only personal injury | Only damage to vehicle / property | Both          |
| Bari                   | -1.8%        | 20.5%                | -1.4%                             | -3.7%        | 22.4%         | 69.5%                | -8.6%                             | 6.1%          |
| Lecce                  | -3.6%        | 7.1%                 | -1.7%                             | -4.5%        | -9.2%         | 3.1%                 | -16.1%                            | -10.8%        |
| Taranto                | 3.7%         | 35.9%                | -1.5%                             | -2.4%        | 22.1%         | 19.8%                | -2.9%                             | 29.2%         |
| Foggia                 | -8.8%        | 23.6%                | -2.1%                             | -26.0%       | -9.7%         | 13.8%                | -17.0%                            | -12.4%        |
| Brindisi               | -3.0%        | 3.6%                 | 1.7%                              | -12.5%       | -12.5%        | 3.1%                 | -3.2%                             | -14.2%        |
| Barletta-Andria-Trani  | -5.9%        | -29.5%               | -2.6%                             | -10.7%       | 1.2%          | -29.4%               | -12.4%                            | 53.6%         |
| <b>PUGLIA</b>          | <b>-3.0%</b> | <b>14.2%</b>         | <b>-1.4%</b>                      | <b>-8.5%</b> | <b>5.4%</b>   | <b>22.2%</b>         | <b>-10.0%</b>                     | <b>3.7%</b>   |
| Potenza                | 8.6%         | 49.4%                | -2.0%                             | 6.0%         | -20.2%        | 77.5%                | -0.9%                             | -57.7%        |
| Matera                 | 9.4%         | 168.5%               | -0.1%                             | -3.3%        | -18.7%        | 5.5%                 | -4.2%                             | -21.7%        |
| <b>BASILICATA</b>      | <b>8.9%</b>  | <b>71.7%</b>         | <b>-1.3%</b>                      | <b>2.3%</b>  | <b>-19.6%</b> | <b>42.0%</b>         | <b>-2.2%</b>                      | <b>-45.9%</b> |
| Cosenza                | 6.6%         | 42.2%                | 1.9%                              | -9.8%        | -2.7%         | 14.0%                | 2.1%                              | -22.7%        |
| Reggio Calabria        | -1.0%        | 11.7%                | -1.6%                             | 10.7%        | -7.6%         | 9.1%                 | 0.7%                              | -23.2%        |
| Catanzaro              | 4.4%         | 3.7%                 | 4.7%                              | 1.5%         | 19.8%         | -14.9%               | -7.8%                             | 76.7%         |
| Vibo Valentia          | -5.5%        | -6.5%                | 6.0%                              | -5.5%        | 32.5%         | -38.8%               | -3.6%                             | 154.6%        |
| Crotone                | -2.2%        | -25.1%               | 0.8%                              | -15.1%       | 0.2%          | 39.0%                | -8.2%                             | -31.1%        |
| <b>CALABRIA</b>        | <b>2.4%</b>  | <b>19.2%</b>         | <b>1.9%</b>                       | <b>-3.1%</b> | <b>3.7%</b>   | <b>3.0%</b>          | <b>-1.5%</b>                      | <b>3.1%</b>   |
| Palermo                | 5.5%         | -15.5%               | 2.6%                              | 12.7%        | -0.2%         | 15.8%                | 7.8%                              | 0.0%          |
| Catania                | -1.5%        | -17.6%               | 1.4%                              | -3.1%        | -21.2%        | -13.2%               | -7.5%                             | -24.7%        |
| Messina                | -1.6%        | 20.6%                | 1.2%                              | -14.9%       | -19.5%        | 4.5%                 | -6.3%                             | -39.0%        |
| Trapani                | -9.5%        | -18.3%               | -0.4%                             | -20.7%       | 1.8%          | 22.2%                | -4.6%                             | -8.3%         |
| Siracusa               | -3.0%        | 11.3%                | -1.0%                             | -23.8%       | -19.0%        | 11.1%                | -2.6%                             | -30.3%        |
| Agrigento              | 0.1%         | 25.0%                | 0.3%                              | -12.3%       | 6.1%          | 76.9%                | -2.4%                             | -31.4%        |
| Ragusa                 | 1.2%         | -8.2%                | 2.6%                              | -10.2%       | -35.3%        | -42.0%               | -17.8%                            | -29.1%        |
| Caltanissetta          | 4.6%         | -3.1%                | 2.5%                              | -6.4%        | -12.4%        | -60.0%               | -6.5%                             | 59.2%         |
| Enna                   | 1.8%         | 58.5%                | 3.6%                              | -5.6%        | -42.3%        | -30.3%               | -0.5%                             | -53.4%        |
| <b>SICILY</b>          | <b>0.0%</b>  | <b>-5.4%</b>         | <b>1.4%</b>                       | <b>-7.4%</b> | <b>-13.0%</b> | <b>1.5%</b>          | <b>-2.2%</b>                      | <b>-19.2%</b> |
| Cagliari               | 3.4%         | -4.5%                | 2.8%                              | -8.9%        | 26.7%         | 102.1%               | 6.5%                              | -1.5%         |
| Sassari                | -3.7%        | -29.1%               | 0.3%                              | 1.0%         | 34.8%         | 22.6%                | 3.1%                              | 85.3%         |
| Nuoro                  | -4.4%        | -50.3%               | 0.5%                              | -1.8%        | -28.1%        | -41.1%               | -7.0%                             | -3.9%         |
| Olbia-Tempio           | -0.8%        | 26.8%                | 3.4%                              | -17.3%       | -27.0%        | -26.3%               | 2.8%                              | -28.6%        |
| Oristano               | -14.1%       | -52.6%               | 3.7%                              | -35.3%       | -38.3%        | 23.7%                | -3.0%                             | -75.0%        |
| Ogliastra              | -2.3%        | -2.4%                | -0.9%                             | -17.6%       | -27.0%        | -9.2%                | -11.9%                            | -40.0%        |
| Carbonia-Iglesias      | -5.0%        | 22.7%                | -3.7%                             | -2.3%        | -13.6%        | -37.4%               | 7.8%                              | 8.6%          |
| Medio Campidano        | -1.4%        | 0.3%                 | -0.1%                             | -2.5%        | -30.8%        | -15.2%               | -5.3%                             | -36.8%        |
| <b>SARDINIA</b>        | <b>-1.9%</b> | <b>-9.5%</b>         | <b>1.0%</b>                       | <b>-8.8%</b> | <b>1.9%</b>   | <b>26.4%</b>         | <b>1.7%</b>                       | <b>-8.4%</b>  |
| <b>All the regions</b> | <b>0.5%</b>  | <b>4.8%</b>          | <b>1.4%</b>                       | <b>-6.5%</b> | <b>-2.4%</b>  | <b>5.8%</b>          | <b>-2.3%</b>                      | <b>0.2%</b>   |
| <b>GRAND TOTAL (*)</b> | <b>0.5%</b>  | <b>4.7%</b>          | <b>1.4%</b>                       | <b>-6.5%</b> | <b>-2.4%</b>  | <b>5.8%</b>          | <b>-2.3%</b>                      | <b>0.2%</b>   |

(\*) Including general directions.



Table A21

| Statistics on premium distribution |         |        |        |            |            |            |            |            |               |               |               |
|------------------------------------|---------|--------|--------|------------|------------|------------|------------|------------|---------------|---------------|---------------|
| Period                             | Average | Median | Var. % | Stan. Dev. | 10th Perc. | 25th Perc. | 75th Perc. | 90th Perc. | (90°-10°)/10° | (50°-10°)/10° | (90°-50°)/10° |
| 2nd quarter 2015                   | 450     | 406    | 44.9   | 202        | 254        | 316        | 533        | 696        | 1.741         | 0.597         | 1.143         |
| 3rd quarter 2015                   | 452     | 408    | 45.1   | 204        | 254        | 317        | 537        | 701        | 1.759         | 0.607         | 1.152         |
| 4th quarter 2015                   | 439     | 397    | 45     | 198        | 247        | 308        | 520        | 679        | 1.742         | 0.604         | 1.138         |
| 1st quarter 2016                   | 425     | 385    | 44.1   | 188        | 243        | 300        | 503        | 652        | 1.687         | 0.587         | 1.099         |
| 2nd quarter 2016                   | 421     | 381    | 44.5   | 187        | 240        | 297        | 499        | 646        | 1.697         | 0.59          | 1.107         |
| 3rd quarter 2016                   | 426     | 385    | 44.9   | 191        | 240        | 299        | 504        | 656        | 1.731         | 0.601         | 1.13          |
| 4th quarter 2016                   | 420     | 379    | 44.8   | 188        | 238        | 295        | 497        | 646        | 1.719         | 0.597         | 1.122         |
| 1st quarter 2017                   | 412     | 372    | 44.5   | 183        | 235        | 291        | 486        | 631        | 1.683         | 0.585         | 1.099         |

Table A22

| Statistics on premium distribution - variation<br>(percentage changes in relation to the previous quarter and to the same quarter of the previous year) |                  |         |        |      |             |               |               |               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------|--------|------|-------------|---------------|---------------|---------------|
|                                                                                                                                                         |                  | Average | Median | Var. | Stand. Dev. | (90°-10°)/10° | (50°-10°)/10° | (90°-50°)/10° |
| % Variation                                                                                                                                             | Period           |         |        |      |             |               |               |               |
| on an annual basis                                                                                                                                      | 2nd quarter 2016 | -6.4    | -6.1   | -0.9 | -7.2        | -2.5          | -1.2          | -3.2          |
|                                                                                                                                                         | 3rd quarter 2016 | -5.9    | -5.7   | -0.3 | -6.2        | -1.6          | -0.9          | -2.0          |
|                                                                                                                                                         | 4th quarter 2016 | -4.4    | -4.4   | -0.5 | -4.9        | -1.3          | -1.2          | -1.4          |
|                                                                                                                                                         | 1st quarter 2017 | -3.2    | -3.4   | 0.8  | -2.4        | -0.2          | -0.5          | 0.0           |
| on a quarterly basis                                                                                                                                    | 3rd quarter 2015 | 0.6     | 0.6    | 0.4  | 1.0         | 1.0           | 1.5           | 0.8           |
|                                                                                                                                                         | 4th quarter 2015 | -2.9    | -2.7   | -0.1 | -3.0        | -0.9          | -0.4          | -1.2          |
|                                                                                                                                                         | 1st quarter 2016 | -3.1    | -2.9   | -2.0 | -5.1        | -3.2          | -2.8          | -3.4          |
|                                                                                                                                                         | 2nd quarter 2016 | -1.0    | -1.1   | 0.9  | -0.2        | 0.6           | 0.5           | 0.7           |
|                                                                                                                                                         | 3rd quarter 2016 | 1.1     | 1.0    | 1.0  | 2.1         | 2.0           | 1.8           | 2.0           |
|                                                                                                                                                         | 4th quarter 2016 | -1.4    | -1.4   | -0.2 | -1.7        | -0.7          | -0.7          | -0.7          |
|                                                                                                                                                         | 1st quarter 2017 | -1.9    | -1.9   | -0.8 | -2.7        | -2.1          | -2.1          | -2.1          |

Table 1

## UNDERTAKINGS PURSUING INSURANCE AND REINSURANCE BUSINESS IN ITALY

| YEARS<br>(as at 31.12) | NATIONAL UNDERTAKINGS             |                          |                     |       | BRANCHES OF FOREIGN UNDERTAKINGS                            |                                                                                                                                         |                                                        |
|------------------------|-----------------------------------|--------------------------|---------------------|-------|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
|                        | companies<br>limited by<br>shares | cooperative<br>companies | mutual<br>companies | Total | with head<br>office in a<br>non-EU or<br>non-EEA<br>country | with head office in an<br>EU or EEA country<br>subject to the super-<br>vision of their respec-<br>tive Home country<br>supervisors (*) | TOTAL DOMES-<br>TIC AND FOR-<br>EIGN UNDER-<br>TAKINGS |
| 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                                                    |
| 2015                   | 110                               | 1                        | 3                   | 114   | 3                                                           | 103                                                                                                                                     | 220                                                    |
| 2016                   | 104                               | 1                        | 3                   | 108   | 3                                                           | 104                                                                                                                                     | 215                                                    |

(\*) Italian branches of insurance and reinsurance undertakings with head office in other EU countries (or in other EEA countries), of which 97 insurance undertakings and 7 specialist reinsurers.

As at 31.12.2016 there were 1,008 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.

Table 2

## PREMIUMS OF THE ITALIAN DIRECT INSURANCE PORTFOLIO (a)

|                                                             | 2011             | 2012             | Annual percentage variation | Homogeneous annual percentage variation (b) | 2013             | Annual percentage variation | Homogeneous annual percentage variation (b) | % over the total for 2013 | 2014             | Annual percentage variation | % over the total for 2014 | 2015             | Annual percentage variation | % over the total for 2015 | 2016             | Annual percentage variation | Homogeneous annual percentage variation (b) | % over the total for 2016 |
|-------------------------------------------------------------|------------------|------------------|-----------------------------|---------------------------------------------|------------------|-----------------------------|---------------------------------------------|---------------------------|------------------|-----------------------------|---------------------------|------------------|-----------------------------|---------------------------|------------------|-----------------------------|---------------------------------------------|---------------------------|
| <b>NON-LIFE BUSINESS</b>                                    |                  |                  |                             |                                             |                  |                             |                                             |                           |                  |                             |                           |                  |                             |                           |                  |                             |                                             |                           |
| Accidents                                                   | 3,036.2          | 2,976.2          | -2.0                        | -0.9                                        | 2,957.6          | -0.6                        | -0.5                                        | 2.2                       | 2,973.6          | 0.5                         | 2.1                       | 2,962.5          | -0.4                        | 2.0                       | 3,008.8          | 1.6                         | 1.1                                         | 2.2                       |
| Sickness                                                    | 2,171.8          | 2,136.3          | -1.6                        | -0.2                                        | 2,069.9          | -3.1                        | -3.1                                        | 1.5                       | 2,056.4          | -0.7                        | 1.4                       | 2,142.6          | 4.2                         | 1.5                       | 2,348.7          | 9.6                         | 9.6                                         | 1.8                       |
| Land vehicles                                               | 2,891.2          | 2,648.5          | -8.4                        | -8.4                                        | 2,413.2          | -8.9                        | -8.6                                        | 1.8                       | 2,386.6          | -1.1                        | 1.7                       | 2,455.5          | 2.9                         | 1.7                       | 2,634.2          | 7.3                         | 6.5                                         | 2.0                       |
| Railway/rolling stock                                       | 6.9              | 8.6              | 24.9                        | 24.9                                        | 3.8              | -55.5                       | -55.5                                       | 0.0                       | 4.1              | 6.6                         | 0.0                       | 4.1              | -0.3                        | 0.0                       | 6.3              | 56.2                        | 56.2                                        | 0.0                       |
| Aircraft                                                    | 41.7             | 36.7             | -11.9                       | -11.9                                       | 22.4             | -39.1                       | -39.1                                       | 0.0                       | 17.9             | -19.8                       | 0.0                       | 18.4             | 2.4                         | 0.0                       | 18.4             | 0.1                         | 0.1                                         | 0.0                       |
| Ships (sea, lake and river and canal vessels)               | 314.8            | 259.0            | -17.7                       | -17.7                                       | 244.1            | -5.8                        | -5.8                                        | 0.2                       | 239.4            | -1.9                        | 0.2                       | 230.2            | -3.9                        | 0.2                       | 232.4            | 1.0                         | 1.0                                         | 0.2                       |
| Goods in transit                                            | 219.0            | 213.7            | -2.4                        | -2.4                                        | 187.0            | -12.5                       | -12.5                                       | 0.1                       | 171.3            | -8.4                        | 0.1                       | 166.9            | -2.6                        | 0.1                       | 165.5            | -0.8                        | -7.0                                        | 0.1                       |
| Fire and natural forces                                     | 2,343.1          | 2,306.5          | -1.6                        | -1.6                                        | 2,283.7          | -1.0                        | -1.0                                        | 1.7                       | 2,295.2          | 0.5                         | 1.6                       | 2,290.8          | -0.2                        | 1.6                       | 2,377.2          | 3.8                         | 0.8                                         | 1.8                       |
| Other damage to property                                    | 2,645.4          | 2,610.9          | -1.3                        | -1.2                                        | 2,663.3          | 2.0                         | 2.0                                         | 2.0                       | 2,777.1          | 4.3                         | 1.9                       | 2,725.3          | -1.9                        | 1.9                       | 2,759.0          | 1.2                         | 0.5                                         | 2.1                       |
| Motor vehicle liability                                     | 17,760.5         | 17,541.9         | -1.2                        | -1.2                                        | 16,230.3         | -7.5                        | -7.0                                        | 11.9                      | 15,179.7         | -6.5                        | 10.6                      | 14,186.6         | -6.5                        | 9.7                       | 13,493.8         | -4.9                        | -5.6                                        | 10.1                      |
| Aircraft liability                                          | 24.2             | 18.8             | -22.1                       | -22.1                                       | 13.7             | -27.3                       | -27.3                                       | 0.0                       | 14.4             | 4.8                         | 0.0                       | 10.3             | -28.5                       | 0.0                       | 11.3             | 10.0                        | 10.0                                        | 0.0                       |
| Liability for ships (sea, lake and river and canal vessels) | 33.1             | 34.1             | 3.0                         | 3.0                                         | 32.4             | -4.9                        | -4.9                                        | 0.0                       | 31.6             | -2.7                        | 0.0                       | 31.5             | -0.3                        | 0.0                       | 31.7             | 0.7                         | 0.2                                         | 0.0                       |
| General liability                                           | 2,932.8          | 2,939.1          | 0.2                         | 0.2                                         | 2,847.9          | -3.1                        | -3.1                                        | 2.1                       | 2,830.9          | -0.6                        | 2.0                       | 2,878.4          | 1.7                         | 2.0                       | 2,899.2          | 0.7                         | -0.2                                        | 2.2                       |
| Credit                                                      | 202.9            | 84.4             | -58.4                       | -16.6                                       | 85.5             | 1.3                         | 1.3                                         | 0.1                       | 70.4             | -17.7                       | 0.0                       | 60.1             | -14.7                       | 0.0                       | 67.3             | 12.1                        | 12.1                                        | 0.1                       |
| Suretyship                                                  | 463.9            | 387.5            | -16.5                       | -6.3                                        | 379.3            | -2.1                        | -2.1                                        | 0.3                       | 383.9            | 1.2                         | 0.3                       | 362.5            | -5.6                        | 0.2                       | 387.4            | 6.9                         | 4.9                                         | 0.3                       |
| Miscellaneous financial loss                                | 524.3            | 459.9            | -12.3                       | -11.1                                       | 456.9            | -0.6                        | -0.6                                        | 0.3                       | 513.0            | 12.3                        | 0.4                       | 550.8            | 7.4                         | 0.4                       | 527.0            | -4.3                        | -4.8                                        | 0.4                       |
| Legal expenses                                              | 301.1            | 278.4            | -7.5                        | 2.6                                         | 291.0            | 4.5                         | 4.9                                         | 0.2                       | 307.3            | 5.6                         | 0.2                       | 326.8            | 6.3                         | 0.2                       | 340.9            | 4.3                         | 3.8                                         | 0.3                       |
| Assistance                                                  | 445.4            | 472.8            | 6.1                         | 6.1                                         | 505.1            | 6.8                         | 7.3                                         | 0.4                       | 547.5            | 8.4                         | 0.4                       | 603.5            | 10.2                        | 0.4                       | 644.9            | 6.9                         | 6.3                                         | 0.5                       |
| <b>Total non-life</b>                                       | <b>36,358.1</b>  | <b>35,413.4</b>  | <b>-2.6</b>                 | <b>-1.9</b>                                 | <b>33,687.2</b>  | <b>-4.9</b>                 | <b>-4.6</b>                                 | <b>24.8</b>               | <b>32,800.2</b>  | <b>-2.6</b>                 | <b>22.9</b>               | <b>32,006.5</b>  | <b>-2.4</b>                 | <b>21.8</b>               | <b>31,954.0</b>  | <b>-0.2</b>                 | <b>-1.0</b>                                 | <b>23.8</b>               |
| <b>LIFE BUSINESS</b>                                        |                  |                  |                             |                                             |                  |                             |                                             |                           |                  |                             |                           |                  |                             |                           |                  |                             |                                             |                           |
| Class I                                                     | 56,698.5         | 51,191.3         | -9.7                        | -9.6                                        | 73,634.9         | 43.8                        | 43.8                                        | 54.2                      | 82,578.4         | 12.1                        | 57.6                      | 77,875.3         | -5.7                        | 53.0                      | 73,634.9         | -5.4                        | -5.4                                        | 54.9                      |
| Class II                                                    | 0                | 0                | 0                           | 0                                           | 0                | 0                           | 0                                           | 0                         | 0                | 0                           | 0                         | 0                | 0                           | 0.0                       | 0                | 0                           | 0.0                                         | 0.0                       |
| Class III                                                   | 12,495.7         | 13,799.6         | 10.4                        | 10.4                                        | 24,031.0         | 74.1                        | 74.1                                        | 17.7                      | 21,837.3         | -9.1                        | 15.2                      | 31,838.0         | 45.8                        | 21.7                      | 24,031.0         | -24.5                       | -24.5                                       | 17.9                      |
| Class IV                                                    | 32.0             | 43.8             | 36.8                        | 36.8                                        | 79.1             | 80.6                        | 80.6                                        | 0.1                       | 67.2             | -15.1                       | 0.0                       | 73.7             | 9.7                         | 0.1                       | 79.1             | 7.3                         | 7.3                                         | 0.1                       |
| Class V                                                     | 3,130.5          | 2,814.9          | -10.1                       | -10.1                                       | 2,741.1          | -2.6                        | -2.6                                        | 2.0                       | 4,622.4          | 88.6                        | 3.2                       | 3,507.7          | -24.1                       | 2.4                       | 2,741.1          | -21.9                       | -21.9                                       | 2.0                       |
| Class VI                                                    | 1,512.4          | 1,865.6          | 23.4                        | 23.4                                        | 1,766.2          | -5.3                        | -5.3                                        | 1.3                       | 1,412.7          | -20.0                       | 1.0                       | 1,652.4          | 17.0                        | 1.1                       | 1,766.2          | 6.9                         | 6.9                                         | 1.3                       |
| <b>Total life</b>                                           | <b>73,869.1</b>  | <b>69,715.1</b>  | <b>-5.6</b>                 | <b>-5.5</b>                                 | <b>102,252.3</b> | <b>46.7</b>                 | <b>46.7</b>                                 | <b>75.2</b>               | <b>110,518.0</b> | <b>8.1</b>                  | <b>77.1</b>               | <b>114,947.1</b> | <b>4.0</b>                  | <b>76.2</b>               | <b>102,252.3</b> | <b>-11.0</b>                | <b>-11.0</b>                                | <b>76.2</b>               |
| <b>Grand total</b>                                          | <b>110,227.2</b> | <b>105,128.6</b> | <b>-4.6</b>                 | <b>-4.3</b>                                 | <b>135,939.4</b> | <b>29.3</b>                 | <b>29.4</b>                                 | <b>100.0</b>              | <b>143,318.2</b> | <b>5.4</b>                  | <b>100.0</b>              | <b>146,953.6</b> | <b>2.5</b>                  | <b>100.0</b>              | <b>134,206.2</b> | <b>-8.7</b>                 | <b>-8.8</b>                                 | <b>100.0</b>              |

(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 4,579.7 million in 2016 (EUR 4,918.6 million in 2015) and premiums in life business for EUR 5,745.1 million in 2015 (EUR 5,724.2 million in 2015). The data are referred to undertakings of which information is available.

(b) The percentage variations compared to the previous year were also recalculated net of the accounting effect caused by the changes in 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

Table 3

**PREMIUM INCIDENCE OVER THE GROSS DOMESTIC PRODUCT***(domestic undertakings and branches of non-EU or non-EEA undertakings; Italian insurance portfolio)**(million euro)*

|                                                      | 2012                                                  | 2013             | 2014             | 2015             | 2016<br>(b)      |
|------------------------------------------------------|-------------------------------------------------------|------------------|------------------|------------------|------------------|
| <b>Life and non-life premiums</b>                    | <b>105,128.6</b>                                      | <b>118,786.6</b> | <b>143,318.2</b> | <b>146,953.6</b> | <b>134,206.2</b> |
| of which:                                            |                                                       |                  |                  |                  |                  |
| Life premiums                                        | 69,715.1                                              | 85,099.6         | 110,518.0        | 114,947.1        | 102,252.3        |
| Non-life premiums                                    | 35,413.4                                              | 33,687.0         | 32,800.2         | 32,006.5         | 31,954.0         |
| of which for motor liability and liability for ships | 17,576.0                                              | 16,262.7         | 15,211.2         | 14,218.0         | 13,525.5         |
| Gross domestic product (a)                           | 1,613,265.0                                           | 1,604,599.1      | 1,621,827.2      | 1,645,439.4      | 1,672,438.3      |
| Cost of living index (basis 2015=100) (a)            | 98.8                                                  | 99.9             | 100.1            | 100.0            | 99.9             |
|                                                      | <i>annual percentage variations</i>                   |                  |                  |                  |                  |
| <b>Life and non-life premiums</b>                    | <b>-4.6</b>                                           | <b>13.0</b>      | <b>20.7</b>      | <b>2.5</b>       | <b>-8.7</b>      |
| Life premiums                                        | -5.6                                                  | 22.1             | 29.9             | 4.0              | -11.0            |
| Non-life premiums                                    | -2.6                                                  | -4.9             | -2.6             | -2.4             | -0.2             |
| Premiums for motor liability and liability for ships | -1.2                                                  | -7.5             | -6.5             | -6.5             | -4.9             |
| Gross domestic product                               | -1.5                                                  | -0.5             | 1.1              | 1.5              | 1.6              |
| Cost of living index                                 | 3.0                                                   | 1.1              | 0.2              | -0.1             | -0.1             |
|                                                      | <i>percentage incidence over GDP (c)</i>              |                  |                  |                  |                  |
| <b>Life and non-life premiums</b>                    | <b>6.5</b>                                            | <b>7.4</b>       | <b>8.8</b>       | <b>8.9</b>       | <b>8.0</b>       |
| of which:                                            |                                                       |                  |                  |                  |                  |
| Life premiums                                        | 4.3                                                   | 5.3              | 6.8              | 7.0              | 6.1              |
| Non-life premiums                                    | 2.2                                                   | 2.1              | 2.0              | 1.9              | 1.9              |
| of which for motor liability and liability for ships | 1.1                                                   | 1.0              | 0.9              | 0.9              | 0.8              |
|                                                      | <i>annual percentage variations in real terms (d)</i> |                  |                  |                  |                  |
| <b>Life and non-life premiums</b>                    | <b>-7.4</b>                                           | <b>11.7</b>      | <b>20.4</b>      | <b>2.6</b>       | <b>-8.6</b>      |
| Life premiums                                        | -8.4                                                  | 20.7             | 29.6             | 4.1              | -10.9            |
| Non-life premiums                                    | -5.5                                                  | -5.9             | -2.8             | -2.3             | 0.0              |
| Premiums for motor liability and liability for ships | -4.1                                                  | -8.5             | -6.6             | -6.4             | -4.8             |
| <b>Gross domestic product</b>                        | <b>-4.4</b>                                           | <b>-1.7</b>      | <b>0.9</b>       | <b>1.6</b>       | <b>1.8</b>       |

(a) Source: Istat - Gross domestic product at the market prices. Data as at March 2017. - General index of consumer prices for families of clerical and manual workers (acronym: FOI), tobacco excluded.

(b) The figures relating to premiums have been taken from provisional balance sheet data furnished by undertakings.

(c) Totals may not tally due to rounding off of decimal numbers.

(d) Data deflated by the coefficients published by ISTAT.

Table 4

**INSURANCE BUSINESS PURSUED ABROAD BY ITALIAN UNDERTAKINGS AND IN ITALY  
BY FOREIGN UNDERTAKINGS - YEAR 2015**

(million euro)

|                                                                                              | Premiums relating to direct insurance |                 |                 | Premiums relating to reinsurance |                |                |
|----------------------------------------------------------------------------------------------|---------------------------------------|-----------------|-----------------|----------------------------------|----------------|----------------|
|                                                                                              | Non-life                              | Life            | Total           | Non-life                         | Life           | Total          |
| <b>A) BUSINESS PURSUED ABROAD BY ITALIAN UNDERTAKINGS (*) AND THEIR FOREIGN SUBSIDIARIES</b> |                                       |                 |                 |                                  |                |                |
| <i>Italian undertakings</i>                                                                  |                                       |                 |                 |                                  |                |                |
| - Business pursued abroad by way of establishment                                            | 336.8                                 | 234.3           | 571.1           | 302.0                            | 0.7            | 302.7          |
| - Business pursued abroad by way of FOS (**)                                                 | 237.4                                 | 14.2            | 251.6           | 658.6                            | 1,146.2        | 1,804.8        |
| <b>Total Italian undertakings</b>                                                            | <b>574.2</b>                          | <b>248.5</b>    | <b>822.7</b>    | <b>960.6</b>                     | <b>1,146.9</b> | <b>2,107.5</b> |
| <i>Total foreign subsidiaries (and their branches)</i>                                       | <i>14,679.6</i>                       | <i>36,094.7</i> | <i>50,774.2</i> | <i>2,822.5</i>                   | <i>2,752.3</i> | <i>5,574.7</i> |
| <b>Total</b>                                                                                 | <b>15,253.8</b>                       | <b>36,343.2</b> | <b>51,596.9</b> | <b>3,783.0</b>                   | <b>3,899.2</b> | <b>7,682.2</b> |
| <b>B) BUSINESS PURSUED IN ITALY BY FOREIGN UNDERTAKINGS AND THEIR ITALIAN SUBSIDIARIES</b>   |                                       |                 |                 |                                  |                |                |
| <i>Foreign undertakings</i>                                                                  |                                       |                 |                 |                                  |                |                |
| - Business pursued in Italy by way of establishment                                          | 5,391.4                               | 5,724.2         | 11,115.6        | 0.0                              | 0.0            | 0.0            |
| - Business pursued in Italy by way of FOS                                                    | 1,226.0                               | 18,023.0        | 19,249.0        | N.A.                             | N.A.           | N.A.           |
| <b>Total foreign undertakings</b>                                                            | <b>6,617.4</b>                        | <b>23,747.2</b> | <b>30,364.6</b> | <b>0.0</b>                       | <b>0.0</b>     | <b>0.0</b>     |
| <b>Total Italian subsidiaries</b>                                                            | <b>10,148.9</b>                       | <b>35,461.7</b> | <b>45,610.6</b> | <b>65.3</b>                      | <b>13.4</b>    | <b>78.7</b>    |
| <b>Total</b>                                                                                 | <b>16,766.3</b>                       | <b>59,208.9</b> | <b>75,975.2</b> | <b>65.3</b>                      | <b>13.4</b>    | <b>78.7</b>    |

(\*) 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

Table 5

**PREMIUM INCOME AND ASSETS WITH RESPECT TO OWNERSHIP STRUCTURE AND PARENT GROUP**  
(Italian insurance portfolio)

| OWNERSHIP STRUCTURE AND PARENT GROUP                                | Life business  |               |                |               | Non-life business |               |               |               | Total          |               |                |               |
|---------------------------------------------------------------------|----------------|---------------|----------------|---------------|-------------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|
|                                                                     | 2015           |               | 2016 *         |               | 2015              |               | 2016 *        |               | 2015           |               | 2016 *         |               |
|                                                                     | Premiums       | %             | Premiums       | %             | Premiums          | %             | Premiums      | %             | Premiums       | %             | Premiums       | %             |
| Undertakings controlled by foreign EU insurance entities            | 23.045         | 20,05         | 22.227         | 21,74         | 9.343             | 29,19         | 9.166         | 28,69         | 32.388         | 22,04         | 31.394         | 23,39         |
| Undertakings controlled by foreign EU financial entities            | 8.312          | 7,23          | 7.693          | 7,52          | 295               | 0,92          | 308           | 0,96          | 8.607          | 5,86          | 8.001          | 5,96          |
| Undertakings controlled by non-EU insurance entities                | 2.175          | 1,89          | 2.255          | 2,21          | 183               | 0,57          | 95            | 0,30          | 2.358          | 1,60          | 2.350          | 1,75          |
| Undertakings controlled by non-EU financial entities                | 2.205          | 1,92          | 2.094          | 2,05          | 329               | 1,03          | 354           | 1,11          | 2.534          | 1,72          | 2.448          | 1,82          |
| Non-EU branches                                                     | 0              | 0,00          | 0              | 0,00          | 473               | 1,48          | 520           | 1,63          | 473            | 0,32          | 520            | 0,39          |
| Undertakings controlled by the State and by Italian public entities | 18.232         | 15,86         | 19.907         | 19,47         | 799               | 2,50          | 799           | 2,50          | 19.031         | 12,95         | 20.706         | 15,43         |
| Undertakings controlled by Italian private entities of which:       | <b>60.979</b>  | <b>53,05</b>  | <b>48.075</b>  | <b>47,02</b>  | <b>20.585</b>     | <b>64,31</b>  | <b>20.712</b> | <b>64,82</b>  | <b>81.563</b>  | <b>55,50</b>  | <b>68.788</b>  | <b>51,26</b>  |
| Industrial and service sectors                                      | 10             | 0,01          | 25             | 0,02          | 433               | 1,35          | 525           | 1,64          | 443            | 0,30          | 550            | 0,41          |
| Insurance sector                                                    | 32.506         | 28,28         | 28.701         | 28,07         | 19.704            | 61,56         | 19.709        | 61,68         | 52.210         | 35,53         | 48.410         | 36,07         |
| Banking and financial sector                                        | 28.463         | 24,76         | 19.350         | 18,92         | 447               | 1,40          | 478           | 1,50          | 28.910         | 19,67         | 19.827         | 14,77         |
| <b>TOTAL</b>                                                        | <b>114.947</b> | <b>100,00</b> | <b>102.252</b> | <b>100,00</b> | <b>32.007</b>     | <b>100,00</b> | <b>31.954</b> | <b>100,00</b> | <b>146.954</b> | <b>100,00</b> | <b>134.206</b> | <b>100,00</b> |

(million euro)

\* The figures relating to 2016 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

Table 6

**OUTWARD REINSURANCE PREMIUMS  
LIFE AND NON-LIFE BUSINESS - YEAR 2015**

(million euro)

| NON LIFE BUSINESS                                              | Inward pre-<br>miums | Outward<br>premiums | Outward/inward<br>premiums %<br>ratio |
|----------------------------------------------------------------|----------------------|---------------------|---------------------------------------|
| Accident                                                       | 2,962.5              | 192.5               | 6.5                                   |
| Sickness                                                       | 2,142.6              | 263.8               | 12.3                                  |
| Land vehicles                                                  | 2,455.5              | 113.9               | 4.6                                   |
| Railway rolling stock                                          | 4.1                  | 0.8                 | 20.3                                  |
| Aircraft                                                       | 18.4                 | 11.4                | 62.0                                  |
| Ships (sea, lake and river and canal ves-<br>sels)             | 230.2                | 102.6               | 44.6                                  |
| Goods in transit                                               | 166.9                | 64.6                | 38.7                                  |
| Fire and natural forces                                        | 2,290.8              | 325.5               | 14.2                                  |
| Other damage to property                                       | 2,725.3              | 497.6               | 18.3                                  |
| Motor vehicle liability                                        | 14,186.6             | 309.8               | 2.2                                   |
| Aircraft liability                                             | 10.3                 | 8.1                 | 78.8                                  |
| Liability for ships (sea, lake and river and<br>canal vessels) | 31.5                 | 0.5                 | 1.7                                   |
| General liability                                              | 2,878.4              | 223.0               | 7.7                                   |
| Credit                                                         | 60.1                 | 17.6                | 29.3                                  |
| Suretyship                                                     | 362.5                | 174.9               | 48.3                                  |
| Miscellaneous financial loss                                   | 550.8                | 113.9               | 20.7                                  |
| Legal expenses                                                 | 326.8                | 105.6               | 32.3                                  |
| Assistance                                                     | 603.5                | 266.5               | 44.2                                  |
| <b>Total non-life business</b>                                 | <b>32,006.5</b>      | <b>2,792.6</b>      | <b>8.7</b>                            |
| LIFE BUSINESS                                                  |                      |                     |                                       |
| Class I                                                        | 77,875.3             | 720.4               | 0.9                                   |
| Class II                                                       |                      |                     |                                       |
| Class III                                                      | 31,838.0             | 7.3                 | 0.0                                   |
| Class IV                                                       | 73.7                 | 4.2                 | 5.7                                   |
| Class V                                                        | 3,507.7              | 0.0                 | 0.0                                   |
| Class VI                                                       | 1,652.4              | 0.0                 | 0.0                                   |
| <b>Total life business</b>                                     | <b>114,947.1</b>     | <b>731.8</b>        | <b>0.6</b>                            |

Table 7

## LOSS RATIO - NON-LIFE BUSINESS

| CLASSES                                                     | 2011<br>(%) | 2012<br>(%) | 2013<br>(%) | 2014<br>(%) | 2015<br>(%) |
|-------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Accident                                                    | 51.6        | 49.3        | 46.8        | 46.8        | 45.2        |
| Sickness                                                    | 72.6        | 74.0        | 74.5        | 72.7        | 71.6        |
| Land vehicles                                               | 64.9        | 62.5        | 68.1        | 63.0        | 60.9        |
| Railway rolling stock                                       | 66.9        | 266.5       | 83.0        | 8.3         | 19.7        |
| Aircraft                                                    | 120.2       | 15.9        | 185.2       | 51.2        | 60.4        |
| Ships (sea, lake and river and canal vessels)               | 70.2        | 99.3        | 77.5        | 102.4       | 90.1        |
| Goods in transit                                            | 63.3        | 68.0        | 65.3        | 66.4        | 60.9        |
| Fire and natural forces                                     | 62.6        | 96.9        | 61.7        | 62.3        | 64.6        |
| Other damage to property                                    | 70.9        | 75.1        | 74.0        | 75.3        | 67.2        |
| Motor vehicle liability                                     | 76.9        | 68.4        | 68.5        | 71.8        | 76.3        |
| Aircraft liability                                          | 14.5        | 17.6        | 15.7        | 30.6        | 13.4        |
| Liability for ships (sea, lake and river and canal vessels) | 58.0        | 77.5        | 81.8        | 74.0        | 86.8        |
| General liability                                           | 78.0        | 73.9        | 72.5        | 68.8        | 64.0        |
| Credit                                                      | 74.0        | 145.7       | 98.3        | 91.4        | 91.4        |
| Suretyship                                                  | 65.3        | 69.2        | 71.5        | 76.1        | 72.6        |
| Miscellaneous financial loss                                | 49.6        | 57.9        | 52.9        | 47.9        | 41.3        |
| Legal expenses                                              | 33.5        | 33.2        | 32.1        | 28.3        | 29.0        |
| Assistance                                                  | 30.3        | 29.5        | 29.4        | 29.6        | 31.7        |
| <b>Total non-life classes</b>                               | <b>70.7</b> | <b>69.1</b> | <b>66.5</b> | <b>67.2</b> | <b>67.4</b> |



Table 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)*

| ASSETS                                                                   |  | 2011     | Homogeneous annual percentage variation (a) | 2012     | Homogeneous annual percentage variation (a) | 2013     | Homogeneous annual percentage variation (a) | 2014     | 2015     |
|--------------------------------------------------------------------------|--|----------|---------------------------------------------|----------|---------------------------------------------|----------|---------------------------------------------|----------|----------|
| <b>A. IN</b>                                                             |  | 2,7      | -82,3                                       | 7,0      | 156,6                                       |          | -                                           |          |          |
| <b>B. INTANGIBLE ASSETS</b>                                              |  |          |                                             |          |                                             |          |                                             |          |          |
| 1. Deferred acquisition commissions                                      |  |          |                                             |          |                                             |          |                                             |          |          |
| a) life business                                                         |  | 668,6    | 6,0                                         | 687,2    | 2,8                                         | 733,8    | 6,8                                         | 839,8    | 990,5    |
| b) non-life-business                                                     |  | 94,9     | -21,8                                       | 82,0     | -8,9                                        | 76,4     | -6,9                                        | 68,4     | 63,6     |
| 2. Other acquisition costs                                               |  | 7,2      | 944,2                                       | 41,8     | 478,2                                       | 40,0     | -4,3                                        | 38,2     | 41,7     |
| 3. Setting-up and enlargement costs                                      |  | 33,9     | 803,7                                       | 98,7     | 191,5                                       | 98,4     | -0,3                                        | 98,8     | 46,6     |
| 4. Goodwill                                                              |  | 4,664,3  | -7,2                                        | 4,281,2  | -8,2                                        | 4,603,2  | 7,5                                         | 5,083,4  | 4,729,6  |
| 5. Other deferred costs                                                  |  | 531,7    | 0,9                                         | 556,4    | 5,7                                         | 642,6    | 17,2                                        | 778,3    | 792,4    |
| <b>C. INVESTMENTS</b>                                                    |  |          |                                             |          |                                             |          |                                             |          |          |
| I - Land and buildings                                                   |  |          |                                             |          |                                             |          |                                             |          |          |
| 1. Occupied by the insurance undertaking for its own activities          |  | 1,292,0  | 4,1                                         | 1,311,9  | 3,4                                         | 1,256,9  | -4,2                                        | 1,301,6  | 1,576,1  |
| 2. Occupied by third parties                                             |  | 5,252,2  | 5,0                                         | 5,207,1  | -0,8                                        | 5,099,2  | -2,1                                        | 4,640,3  | 4,935,0  |
| 3. Other real estate                                                     |  | 32,8     | -3,8                                        | 29,2     | -6,5                                        | 27,2     | -6,9                                        | 25,8     | 40,7     |
| 4. Other property rights                                                 |  | 5,2      | 0,7                                         | 3,8      | -27,9                                       | 3,7      | -0,1                                        | 3,5      | 3,4      |
| 5. Buildings under construction and deposits paid                        |  | 319,3    | 41,9                                        | 227,5    | -28,8                                       | 71,5     | -68,6                                       | 69,5     | 89,6     |
| II - Investments in group undertakings and other participating interests |  |          |                                             |          |                                             |          |                                             |          |          |
| 1. Shares in:                                                            |  |          |                                             |          |                                             |          |                                             |          |          |
| a) parent companies                                                      |  | 332,7    | -37,2                                       | 320,9    | -3,5                                        | 14,6     | -95,4                                       | 22,9     | 24,8     |
| b) subsidiaries                                                          |  | 39,500,9 | 1,2                                         | 37,337,7 | -5,5                                        | 44,023,8 | 17,9                                        | 43,796,5 | 45,525,5 |
| c) associated undertakings                                               |  | 1,681,7  | 8,1                                         | 1,688,7  | 0,4                                         | 1,322,5  | -21,7                                       | 1,452,2  | 1,668,0  |
| d) affiliated undertakings                                               |  | 803,2    | -1,4                                        | 685,5    | -14,7                                       | 1,461,8  | 113,3                                       | 1,393,6  | 1,259,6  |
| e) other                                                                 |  | 1,992,9  | -47,1                                       | 1,904,0  | -4,5                                        | 1,369,6  | -28,1                                       | 934,0    | 313,0    |
| 2. Debt securities issued by:                                            |  |          |                                             |          |                                             |          |                                             |          |          |
| a) parent companies                                                      |  | 1,759,5  | 14,7                                        | 3,907,1  | 122,1                                       | 3,679,4  | -5,8                                        | 3,756,3  | 4,677,2  |
| b) subsidiaries                                                          |  | 111,8    | 13,8                                        | 74,7     | -33,2                                       | 277,3    | 271,1                                       | 272,3    | 272,9    |
| c) associated undertakings                                               |  | 1,359,6  | 4,2                                         | 1,028,1  | -24,4                                       | 398,1    | -61,3                                       | 364,1    | 597,2    |
| d) affiliated undertakings                                               |  | 78,6     | 14,5                                        | 92,5     | 17,7                                        | 108,8    | 17,6                                        | 121,4    | 33,0     |
| e) other                                                                 |  | 880,0    | -33,9                                       | 934,2    | 6,2                                         | 970,0    | 3,8                                         | 1,041,5  | 742,7    |
| <i>(continued)</i>                                                       |  |          |                                             |          |                                             |          |                                             |          |          |

continued: Table 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)*

| ASSETS                                                                                                                    | 2011      | Homogeneous annual percentage variation (a) | 2012      | Homogeneous annual percentage variation (a) | 2013      | Homogeneous annual percentage variation (a) | 2014      | 2015      |
|---------------------------------------------------------------------------------------------------------------------------|-----------|---------------------------------------------|-----------|---------------------------------------------|-----------|---------------------------------------------|-----------|-----------|
| (million euro)                                                                                                            |           |                                             |           |                                             |           |                                             |           |           |
| 3. Loans to:                                                                                                              |           |                                             |           |                                             |           |                                             |           |           |
| a) parent companies                                                                                                       | 270.4     | 0.6                                         | 270.3     | 0.0                                         | 270.3     | 0.0                                         | 270.3     | 820.7     |
| b) subsidiaries                                                                                                           | 45.5      | -42.7                                       | 45.9      | 0.9                                         | 54.8      | 19.5                                        | 46.4      | 473.0     |
| c) associated undertakings                                                                                                |           | -99.7                                       | 6.7       | 53.319.6                                    | 4.5       | -32.3                                       | 7.3       | 4.7       |
| d) affiliated undertakings                                                                                                | 5.8       | 1.4                                         | 5.8       | -1.4                                        | 6.5       | 13.5                                        | 6.4       | 13.0      |
| e) other                                                                                                                  | 2.3       | -31.0                                       | 2.3       | 0.0                                         | 2.2       | 0.0                                         | 0.2       |           |
| III - Other financial investments                                                                                         |           |                                             |           |                                             |           |                                             |           |           |
| 1. Shares                                                                                                                 |           |                                             |           |                                             |           |                                             |           |           |
| a) Listed                                                                                                                 | 9.525.6   | -10.0                                       | 7.699.7   | -19.2                                       | 8.029.8   | 4.3                                         | 7.773.9   | 7.395.1   |
| b) Unlisted                                                                                                               | 252.8     | 25.7                                        | 266.1     | 5.3                                         | 448.5     | 68.5                                        | 389.3     | 378.3     |
| c) Units                                                                                                                  | 257.2     | -0.2                                        | 226.4     | -12.0                                       | 626.2     | 176.5                                       | 624.8     | 457.9     |
| 2. Units in unit trusts                                                                                                   | 21.339.6  | -9.1                                        | 22.566.6  | -18.4                                       | 25.919.0  | 11.1                                        | 35.338.9  | 50.439.2  |
| 3. Debt securities and other fixed-income securities.                                                                     |           |                                             |           |                                             |           |                                             |           |           |
| a) Listed                                                                                                                 | 303.641.8 | 3.0                                         | 319.728.7 | 5.4                                         | 351.972.7 | 10.1                                        | 398.790.6 | 425.561.0 |
| b) Unlisted                                                                                                               | 7.430.4   | 10.0                                        | 9.400.0   | 26.5                                        | 5.943.5   | -36.8                                       | 5.531.8   | 5.256.8   |
| c) Convertible securities                                                                                                 | 767.1     | -3.5                                        | 462.2     | -39.7                                       | 476.0     | 3.0                                         | 391.0     | 429.7     |
| 4. Loans                                                                                                                  |           |                                             |           |                                             |           |                                             |           |           |
| a) loans secured by a lien on property                                                                                    | 63.3      | -0.6                                        | 62.2      | -1.7                                        | 60.4      | -2.8                                        | 60.2      | 209.8     |
| b) loans secured by the insurance policy                                                                                  | 2.397.7   | -0.8                                        | 2.332.9   | -2.7                                        | 2.214.9   | -5.1                                        | 2.060.5   | 1.854.7   |
| c) other loans                                                                                                            | 98.0      | -1.8                                        | 190.8     | 95.2                                        | 153.4     | -19.6                                       | 155.0     | 154.4     |
| 5. Participation in investment pools                                                                                      |           |                                             |           |                                             |           |                                             |           |           |
| 6. Deposits with credit institutions                                                                                      | 1.134.1   | 11.0                                        | 2.351.2   | 107.3                                       | 1.242.0   | -47.2                                       | 1.096.4   | 750.8     |
| 7. Sundry financial investments                                                                                           | 361.1     | -82.1                                       | 111.3     | -69.2                                       | 147.5     | 32.5                                        | 450.1     | 341.4     |
| IV - Deposits with ceding undertakings                                                                                    | 9.477.4   | 1.4                                         | 8.972.1   | -5.2                                        | 8.489.8   | -5.4                                        | 8.606.4   | 8.089.8   |
| 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                                                             | 91.579.8  | -13.4                                       | 89.056.2  | -2.8                                        | 87.433.6  | -1.8                                        | 96.243.8  | 114.693.0 |
| II - Investments relating to pension fund management                                                                      | 7.331.3   | 15.3                                        | 8.464.9   | 15.5                                        | 9.380.1   | 10.8                                        | 12.527.4  | 13.559.3  |
| (continued)                                                                                                               |           |                                             |           |                                             |           |                                             |           |           |

**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)

319

continued: Table 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)

|                                        |                                                                  | 2011             | Homogeneous annual percentage variation (a) | 2012             | Homogeneous annual percentage variation (a) | 2013             | Homogeneous annual percentage variation (a) | 2014             | 2015             |
|----------------------------------------|------------------------------------------------------------------|------------------|---------------------------------------------|------------------|---------------------------------------------|------------------|---------------------------------------------|------------------|------------------|
| ASSETS                                 |                                                                  |                  |                                             |                  |                                             |                  |                                             |                  |                  |
|                                        | 1. Furniture, office equipment, internal means of transportation | 106,7            | -0,9                                        | 96,8             | -8,0                                        | 96,3             | 0,0                                         | 119,7            | 119,7            |
|                                        | 2. Movable goods entered in public registers                     | 1,9              | -10,2                                       | 2,0              | 15,2                                        | 2,1              | 5,3                                         | 1,8              | 2,4              |
|                                        | 3. Plant and machinery                                           | 36,8             | 17,3                                        | 38,5             | 7,4                                         | 57,0             | 48,0                                        | 73,0             | 84,2             |
|                                        | 4. Stocks and sundry assets                                      | 9,0              | -4,8                                        | 8,8              | -1,5                                        | 8,3              | -6,1                                        | 8,4              | 8,4              |
| II                                     | - Cash                                                           |                  |                                             |                  |                                             |                  |                                             |                  |                  |
|                                        | 1. Deposits with credit institutions and post office accounts    | 14.512,0         | 51,4                                        | 17.148,7         | 18,6                                        | 16.980,9         | -0,8                                        | 13.177,8         | 12.652,6         |
|                                        | 2. Checks and cash in hand                                       | 19,9             | 23,2                                        | 13,2             | -33,6                                       | 14,7             | 11,8                                        | 28,4             | 15,0             |
| III                                    | - Own shares                                                     | 130,3            | -16,1                                       | 125,5            | -3,7                                        | 17,1             | -86,4                                       | 9,7              | 37,7             |
| IV                                     | - Other assets                                                   |                  |                                             |                  |                                             |                  |                                             |                  |                  |
|                                        | 1. Deferred reinsurance accounts receivable                      | 32,8             | 0,3                                         | 35,9             | 9,6                                         | 28,1             | -21,9                                       | 19,3             | 17,0             |
|                                        | 2. Sundry assets                                                 | 3.769,6          | 23,7                                        | 3.959,0          | 5,8                                         | 4.664,1          | 17,9                                        | 3.733,1          | 4.017,4          |
| <b>G. ACCRUALS AND DEFERRED INCOME</b> |                                                                  |                  |                                             |                  |                                             |                  |                                             |                  |                  |
|                                        | 1. Interest                                                      | 4.966,5          | 3,5                                         | 4.918,7          | -0,8                                        | 5.168,2          | 5,1                                         | 5.455,6          | 5.480,1          |
|                                        | 2. Rent                                                          |                  |                                             |                  |                                             |                  |                                             |                  |                  |
|                                        | 3. Other prepayments and accrued income                          | 258,6            | -6,6                                        | 354,9            | 37,5                                        | 304,5            | -14,2                                       | 311,5            | 317,9            |
|                                        | <b>TOTAL ASSETS</b>                                              | <b>585.665,4</b> | <b>-0,1</b>                                 | <b>603.706,4</b> | <b>3,2</b>                                  | <b>641.230,4</b> | <b>6,2</b>                                  | <b>703.142,7</b> | <b>762.741,6</b> |
| LIABILITIES AND EQUITY                 |                                                                  | 2011             | Homogeneous annual percentage variation (a) | 2012             | Homogeneous annual percentage variation (a) | 2013             | Homogeneous annual percentage variation (a) | 2014             | 2015             |
| <b>A. EQUITY</b>                       |                                                                  |                  |                                             |                  |                                             |                  |                                             |                  |                  |
| I                                      | - Subscribed capital or equivalent funds                         | 12.462,8         | 4,2                                         | 13.344,9         | 7,7                                         | 14.828,3         | 11,2                                        | 14.567,5         | 15.320,2         |
| II                                     | - Provision for share premium accounts                           | 17.874,6         | 6,1                                         | 17.340,4         | -3,0                                        | 23.397,7         | 34,9                                        | 22.343,6         | 21.174,0         |
| III                                    | - Revaluation provisions                                         | 3.026,2          | -0,2                                        | 2.820,9          | -6,6                                        | 2.860,8          | 1,4                                         | 2.857,7          | 2.957,2          |
| IV                                     | - Legal provision                                                | 1.700,2          | -0,6                                        | 1.665,9          | -1,8                                        | 1.766,4          | 6,0                                         | 2.405,4          | 2.503,5          |
| V                                      | - Statutory provisions                                           | 15,9             | -34,2                                       | 15,0             | -6,0                                        | 29,3             | 95,6                                        | 40,0             | 54,2             |
| VI                                     | - Reserves for own shares and for parent company's shares        | 458,0            | -32,8                                       | 442,2            | -3,5                                        | 25,3             | -94,3                                       | 35,6             | 54,5             |
| VII                                    | - Other provisions                                               | 15.408,7         | -0,5                                        | 13.628,1         | -11,3                                       | 14.158,9         | 4,2                                         | 13.985,9         | 14.998,2         |

(continued)

continued : Table 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)

| LIABILITIES AND EQUITY                                                                                                                |  | 2011      | Homogeneous annual percentage variation (a) | 2012      | Homogeneous annual percentage variation (a) | 2013      | Homogeneous annual percentage variation (a) | 2014      | 2015      |
|---------------------------------------------------------------------------------------------------------------------------------------|--|-----------|---------------------------------------------|-----------|---------------------------------------------|-----------|---------------------------------------------|-----------|-----------|
| (million euro)                                                                                                                        |  |           |                                             |           |                                             |           |                                             |           |           |
| VIII - Profit or loss brought forward                                                                                                 |  | 957,8     | -18,1                                       | -547,3    | -156,4                                      | 1.668,7   | 404,9                                       | 2.230,1   | 3.447,9   |
| IX - Operating profit (loss)                                                                                                          |  | -3.652,6  | -413,6                                      | 5.588,5   | 253,0                                       | 5.170,8   | -7,7                                        | 5.944,7   | 5.713,4   |
| <b>B. SUBORDINATED LIABILITIES</b>                                                                                                    |  | 8.751,2   | 0,0                                         | 10.069,7  | 15,1                                        | 10.475,4  | 4,0                                         | 12.709,0  | 14.861,3  |
| <b>C. TECHNICAL PROVISIONS</b>                                                                                                        |  |           |                                             |           |                                             |           |                                             |           |           |
| <b>I - NON-LIFE BUSINESS</b>                                                                                                          |  |           |                                             |           |                                             |           |                                             |           |           |
| 1. Provision for unearned premiums                                                                                                    |  | 16.196,7  | 3,3                                         | 15.532,3  | -3,2                                        | 14.750,5  | -4,7                                        | 14.412,4  | 14.277,6  |
| 2. Provision for claims outstanding                                                                                                   |  | 50.217,1  | 1,3                                         | 51.017,5  | 2,1                                         | 49.719,9  | -2,4                                        | 48.648,6  | 47.373,0  |
| 3. Provision for bonuses and rebates                                                                                                  |  | 26,1      | -16,7                                       | 29,4      | 12,5                                        | 22,7      | -22,8                                       | 24,5      | 57,3      |
| 4. Other technical provisions                                                                                                         |  | 69,6      | -1,5                                        | 67,8      | -2,6                                        | 65,2      | -3,8                                        | 64,4      | 64,6      |
| 5. Equalisation provisions                                                                                                            |  | 188,0     | 10,8                                        | 191,5     | 1,8                                         | 205,5     | 7,3                                         | 217,9     | 232,6     |
| <b>II - LIFE BUSINESS</b>                                                                                                             |  |           |                                             |           |                                             |           |                                             |           |           |
| 1. Mathematical provisions                                                                                                            |  | 322.462,7 | 5,2                                         | 333.174,1 | 3,4                                         | 362.681,1 | 8,9                                         | 412.638,7 | 448.675,3 |
| 2. Ancillary risks - Provision for unearned premiums                                                                                  |  | 86,9      | 17,1                                        | 98,0      | 12,7                                        | 92,5      | -5,6                                        | 94,4      | 109,7     |
| 3. Provision for amounts payable                                                                                                      |  | 4.730,5   | -20,5                                       | 4.853,6   | 3,1                                         | 5.087,3   | 4,8                                         | 5.400,9   | 7.075,2   |
| 4. Provision for bonuses and rebates                                                                                                  |  | 151,6     | 18,7                                        | 150,8     | -0,5                                        | 151,8     | 0,7                                         | 140,8     | 144,7     |
| 5. Other technical provisions                                                                                                         |  | 1.667,5   | -5,1                                        | 1.603,4   | -3,2                                        | 1.542,6   | -3,8                                        | 1.530,7   | 1.489,6   |
| <b>D. TECHNICAL PROVISIONS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PROVISIONS RELATING TO PENSION FUND MANAGEMENT</b> |  |           |                                             |           |                                             |           |                                             |           |           |
| <b>I - Provisions relating to contracts whose benefits are linked to unit trusts or market indexes</b>                                |  |           |                                             |           |                                             |           |                                             |           |           |
| II - Provisions relating to pension fund management                                                                                   |  | 91.320,1  | -13,4                                       | 88.885,3  | -2,7                                        | 87.205,3  | -1,9                                        | 96.045,6  | 114.464,1 |
|                                                                                                                                       |  | 7.331,3   | 15,3                                        | 8.463,6   | 15,5                                        | 9.380,1   | 10,8                                        | 12.527,4  | 13.559,3  |
| <b>E. PROVISIONS FOR OTHER RISKS AND CHARGES</b>                                                                                      |  |           |                                             |           |                                             |           |                                             |           |           |
| 1. Provisions for pensions and similar obligations                                                                                    |  | 117,0     | -1,8                                        | 120,4     | 7,1                                         | 103,0     | -14,4                                       | 102,2     | 98,4      |
| 2. Provisions for taxation                                                                                                            |  | 340,3     | -12,5                                       | 655,8     | 93,6                                        | 786,8     | 20,0                                        | 615,3     | 847,7     |
| 3. Other provisions                                                                                                                   |  | 1.156,2   | -7,2                                        | 1.071,1   | -7,0                                        | 1.405,2   | 31,2                                        | 1.533,8   | 1.327,3   |
| (continued)                                                                                                                           |  |           |                                             |           |                                             |           |                                             |           |           |

continued: Table 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)

|                                                                                      | 2011             | Homogeneous annual percentage variation (a) | 2012             | Homogeneous annual percentage variation (a) | 2013             | Homogeneous annual percentage variation (a) | 2014             | 2015             |
|--------------------------------------------------------------------------------------|------------------|---------------------------------------------|------------------|---------------------------------------------|------------------|---------------------------------------------|------------------|------------------|
| <b>F. DEPOSITS RECEIVED FROM REINSURERS</b>                                          | 11,279.2         | -5.8                                        | 10,692.1         | -5.0                                        | 9,926.7          | -7.2                                        | 9,176.9          | 8,320.7          |
| <b>G. CREDITORS AND OTHER LIABILITIES</b>                                            |                  |                                             |                  |                                             |                  |                                             |                  |                  |
| I - Creditors arising out of direct insurance operations                             |                  |                                             |                  |                                             |                  |                                             |                  |                  |
| 1. Insurance intermediaries                                                          | 1,273.1          | -3.1                                        | 1,007.6          | -18.8                                       | 1,030.9          | 2.3                                         | 1,184.8          | 1,180.5          |
| 2. Insurance undertakings - amounts receivable                                       | 241.5            | -10.3                                       | 231.7            | -3.2                                        | 224.3            | -3.2                                        | 197.2            | 137.9            |
| 3. Policyholders – deposits and premiums                                             | 268.8            | -31.2                                       | 222.6            | -17.2                                       | 289.5            | 30.0                                        | 294.5            | 323.3            |
| 4. Guarantee funds for the benefit of policyholders                                  | 57.7             | -28.5                                       | 47.3             | -17.9                                       | 15.6             | -65.9                                       | 13.1             | 11.1             |
| II - Creditors arising out of reinsurance operations:                                |                  |                                             |                  |                                             |                  |                                             |                  |                  |
| 1. Insurance and reinsurance undertakings                                            | 892.4            | -29.9                                       | 960.7            | 9.8                                         | 980.3            | 2.1                                         | 842.8            | 830.2            |
| 2. Reinsurance intermediaries                                                        | 65.3             | 13.0                                        | 60.3             | -7.6                                        | 48.4             | -19.7                                       | 19.7             | 28.9             |
| III - Bond issues                                                                    | 3,060.0          |                                             | 3,011.1          | -1.6                                        | 2,947.2          | -2.1                                        | 3,383.3          | 3,334.9          |
| IV - Debts towards banks and financial institutions                                  | 54.1             | -69.8                                       | 44.1             | -18.5                                       | 258.1            | 485.3                                       | 868.1            | 1,040.0          |
| V - Debts secured by a lien on property                                              | 2.6              | 582.0                                       | 5.2              | 101.3                                       | 4.8              | -8.6                                        | 7.3              | 23.7             |
| VI - Sundry loans and other financial creditors                                      | 5,285.9          | -4.7                                        | 5,132.9          | -2.9                                        | 5,274.3          | 2.8                                         | 3,859.1          | 3,762.7          |
| VII - Staff leaving indemnity                                                        | 358.7            | -5.9                                        | 333.0            | -6.4                                        | 321.8            | -3.4                                        | 299.6            | 269.6            |
| VIII - Other creditors                                                               |                  |                                             |                  |                                             |                  |                                             |                  |                  |
| 1. Policyholders' tax due                                                            | 632.8            | 1.8                                         | 603.6            | -4.2                                        | 590.0            | -1.9                                        | 605.0            | 665.7            |
| 2. Other taxes due                                                                   | 1,609.4          | 9.5                                         | 3,222.5          | 101.6                                       | 2,954.2          | -8.3                                        | 2,648.4          | 2,663.7          |
| 3. Social security contributions                                                     | 121.2            | 4.7                                         | 117.4            | -2.0                                        | 108.2            | -7.3                                        | 128.4            | 133.5            |
| 4. Sundry creditors                                                                  | 3,036.7          | 1.1                                         | 3,815.9          | 26.5                                        | 3,761.8          | -1.2                                        | 3,801.2          | 4,805.6          |
| IX - Other liabilities                                                               |                  |                                             |                  |                                             |                  |                                             |                  |                  |
| 1. Deferred reinsurance accounts payable                                             | 36.4             | 3.5                                         | 33.3             | -8.6                                        | 34.0             | 2.1                                         | 16.5             | 13.5             |
| 2. Commissions on pending premiums                                                   | 741.0            | -1.3                                        | 676.9            | -7.9                                        | 635.8            | -6.1                                        | 625.9            | 575.9            |
| 3. Sundry liabilities                                                                | 2,856.6          | 12.0                                        | 2,465.8          | -13.4                                       | 3,562.9          | 44.6                                        | 3,370.2          | 3,123.5          |
| <b>H. ACCRUALS AND DEFERRED INCOME</b>                                               |                  |                                             |                  |                                             |                  |                                             |                  |                  |
| 1. Interest                                                                          | 533.8            | 7.6                                         | 541.8            | 1.5                                         | 509.5            | -6.0                                        | 514.9            | 461.6            |
| 2. Rent                                                                              | 11.7             | 120.0                                       | 21.5             | 84.3                                        | 14.2             | -34.0                                       | 10.1             | 10.9             |
| 3. Other prepayments and accrued income                                              | 182.1            | -8.6                                        | 176.1            | -3.0                                        | 156.6            | -11.1                                       | 158.9            | 143.2            |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                                  | <b>585,665.4</b> | <b>-0.1</b>                                 | <b>603,706.3</b> | <b>3.2</b>                                  | <b>641,230.4</b> | <b>6.2</b>                                  | <b>703,142.7</b> | <b>762,741.6</b> |
| <b>TOTAL GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS</b>                   | <b>475,047.2</b> | <b>-6.1</b>                                 | <b>489,238.7</b> | <b>3.1</b>                                  | <b>513,339.2</b> | <b>4.9</b>                                  | <b>580,832.4</b> | <b>618,612.6</b> |
| of which: Assets of pension funds managed in the name and on behalf of third parties | 2,371.5          | 13.9                                        | 3,684.8          | 55.4                                        | 3,003.8          | -18.5                                       | 2,648.5          | 2,607.0          |

(a) Variations within homogeneous undertakings

Table 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)*

|                                                                                                    | 2011       | Homogeneous annual percentage variation (a) | 2012     | Homogeneous annual percentage variation (a) | 2013     | Homogeneous annual percentage variation (a) | 2014     | 2015     |
|----------------------------------------------------------------------------------------------------|------------|---------------------------------------------|----------|---------------------------------------------|----------|---------------------------------------------|----------|----------|
| <b>I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS</b>                                          |            |                                             |          |                                             |          |                                             |          |          |
| <b>1. EARNED PREMIUMS, NET OF REINSURANCE</b>                                                      |            |                                             |          |                                             |          |                                             |          |          |
| a) Gross premiums written                                                                          | + 37,751.8 | 3.0                                         | 36,738.1 | -1.9                                        | 35,326.3 | -3.6                                        | 34,460.2 | 33,788.7 |
| b) Outward reinsurance premiums                                                                    | - 3,699.9  | -1.2                                        | 3,975.3  | 9.0                                         | 3,708.3  | -6.6                                        | 3,389.1  | 3,287.3  |
| c) Change in the gross provision for unearned premiums                                             | - 529.0    | -5.8                                        | -486.8   | -194.9                                      | -738.7   | -47.7                                       | -369.0   | -160.7   |
| d) Change in the provision for unearned premiums, reinsurers' share                                | + 66.8     | 18.8                                        | 7.6      | -87.2                                       | -115.7   | -1,715.0                                    | -87.1    | 12.8     |
| <b>2. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (ITEM III. 6)</b> | + 640.5    | -41.2                                       | 1,659.9  | 160.2                                       | 1,262.0  | -23.9                                       | 1,345.6  | 1,288.2  |
| <b>3. OTHER TECHNICAL INCOME, NET OF REINSURANCE</b>                                               | + 451.0    | 2.9                                         | 469.0    | 4.5                                         | 428.9    | -8.3                                        | 392.8    | 381.6    |
| <b>4. CLAIMS INCURRED, NET OF SUMS RECOVERABLE AND REINSURANCE</b>                                 |            |                                             |          |                                             |          |                                             |          |          |
| a) Amounts paid                                                                                    | - 27,237.4 | -3.2                                        | 26,161.1 | -3.6                                        | 25,152.3 | -3.7                                        | 23,679.8 | 23,067.5 |
| aa) Gross amount                                                                                   | + 2,071.5  | 2.6                                         | 2,366.9  | 15.0                                        | 2,567.2  | 8.5                                         | 2,361.5  | 1,983.8  |
| bb) Reinsurers' share                                                                              |            |                                             |          |                                             |          |                                             |          |          |
| b) Change in sums recoverable, net of reinsurers' share                                            | + 606.4    | -5.8                                        | 512.3    | -13.8                                       | 476.4    | -7.2                                        | 482.2    | 481.7    |
| aa) Gross amount                                                                                   | - 29.5     | 29.3                                        | 23.5     | -15.4                                       | 21.0     | -10.6                                       | 18.0     | 29.9     |
| bb) Reinsurers' share                                                                              |            |                                             |          |                                             |          |                                             |          |          |
| c) Change in the provision for claims outstanding                                                  | - 701.2    | 507.3                                       | 1,084.9  | 60.7                                        | -1,234.0 | -217.1                                      | -1,152.6 | -1,530.4 |
| aa) Gross amount                                                                                   | + 91.1     | -62.2                                       | 910.7    | 971.9                                       | -427.6   | -147.0                                      | -485.9   | -189.6   |
| bb) Reinsurers' share                                                                              |            |                                             |          |                                             |          |                                             |          |          |
| <b>5. CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE</b>                                | - -2.5     | 53.2                                        | 0.5      | 118.6                                       | -2.2     | -581.7                                      | -1.5     | -0.3     |
| <b>6. BONUSES AND REBATES, NET OF REINSURANCE</b>                                                  | - 28.9     | 181.5                                       | 13.5     | -50.1                                       | 15.7     | 15.7                                        | 23.7     | 41.6     |

continued: Table 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)

|                                                                                                                                                     | 2011         | Homogeneous annual percentage variation (a) | 2012           | Homogeneous annual percentage variation (a) | 2013           | Homogeneous annual percentage variation (a) | 2014           | 2015           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------------------|----------------|---------------------------------------------|----------------|---------------------------------------------|----------------|----------------|
| <b>7. OPERATING EXPENSES:</b>                                                                                                                       |              |                                             |                |                                             |                |                                             |                |                |
| a) Acquisition commissions                                                                                                                          | - 5.118,9    | 3,0                                         | 4.784,3        | -4,8                                        | 4.725,8        | -1,1                                        | 4.716,3        | 4.857,9        |
| b) Other acquisition costs                                                                                                                          | - 1.380,1    | 1,3                                         | 1.441,6        | 5,5                                         | 1.500,1        | 5,3                                         | 1.648,2        | 1.641,4        |
| c) Change in commissions and other deferred acquisition costs                                                                                       | + -26,8      | 31,3                                        | -6,4           | 76,6                                        | -6,5           | -1,8                                        | -10,5          | -4,9           |
| d) Collection commissions                                                                                                                           | - 932,1      | -1,2                                        | 976,0          | 7,2                                         | 930,0          | -4,7                                        | 895,4          | 808,4          |
| e) Other administrative expenses                                                                                                                    | - 1.662,4    | 3,0                                         | 1.607,0        | -1,4                                        | 1.623,3        | 1,4                                         | 1.668,3        | 1.700,3        |
| f) Reinsurance commissions and profit participation                                                                                                 | + 798,0      | -3,9                                        | 797,3          | 1,6                                         | 744,7          | -6,5                                        | 694,1          | 694,4          |
| <b>8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE</b>                                                                                               | - 1.010,2    | -6,5                                        | 1.106,4        | 10,3                                        | 993,8          | -10,2                                       | 877,9          | 928,3          |
| <b>9. CHANGE IN THE EQUALIZATION PROVISION</b>                                                                                                      | - 17,6       | -14,9                                       | 3,6            | -79,6                                       | 13,9           | 289,1                                       | 12,4           | 14,6           |
| <b>BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE</b>                                                                                      | <b>105,5</b> | <b>127,5</b>                                | <b>2.764,5</b> | <b>2.510,4</b>                              | <b>3.546,4</b> | <b>27,6</b>                                 | <b>3.746,7</b> | <b>3.751,0</b> |
| <b>II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS</b>                                                                                              |              |                                             |                |                                             |                |                                             |                |                |
| <b>1. EARNED PREMIUMS, NET OF REINSURANCE:</b>                                                                                                      |              |                                             |                |                                             |                |                                             |                |                |
| a) Gross premiums written                                                                                                                           | + 75.767,0   | -17,7                                       | 71.623,9       | -5,4                                        | 86.854,1       | 21,3                                        | 112.064,4      | 116.573,1      |
| b) Outward reinsurance premiums                                                                                                                     | - 1.399,4    | -4,7                                        | 1.247,8        | -9,4                                        | 1.097,7        | -12,0                                       | 1.101,0        | 1.069,2        |
| <b>2. INVESTMENT INCOME:</b>                                                                                                                        |              |                                             |                |                                             |                |                                             |                |                |
| a) Income from shares                                                                                                                               | + 944,7      | 6,1                                         | 895,5          | -5,2                                        | 1.006,4        | 12,4                                        | 1.719,5        | 1.815,5        |
| b) Income from other investments:                                                                                                                   |              |                                             |                |                                             |                |                                             |                |                |
| aa) land and buildings                                                                                                                              | + 33,6       | -7,0                                        | 32,8           | -2,3                                        | 24,8           | -24,4                                       | 21,7           | 21,4           |
| bb) other investments                                                                                                                               | + 13.103,7   | 12,5                                        | 14.128,0       | 7,9                                         | 14.503,5       | 2,7                                         | 15.577,8       | 15.967,3       |
| c) Value re-adjustments on investments                                                                                                              | + 490,8      | -24,5                                       | 3.790,9        | 672,9                                       | 1.063,4        | -71,9                                       | 722,1          | 416,9          |
| d) Gains on the realization of investments                                                                                                          | + 1.669,7    | -36,5                                       | 3.083,1        | 84,8                                        | 2.600,6        | -15,7                                       | 2.183,8        | 3.093,4        |
| <b>3. UNREALISED GAINS ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND ON INVESTMENTS RELATING TO PENSION FUND MANAGEMENT</b> | + 3.773,1    | -51,0                                       | 10.778,3       | 185,7                                       | 7.543,6        | -30,0                                       | 8.543,5        | 5.879,5        |

(million euro)



continued: Table 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)*

|                                                                                                                                | 2011       | Homogeneous annual percentage variation (a) | 2012     | Homogeneous annual percentage variation (a) | 2013     | Homogeneous annual percentage variation (a) | 2014     | 2015     |
|--------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------|----------|---------------------------------------------|----------|---------------------------------------------|----------|----------|
|                                                                                                                                |            |                                             |          |                                             |          |                                             |          |          |
| <b>4. OTHER TECHNICAL INCOME, NET OF REINSURANCE</b>                                                                           | + 1.097,0  | -3,3                                        | 1.220,6  | 11,3                                        | 1.314,9  | 7,7                                         | 1.485,0  | 2.022,4  |
| <b>5. CLAIMS INCURRED, NET OF REINSURANCE:</b>                                                                                 |            |                                             |          |                                             |          |                                             |          |          |
| a) Amounts paid                                                                                                                |            |                                             |          |                                             |          |                                             |          |          |
| aa) Gross amount                                                                                                               | - 77.096,8 | 14,7                                        | 76.906,1 | -0,2                                        | 68.508,6 | -10,9                                       | 66.130,5 | 71.500,8 |
| bb) Reinsurers' share                                                                                                          | + 1.696,5  | 1,4                                         | 1.706,7  | 1,0                                         | 1.751,3  | 2,6                                         | 1.754,5  | 1.800,9  |
| b) Variation in the provision for amounts payable                                                                              |            |                                             |          |                                             |          |                                             |          |          |
| aa) Gross amount                                                                                                               | - 1.217,2  | -182,6                                      | 133,3    | 110,9                                       | 296,0    | 122,1                                       | 318,3    | 1.623,0  |
| bb) Reinsurers' share                                                                                                          | + 6,3      | -77,4                                       | 36,3     | 851,4                                       | 54,0     | 49,0                                        | 43,6     | 84,3     |
| <b>6. CHANGE IN MATHEMATICAL RESERVES AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE</b>                                   |            |                                             |          |                                             |          |                                             |          |          |
| a) Mathematical provisions:                                                                                                    |            |                                             |          |                                             |          |                                             |          |          |
| aa) Gross amount                                                                                                               | - 15.527,7 | -58,2                                       | 9.563,1  | -38,4                                       | 29.788,9 | 211,5                                       | 49.188,5 | 36.208,7 |
| bb) Reinsurers' share                                                                                                          | + -351,1   | -7,2                                        | -484,5   | -35,0                                       | -695,6   | -43,6                                       | -739,2   | -909,4   |
| b) Provision for unearned premiums (supplementary insurance):                                                                  |            |                                             |          |                                             |          |                                             |          |          |
| aa) Gross amount                                                                                                               | - 12,6     | 55,2                                        | 11,0     | -12,7                                       | -2,0     | -117,7                                      | -0,2     | 14,5     |
| bb) Reinsurers' share                                                                                                          | + 11,9     | 661,1                                       | 5,7      | -52,0                                       | 0,6      | -90,0                                       | 0,3      | 3,9      |
| c) Other technical provisions                                                                                                  |            |                                             |          |                                             |          |                                             |          |          |
| aa) Gross amount                                                                                                               | - 90,4     | 5,3                                         | -57,1    | 36,6                                        | -56,5    | 1,0                                         | -15,3    | -42,6    |
| bb) Reinsurers' share                                                                                                          | + -4,8     | -51,9                                       | -0,4     | 91,1                                        | -1,0     | -144,8                                      | -1,5     | -0,8     |
| d) Technical provisions where the investment risk is borne by policyholders and provisions relating to pension fund management |            |                                             |          |                                             |          |                                             |          |          |
| aa) Gross amount                                                                                                               | - 13.242,6 | -164,0                                      | 113,0    | 100,9                                       | -277,1   | -345,2                                      | 10.383,4 | 16.404,8 |
| bb) Reinsurers' share                                                                                                          | + -93,0    | -786,8                                      | -16,0    | 82,7                                        | 6,1      | 138,2                                       | 9,2      | -24,4    |
| <b>7. BONUSES AND REBATES, NET OF REINSURANCE</b>                                                                              | - 118,8    | 31,6                                        | 130,0    | 9,7                                         | 102,8    | -20,9                                       | 96,7     | 79,2     |
| <b>8. OPERATING EXPENSES:</b>                                                                                                  |            |                                             |          |                                             |          |                                             |          |          |
| a) Acquisition commissions                                                                                                     | - 2.319,7  | -15,6                                       | 1.888,8  | -16,7                                       | 2.057,2  | 8,9                                         | 2.290,6  | 2.449,0  |
| b) Other acquisition costs                                                                                                     | - 713,1    | 5,1                                         | 685,9    | -3,4                                        | 689,8    | 0,6                                         | 695,8    | 713,7    |
| c) Change in commissions and other deferred acquisition costs                                                                  | + 38,1     | 264,3                                       | 18,6     | -51,2                                       | 46,9     | 152,4                                       | 106,0    | 150,6    |

continued: Table 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)

|                                                                                                                                                                  | 2011       | Homogeneous annual percentage variation (a) | 2012    | Homogeneous annual percentage variation (a) | 2013    | Homogeneous annual percentage variation (a) | 2014    | 2015           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------|---------|---------------------------------------------|---------|---------------------------------------------|---------|----------------|
|                                                                                                                                                                  |            |                                             |         |                                             |         |                                             |         | (million euro) |
| d) Collection commissions                                                                                                                                        | - 246.5    | -11.4                                       | 218.9   | -11.2                                       | 243.1   | 11.1                                        | 239.0   | 281.1          |
| e) Other administrative expenses                                                                                                                                 | - 945.9    | -0.6                                        | 925.5   | -1.9                                        | 903.5   | -2.4                                        | 942.6   | 946.8          |
| f) Reinsurance commissions and profit participation                                                                                                              | + 226.2    | -8.2                                        | 179.7   | -19.6                                       | 162.5   | -9.6                                        | 178.2   | 176.5          |
| <b>9. FINANCIAL CHARGES:</b>                                                                                                                                     |            |                                             |         |                                             |         |                                             |         |                |
| a) Investment management charges, including interests due                                                                                                        | - 1 282.7  | 3.9                                         | 1 335.5 | 4.2                                         | 1 490.8 | 11.6                                        | 1 540.8 | 1 545.9        |
| b) Value adjustments on investments                                                                                                                              | - 7 786.6  | 80.1                                        | 1 895.8 | -75.7                                       | 1 495.9 | -21.1                                       | 1 366.9 | 1 900.9        |
| c) Losses on the realisation of investments                                                                                                                      | - 768.9    | -24.2                                       | 451.3   | -41.3                                       | 821.8   | 82.1                                        | 600.5   | 1 312.1        |
| <b>10. THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND INVESTMENTS RELATING TO PENSION FUND MANAGEMENT</b>                                                    |            |                                             |         |                                             |         |                                             |         |                |
| a) FINANCIAL CHARGES AND UNREALIZED LOSSES ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE RISK AND INVESTMENTS RELATING TO PENSION FUND MANAGEMENT | - 6 574.5  | 110.4                                       | 1 580.8 | -76.0                                       | 2 683.2 | 69.7                                        | 2 177.4 | 4 131.6        |
| <b>11. OTHER TECHNICAL CHARGES, NET OF REINSURANCE</b>                                                                                                           |            |                                             |         |                                             |         |                                             |         |                |
| a) OTHER TECHNICAL CHARGES, NET OF REINSURANCE                                                                                                                   | - 1 217.8  | 2.3                                         | 1 412.7 | 16.0                                        | 1 603.5 | 13.5                                        | 1 831.4 | 2 345.7        |
| <b>12. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (item III. 4)</b>                                                                |            |                                             |         |                                             |         |                                             |         |                |
| a) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (item III. 4)                                                                            | - 285.2    | -68.4                                       | 1 625.6 | 516.2                                       | 1 444.4 | -11.1                                       | 1 917.3 | 1 821.4        |
| <b>13. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (item III.2)</b>                                                                               |            |                                             |         |                                             |         |                                             |         |                |
| a) BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (item III.2)                                                                                       | - 3 316.2  | -1 146.8                                    | 6 931.2 | 308.8                                       | 3 344.0 | -51.8                                       | 2 863.8 | 2 765.1        |
| <b>III. NON TECHNICAL ACCOUNT</b>                                                                                                                                |            |                                             |         |                                             |         |                                             |         |                |
| <b>1. BALANCE ON THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS (item I. 10)</b>                                                                            |            |                                             |         |                                             |         |                                             |         |                |
| a) BALANCE ON THE TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS (item I. 10)                                                                                   | + 105.5    | 127.5                                       | 2 764.5 | 2 510.4                                     | 3 546.3 | 27.6                                        | 3 746.7 | 3 751.0        |
| <b>2. BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (item II.13)</b>                                                                                |            |                                             |         |                                             |         |                                             |         |                |
| a) BALANCE ON THE TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS (item II.13)                                                                                       | + -3 316.2 | -1 146.8                                    | 6 931.2 | 308.8                                       | 3 344.0 | -51.8                                       | 2 863.8 | 2 765.1        |
| <b>3. INVESTMENT INCOME - NON-LIFE INSURANCE BUSINESS:</b>                                                                                                       |            |                                             |         |                                             |         |                                             |         |                |
| a) Income from shares                                                                                                                                            | + 644.0    | -23.3                                       | 760.1   | 18.0                                        | 904.1   | 18.9                                        | 1 097.8 | 875.3          |
| b) Income from other investments:                                                                                                                                |            |                                             |         |                                             |         |                                             |         |                |
| aa) land and buildings                                                                                                                                           | + 192.8    | 5.0                                         | 196.7   | 2.0                                         | 187.5   | -4.7                                        | 173.0   | 181.8          |
| bb) other investments                                                                                                                                            | + 1 663.4  | 11.7                                        | 1 727.2 | 4.4                                         | 1 675.1 | -2.8                                        | 1 709.9 | 1 648.6        |
| c) Value re-adjustments on investments                                                                                                                           | + 295.5    | 62.1                                        | 573.4   | 94.1                                        | 297.3   | -48.1                                       | 152.7   | 91.0           |
| d) Gains on the realization of investments                                                                                                                       | + 410.8    | -37.5                                       | 753.1   | 84.8                                        | 532.1   | -29.3                                       | 688.7   | 1 055.1        |

continued: Table 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)*

|                                                                                                               | 2011            | Homogeneous annual percentage variation (a) | 2012           | Homogeneous annual percentage variation (a) | 2013           | Homogeneous annual percentage variation (a) | 2014           | 2015           |
|---------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------|----------------|---------------------------------------------|----------------|---------------------------------------------|----------------|----------------|
| <b>4. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE-ASSURANCE TECHNICAL ACCOUNT (item II. 12)</b> | + 265,2         | -68,4                                       | 1.625,6        | 516,2                                       | 1.444,4        | -11,1                                       | 1.917,3        | 1.821,4        |
| <b>5. FINANCIAL CHARGES IN NON-LIFE INSURANCE:</b>                                                            |                 |                                             |                |                                             |                |                                             |                |                |
| a) Investment management charges, including interests due                                                     | - 313,2         | 5,9                                         | 363,1          | 16,3                                        | 363,9          | 0,3                                         | 348,3          | 378,3          |
| b) Value adjustments on investments                                                                           | - 2.671,1       | 93,8                                        | 1.642,3        | -38,3                                       | 979,5          | -40,3                                       | 1.009,9        | 864,3          |
| c) Losses on the realisation of investments                                                                   | - 315,2         | -18,5                                       | 251,2          | -20,0                                       | 165,7          | -34,0                                       | 193,6          | 460,6          |
| <b>6. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE INSURANCE TECHNICAL ACCOUNT (item I. 2)</b> | - 640,5         | -41,2                                       | 1.659,9        | 160,2                                       | 1.262,0        | -23,9                                       | 1.345,6        | 1.288,2        |
| <b>7. OTHER INCOME</b>                                                                                        | + 1.880,0       | 1,3                                         | 1.637,3        | -12,0                                       | 1.693,9        | 3,5                                         | 1.758,9        | 1.789,9        |
| <b>8. OTHER CHARGES</b>                                                                                       | - 3.430,7       | -5,2                                        | 3.559,2        | 4,1                                         | 3.875,8        | 9,1                                         | 3.822,9        | 3.894,4        |
| <b>9. PROFIT OR LOSS ON ORDINARY ACTIVITIES</b>                                                               | -5.229,7        | -280,6                                      | 9.493,4        | 281,2                                       | 6.977,8        | -26,6                                       | 7.388,5        | 7.093,4        |
| <b>10. EXTRAORDINARY INCOME</b>                                                                               | + 1.359,4       | 8,0                                         | 833,1          | -38,7                                       | 2.199,1        | 164,3                                       | 1.707,3        | 1.458,3        |
| <b>11. EXTRAORDINARY CHARGES</b>                                                                              | - 880,9         | 36,3                                        | 861,0          | -2,1                                        | 884,5          | 2,8                                         | 746,6          | 448,2          |
| <b>12. EXTRAORDINARY PROFIT OR LOSS</b>                                                                       | 478,5           | -21,8                                       | -27,9          | -105,8                                      | 1.314,6        | 4.711,5                                     | 960,7          | 1.010,2        |
| <b>13. PROFIT OR LOSS BEFORE TAX</b>                                                                          | -4.751,2        | -523,8                                      | 9.465,7        | 298,9                                       | 8.292,2        | -12,6                                       | 8.349,4        | 8.103,7        |
| <b>14. TAX ON PROFIT OR LOSS FOR THE FINANCIAL YEAR</b>                                                       | - 1.098,6       | -2.072,1                                    | 3.695,8        | 433,8                                       | 3.061,5        | -17,2                                       | 2.404,7        | 2.394,7        |
| <b>15. PROFIT OR LOSS FOR THE FINANCIAL YEAR</b>                                                              | <b>-3.652,6</b> | <b>-413,6</b>                               | <b>5.769,9</b> | <b>258,0</b>                                | <b>5.230,7</b> | <b>-9,6</b>                                 | <b>5.944,7</b> | <b>5.709,0</b> |

(a) Variations within homogeneous undertakings.

Table 10

## BREAKDOWN OF THE PROFIT OR LOSS FOR THE FINANCIAL YEAR - LIFE BUSINESS

(million euro)

|                                                                                                | 2011            | 2012           | Homogeneous<br>annual<br>percentage<br>variation (a) | 2013           | 2014           | 2015           |
|------------------------------------------------------------------------------------------------|-----------------|----------------|------------------------------------------------------|----------------|----------------|----------------|
| <b>Balance on the technical account</b>                                                        | <b>-3,316.2</b> | <b>6,931.2</b> | <b>309.0</b>                                         | <b>3,344.0</b> | <b>2,863.8</b> | <b>2,765.1</b> |
| Allocated investment return transferred from the technical account for life assurance business | 265.2           | 1,625.6        | 513.0                                                | 1,444.4        | 1,917.3        | 1,821.4        |
| <b>Intermediate profit or loss</b>                                                             | <b>-3,051.0</b> | <b>8,556.8</b> | <b>380.5</b>                                         | <b>4,788.4</b> | <b>4,781.1</b> | <b>4,586.5</b> |
| Other income                                                                                   | 689.8           | 607.7          | -11.4                                                | 649.0          | 874.0          | 753.1          |
| Other charges                                                                                  | 1,292.4         | 1,234.3        | -4.5                                                 | 1,477.3        | 1,436.5        | 1,388.8        |
| Extraordinary income                                                                           | 684.1           | 486.0          | -29.0                                                | 1,249.9        | 833.4          | 1,083.5        |
| Extraordinary charges                                                                          | 591.1           | 515.0          | -12.9                                                | 408.5          | 322.2          | 144.9          |
| <b>Profit or loss before tax</b>                                                               | <b>-3,560.7</b> | <b>7,901.3</b> | <b>321.9</b>                                         | <b>4,801.5</b> | <b>4,729.8</b> | <b>4,889.3</b> |
| Tax on profit or loss for the financial year                                                   | -924.5          | 2,771.8        | 399.8                                                | 1,696.2        | 1,231.5        | 1,136.2        |
| <b>Profit or loss for the financial year</b>                                                   | <b>-2,636.2</b> | <b>5,129.5</b> | <b>294.6</b>                                         | <b>3,105.3</b> | <b>3,498.4</b> | <b>3,753.1</b> |

(a) Variation within homogeneous undertakings.

Table 11

## BREAKDOWN OF THE PROFIT OR LOSS FOR THE FINANCIAL YEAR – NON-LIFE BUSINESS

(million euro)

|                                                                                        |   | 2011            | Homogeneous<br>annual<br>percentage<br>variation (a) | 2012           | Homogeneous<br>annual<br>percentage<br>variation (a) | 2013           | Homogeneous<br>annual<br>percentage<br>variation (a) | 2014           | 2015           |
|----------------------------------------------------------------------------------------|---|-----------------|------------------------------------------------------|----------------|------------------------------------------------------|----------------|------------------------------------------------------|----------------|----------------|
| <b>Balance on the technical account</b>                                                |   | <b>105.5</b>    | <b>127.5</b>                                         | <b>2,764.5</b> | <b>2,510.4</b>                                       | <b>3,546.3</b> | <b>27.6</b>                                          | <b>3,746.7</b> | <b>3,751.0</b> |
| Investment income                                                                      | + | 3,206.5         | -4.3                                                 | 4,010.6        | 25.6                                                 | 3,596.1        | -10.3                                                | 3,822.2        | 3,851.8        |
| Financial charges                                                                      | - | 3,299.5         | 60.1                                                 | 2,256.6        | -31.4                                                | 1,509.1        | -33.1                                                | 1,551.7        | 1,703.1        |
| Allocated investment return transferred to the technical account for Non-life business | - | 640.5           | -41.2                                                | 1,659.9        | 160.2                                                | 1,262.0        | -23.9                                                | 1,345.6        | 1,288.2        |
| <b>Intermediate profit or loss</b>                                                     |   | <b>-628.0</b>   | <b>-242.1</b>                                        | <b>2,858.7</b> | <b>556.3</b>                                         | <b>4,371.2</b> | <b>52.2</b>                                          | <b>4,671.6</b> | <b>4,611.5</b> |
| Other income                                                                           | + | 1,190.2         | 14.8                                                 | 1,029.7        | -12.1                                                | 1,044.9        | 1.5                                                  | 884.9          | 1,036.8        |
| Other charges                                                                          | - | 2,138.3         | -3.8                                                 | 2,324.9        | 9.3                                                  | 2,398.6        | 3.4                                                  | 2,386.4        | 2,505.5        |
| Extraordinary income                                                                   | + | 675.3           | 30.5                                                 | 347.1          | -48.5                                                | 949.2          | 174.3                                                | 873.9          | 374.9          |
| Extraordinary charges                                                                  | - | 289.7           | -3.8                                                 | 346.0          | 19.8                                                 | 476.0          | 37.8                                                 | 424.4          | 303.3          |
| <b>Profit or loss before tax</b>                                                       |   | <b>-1,190.6</b> | <b>-3.3</b>                                          | <b>1,564.5</b> | <b>230.8</b>                                         | <b>3,490.7</b> | <b>120.6</b>                                         | <b>3,619.6</b> | <b>3,214.4</b> |
| Tax on profit or loss for the financial year                                           | - | -174.1          | -19.1                                                | 924.1          | 609.5                                                | 1,365.3        | 47.3                                                 | 1,173.3        | 1,258.5        |
| <b>Profit or loss for the financial year</b>                                           |   | <b>-1,016.5</b> | <b>-1.0</b>                                          | <b>640.4</b>   | <b>163.1</b>                                         | <b>2,125.4</b> | <b>224.4</b>                                         | <b>2,446.3</b> | <b>1,955.9</b> |

(a) Variation within homogeneous undertakings.

Table 12

**SHARE CAPITAL, CAPITAL PROVISIONS, SOLVENCY MARGIN  
LIFE BUSINESS**

*(excluding reinsurance undertakings)*

*(million euro)*

| ASSETS                                          | 2011            | 2012            | 2013            | 2014            | 2015            |
|-------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Share capital, initial fund, endowment fund (2) | 8,571.9         | 8,910.2         | 8,319.9         | 8,078.6         | 8,321.6         |
| Provision for share premium accounts (2)        | 11,363.4        | 11,503.6        | 12,773.6        | 12,313.1        | 12,147.3        |
| Legal provision (2)                             | 968.7           | 938.9           | 797.2           | 1,028.3         | 1,090.7         |
| Statutory provisions (2)                        | 8.9             | 6.8             | 16.7            | 19.3            | 23.5            |
| Other solvency margin constituents (1) (2)      | 5,912.6         | 10,264.3        | 6,727.7         | 8,226.4         | 8,979.6         |
| <b>Available solvency margin (2)</b>            | <b>26,825.4</b> | <b>31,623.8</b> | <b>28,635.2</b> | <b>29,665.6</b> | <b>30,562.7</b> |
| <b>Required solvency margin (2)</b>             | <b>15,399.6</b> | <b>15,980.1</b> | <b>16,582.7</b> | <b>18,562.3</b> | <b>20,174.5</b> |
| Surplus (deficit) (2)                           | 11,425.8        | 15,643.7        | 12,052.5        | 11,103.3        | 10,388.3        |
| <b>Solvency index (2)</b>                       | <b>1.7</b>      | <b>2.0</b>      | <b>1.7</b>      | <b>1.6</b>      | <b>1.5</b>      |

(a) Variation within homogeneous undertakings.

(1) Net of losses and intangible items

(2) Since 2013 data do not include an undertaking (pursuing both life and non-life business) that has extremely high values.

Table 13

**SHARE CAPITAL, CAPITAL PROVISIONS, SOLVENCY MARGIN  
NON-LIFE BUSINESS**

*(excluding reinsurance undertakings)*

*(million euro)*

| ASSETS                                          | Homo-<br>geneous<br>annual<br>percent-<br>age var-<br>iation (a) | 2011            | Homo-<br>gene-<br>ous<br>annual<br>per-<br>centag<br>e varia-<br>tion (a) | 2012            | Homo-<br>mo-<br>gene-<br>ous<br>annual<br>per-<br>centag<br>e varia-<br>tion (a) | 2013            | Homo-<br>gene-<br>ous<br>annual<br>per-<br>centag<br>e varia-<br>tion (a) | 2014            | 2015            |
|-------------------------------------------------|------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------|-----------------|----------------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------|-----------------|-----------------|
| Share capital, initial fund, endowment fund (2) | -1.0                                                             | 3,890.9         | 4.8                                                                       | 4,434.8         | 15.4                                                                             | 4,951.5         | 11.8                                                                      | 4,932.0         | 4,896.6         |
| Provision for share premium accounts (2)        | -1.4                                                             | 6,511.2         | 4.0                                                                       | 5,836.8         | -10.4                                                                            | 7,055.8         | 20.9                                                                      | 6,462.3         | 5,458.4         |
| Legal provision (2)                             | 7.4                                                              | 726.0           | 0.4                                                                       | 727.0           | 0.6                                                                              | 661.2           | -9.0                                                                      | 1,065.8         | 1,101.4         |
| Statutory provisions (2)                        | -65.1                                                            | 7.0             | 20.0                                                                      | 8.1             | 16.2                                                                             | 13.3            | 63.2                                                                      | 23.5            | 30.8            |
| Other solvency margin constituents (1) (2)      | 7.2                                                              | 7,330.0         | -11.3                                                                     | 7,535.6         | 3.1                                                                              | 3,764.1         | -50.0                                                                     | 4,402.3         | 5,377.2         |
| <b>Available solvency margin (2)</b>            | 2.5                                                              | <b>18,465.2</b> | -2.6                                                                      | <b>18,542.4</b> | 0.8                                                                              | <b>16,446.0</b> | -11.2                                                                     | <b>16,885.9</b> | <b>16,864.3</b> |
| Required solvency margin (2)                    | 2.2                                                              | <b>6,785.9</b>  | 3.2                                                                       | <b>6,748.0</b>  | 0.1                                                                              | <b>6,348.7</b>  | -5.7                                                                      | <b>6,168.8</b>  | <b>6,077.9</b>  |
| Surplus (deficit) (2)                           | 2.8                                                              | 11,679.2        | -5.7                                                                      | 11,794.3        | 1.2                                                                              | 10,097.3        | -14.4                                                                     | 10,717.1        | 10,786.5        |
| <b>Solvency index (2)</b>                       | 0.4                                                              | <b>2.7</b>      | -5.6                                                                      | <b>2.7</b>      | 0.7                                                                              | <b>2.6</b>      | -5.9                                                                      | <b>2.7</b>      | <b>2.8</b>      |

(a) Variation within homogeneous undertakings.

(1) Net of losses and intangible items

(2) Since 2013 data do not include an undertaking (pursuing both life and non-life business) that has extremely high values. Since 2015 data do not include an undertaking pursuing non-life business that has extremely high values.

Table 14

**INVESTMENTS - LIFE BUSINESS**  
(Italian and foreign portfolio, excluding reinsurance undertakings)

| Assets                                                                                                                        | 2011             | %            | 2012             | %            | Homogeneous annual percentage variation (a) | 2013             | %            | 2014             | %            | 2015             | %            |
|-------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------------|--------------|---------------------------------------------|------------------|--------------|------------------|--------------|------------------|--------------|
| <b>Investments (C)</b>                                                                                                        |                  |              |                  |              |                                             |                  |              |                  |              |                  |              |
| Real Estate                                                                                                                   | 998,1            | 0,3          | 576,2            | 0,2          | -42,3                                       | 510,8            | 0,1          | 506,0            | 0,1          | 523,6            | 0,1          |
| Bonds                                                                                                                         | 278.737,5        | 82,4         | 296.241,9        | 83,7         | 6,3                                         | 322.966,8        | 83,4         | 368.477,3        | 83,5         | 395.297,2        | 82,3         |
| Shares                                                                                                                        | 27.820,2         | 8,2          | 25.561,6         | 7,2          | -8,1                                        | 29.658,0         | 7,7          | 30.036,3         | 6,8          | 29.491,4         | 6,1          |
| Loans                                                                                                                         | 2.544,6          | 0,8          | 2.473,7          | 0,7          | -2,8                                        | 2.322,0          | 0,6          | 2.166,5          | 0,5          | 2.554,4          | 0,5          |
| Unit in unit trusts                                                                                                           | 17.908,8         | 5,3          | 19.045,4         | 5,4          | 6,3                                         | 22.125,2         | 5,7          | 30.281,2         | 6,9          | 44.103,6         | 9,2          |
| Other investments                                                                                                             | 185,3            | 0,1          | 64,7             | 0,0          | -65,1                                       | 98,3             | 0,0          | 367,7            | 0,1          | 223,2            | 0,0          |
| Bank deposits                                                                                                                 | 888,8            | 0,3          | 909,2            | 0,3          | 2,3                                         | 1.028,1          | 0,3          | 768,2            | 0,2          | 314,8            | 0,1          |
| Deposits with ceding undertakings                                                                                             | 9.352,3          | 2,8          | 8.860,8          | 2,5          | -5,3                                        | 8.378,3          | 2,2          | 8.486,5          | 1,9          | 7.650,6          | 1,6          |
| <b>Total</b>                                                                                                                  | <b>338.435,5</b> | <b>100,0</b> | <b>353.733,7</b> | <b>100,0</b> | <b>4,6</b>                                  | <b>387.087,4</b> | <b>100,0</b> | <b>441.089,9</b> | <b>100,0</b> | <b>480.158,8</b> | <b>100,0</b> |
| <b>Investments where the risk is borne by policyholders or investments resulting from the management of pension funds (D)</b> |                  |              |                  |              |                                             |                  |              |                  |              |                  |              |
| - pertaining to unit- and index-linked benefits                                                                               | 91.579,8         | 92,6         | 89.056,2         | 91,3         | -2,8                                        | 87.433,6         | 90,3         | 96.243,8         | 88,5         | 114.693,0        | 89,4         |
| - resulting from the management of pension funds                                                                              | 7.331,3          | 7,4          | 8.464,9          | 8,7          | 15,5                                        | 9.380,1          | 9,7          | 12.527,4         | 11,5         | 13.559,3         | 10,6         |
| <b>Total</b>                                                                                                                  | <b>98.911,2</b>  | <b>100,0</b> | <b>97.521,0</b>  | <b>100,0</b> | <b>-1,4</b>                                 | <b>96.813,7</b>  | <b>100,0</b> | <b>108.771,2</b> | <b>100,0</b> | <b>128.252,3</b> | <b>100,0</b> |
| <b>Grand Total</b>                                                                                                            | <b>437.346,7</b> |              | <b>451.254,7</b> |              | <b>3,2</b>                                  | <b>483.901,2</b> |              | <b>549.861,1</b> |              | <b>608.411,1</b> |              |

(a) Variations within homogeneous undertakings.



Table 15

**INVESTMENTS - NON-LIFE BUSINESS**  
(Italian and foreign portfolio; excluding reinsurance undertakings)

| ASSETS                           | 2011            | %            | Homogeneous annual percentage variation (a) | 2012            | %            | Homogeneous annual percentage variation (a) | 2013            | %            | Homogeneous annual percentage variation (a) | 2014            | %            | 2015            | %            |
|----------------------------------|-----------------|--------------|---------------------------------------------|-----------------|--------------|---------------------------------------------|-----------------|--------------|---------------------------------------------|-----------------|--------------|-----------------|--------------|
| Real Estate                      | 5.903,5         | 8,0          | 5,2                                         | 6.203,4         | 8,2          | 5,5                                         | 5.947,8         | 7,5          | -4,1                                        | 5.534,8         | 6,9          | 6.121,3         | 7,3          |
| Bonds                            | 37.291,3        | 50,4         | 0,9                                         | 39.385,5        | 52,0         | 6,4                                         | 40.859,0        | 51,7         | 4,0                                         | 41.791,7        | 52,4         | 42.273,3        | 50,2         |
| Shares                           | 26.526,6        | 35,8         | -4,1                                        | 24.567,3        | 32,4         | -7,4                                        | 27.638,7        | 35,0         | 12,5                                        | 26.350,9        | 33,1         | 27.530,7        | 32,7         |
| Loans                            | 338,4           | 0,5          | -10,5                                       | 443,0           | 0,6          | 31,0                                        | 445,0           | 0,6          | 0,5                                         | 439,8           | 0,6          | 975,9           | 1,2          |
| Unit in unit trusts              | 3.430,8         | 4,6          | 12,0                                        | 3.521,1         | 4,7          | 3,2                                         | 3.793,8         | 4,8          | 7,9                                         | 5.057,7         | 6,3          | 6.335,6         | 7,5          |
| Other investments                | 175,9           | 0,2          | -6,9                                        | 46,7            | 0,1          | -73,5                                       | 49,2            | 0,1          | 5,5                                         | 82,4            | 0,1          | 122,4           | 0,1          |
| Bank deposits                    | 245,4           | 0,3          | 21,6                                        | 1.442,0         | 1,9          | 487,7                                       | 213,9           | 0,3          | -85,2                                       | 328,2           | 0,4          | 436,0           | 0,5          |
| Deposit with ceding undertakings | 125,1           | 0,2          | 0,3                                         | 111,2           | 0,1          | -0,6                                        | 111,5           | 0,1          | 0,3                                         | 119,9           | 0,2          | 439,2           | 0,5          |
| <b>Totale</b>                    | <b>74.036,9</b> | <b>100,0</b> | <b>-0,2</b>                                 | <b>75.720,2</b> | <b>100,0</b> | <b>2,7</b>                                  | <b>79.059,1</b> | <b>100,0</b> | <b>0,0</b>                                  | <b>79.705,3</b> | <b>100,0</b> | <b>84.234,4</b> | <b>100,0</b> |

(a) Variations within homogeneous undertakings.

Table 16

**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 |                  |
| 2011                                               | 329,099.2                 | 91,320.1                                                                                                                                 | 7,331.3       | <b>427,750.5</b> |
| 2012                                               | 339,879.9                 | 88,885.3                                                                                                                                 | 8,463.6       | <b>437,228.8</b> |
| <i>Homogeneous annual percentage variation (a)</i> | 3.3                       | -2.7                                                                                                                                     | 15.5          | 2.3              |
| 2013                                               | 369,555.3                 | 87,205.3                                                                                                                                 | 9,380.1       | <b>466,140.8</b> |
| 2014                                               | 419,805.4                 | 96,045.6                                                                                                                                 | 12,527.4      | <b>528,378.4</b> |
| 2015                                               | 457,494.5                 | 114,464.1                                                                                                                                | 13,559.3      | <b>585,517.8</b> |

(a) Variation within homogeneous undertakings.

Table 17

**NON-LIFE INSURANCE PROVISIONS***(Italian and foreign portfolio - insurance and reinsurance business; excluding reinsurance undertakings)**(million euro)*

| YEARS                                                  | Provisions for<br>unearned premi-<br>ums | Provisions for<br>claims outstanding | Other technical<br>provisions | TOTAL           |
|--------------------------------------------------------|------------------------------------------|--------------------------------------|-------------------------------|-----------------|
| 2011                                                   | 16,196.7                                 | 50,217.1                             | 283.7                         | <b>66,697.5</b> |
| <i>Homogeneous annual percentage<br/>variation (a)</i> | 3.3                                      | 1.3                                  | 4.4                           | 1.8             |
| 2012                                                   | 15,532.3                                 | 51,017.5                             | 288.6                         | <b>66,838.4</b> |
| <i>Homogeneous annual percentage<br/>variation (a)</i> | -3.2                                     | 2.1                                  | 1.7                           | 0.8             |
| 2013                                                   | 14,750.5                                 | 49,719.9                             | 293.4                         | <b>64,763.8</b> |
| <i>Homogeneous annual percentage<br/>variation (a)</i> | -4.7                                     | -2.4                                 | 1.7                           | -2.9            |
| 2014                                                   | 14,412.4                                 | 48,648.6                             | 306.9                         | <b>63,367.8</b> |
| 2015                                                   | 14,277.6                                 | 47,373.0                             | 354.5                         | <b>62,005.1</b> |

(a) Variation within homogeneous undertakings.

ASSETS REPRESENTING TECHNICAL PROVISIONS - LIFE BUSINESS (ARTICLES 36 AND 41 (4) OF LEGISLATIVE DECREE 209/2005)

Table 18

(Italian insurance portfolio)

(million euro)

| DESCRIPTION                            |                                                                                                                                                               | 31/12/2013<br>(2) | Compos.<br>% | Variat.<br>% | 31/12/2014<br>(2) | Compos.<br>% | Variat.<br>% | 31/12/2015<br>(2) | Compos.<br>% | Variat.<br>% |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|--------------|-------------------|--------------|--------------|-------------------|--------------|--------------|
| Technical provisions to be covered (1) |                                                                                                                                                               | 360.849           | 100,0        | 9,3          | 410.995           | 100,0        | 13,9         | 449.479           | 100,0        | 9,4          |
| <b>A</b>                               | <b>INVESTMENTS</b>                                                                                                                                            |                   |              |              |                   |              |              |                   |              |              |
| A.1                                    | <b>Debt securities and other securities equivalent to debt securities</b>                                                                                     |                   |              |              |                   |              |              |                   |              |              |
| A.1.1a                                 | Securities issued or guaranteed by EU member States or OECD States - dealt in on a regulated market                                                           | 238.011           | 66,0         | 12,2         | 268.081           | 65,2         | 12,6         | 278.480           | 62,0         | 3,9          |
| A.1.1b                                 | Securities issued or guaranteed by EU member States or OECD States - not dealt in on a regulated market                                                       | 2.397             | 0,7          | -49,3        | 2.145             | 0,5          | -10,5        | 2.414             | 0,5          | 12,5         |
| A.1.2a                                 | Bonds or other securities equivalent to bonds dealt in on a regulated market                                                                                  | 73.244            | 20,3         | 6,9          | 88.032            | 21,4         | 20,2         | 103.441           | 23,0         | 17,5         |
| A.1.2b                                 | Bonds or other securities equivalent to bonds not dealt in on a regulated market                                                                              | 3.290             | 0,9          | -33,6        | 3.004             | 0,7          | -8,7         | 2.436             | 0,5          | -18,9        |
| A.1.2c                                 | Bonds issued in line with article 157 (1) of legislative decree 163/2006 by project companies                                                                 | 1                 | 0,0          | -            | 0                 | 0,0          | -100,0       | 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 of which bonds not dealt in regulated markets | -                 | -            | -            | 20                | 0,0          | -            | 2                 | 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          | -            |
| A.1.4                                  | Units of Italian and EU UCITS                                                                                                                                 | 11.040            | 3,1          | 28,9         | 17.350            | 4,2          | 57,2         | 29.023            | 6,5          | 67,3         |
| A.1.5                                  | Repurchase agreements                                                                                                                                         | 4                 | 0,0          | -            | 263               | 0,1          | -            | 130               | 0,0          | -            |
| A.1.8                                  | Accrued income from interests on securities covering technical provisions                                                                                     | 4.338             | 1,2          | 5,4          | 4.513             | 1,1          | 4,0          | 4.568             | 1,0          | 1,2          |
| A.1.9                                  | Debt securities relating to securitisation operations also if they are not intended to be dealt in                                                            | -                 | -            | -            | 10                | 0,0          | -            | 10                | 0,0          | -            |
| A.1.9a                                 | Debt securities relating to securitisation operations of loans as per article 1, para1, of law n. 130/1999                                                    | -                 | -            | -            | 10                | 0,0          | -            | 10                | 0,0          | -            |
| A.1.9b                                 | Debt securities relating to securitisation operations realised through the subscription for or the purchase of bonds                                          | -                 | -            | -            | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
| A.1.9c                                 | Debt securities relating to securitisation operations of loans granted by securitisation companies                                                            | -                 | -            | -            | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
|                                        | of which bonds not dealt in regulated markets                                                                                                                 | -                 | -            | -            | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
| <b>Total A.1</b>                       |                                                                                                                                                               | <b>332.325</b>    | <b>92,1</b>  | <b>9,7</b>   | <b>383.418</b>    | <b>93,3</b>  | <b>15,4</b>  | <b>420.504</b>    | <b>93,6</b>  | <b>9,7</b>   |
|                                        | of which structured securities (a)                                                                                                                            | 24.376            | 6,8          | 1,9          | 28.312            | 6,9          | 16,1         | 36.740            | 8,2          | 29,8         |
|                                        | of which securitisations (b)                                                                                                                                  | 1.324             | 0,4          | -23,3        | 1.499             | 0,4          | 13,2         | 1.405             | 0,3          | -6,3         |
| <b>Total (a) + (b)</b>                 |                                                                                                                                                               | <b>25.700</b>     | <b>7,1</b>   | <b>0,2</b>   | <b>29.811</b>     | <b>7,3</b>   | <b>16,0</b>  | <b>38.145</b>     | <b>8,5</b>   | <b>28,0</b>  |
| <b>A.2</b>                             | <b>Loans</b>                                                                                                                                                  | <b>34</b>         | <b>0,0</b>   | <b>-2,9</b>  | <b>30</b>         | <b>0,0</b>   | <b>-11,8</b> | <b>70</b>         | <b>0,0</b>   | <b>133,3</b> |
| A.2.1                                  | Loans and interest-bearing loans secured by mortgages or by bank or insurance guarantees, or by other suitable guarantees                                     | 34                | 0,0          | -2,9         | 30                | 0,0          | -11,8        | 70                | 0,0          | -11,8        |
| A.2.2                                  | Direct unsecured loans granted to entities other than natural persons and microenterprises.                                                                   | -                 | -            | -            | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
| A.2.2a                                 | Direct loans selected by a bank or a financial intermediary and having all the characteristics relating to the quality                                        | -                 | -            | -            | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
| A.2.2b                                 | Direct loans selected by a bank or a financial intermediary but not having only the characteristics relating to the quality                                   | -                 | -            | -            | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
| A.2.2c                                 | Direct loans selected by a bank or a financial intermediary but not having the characteristics relating to the quality                                        | -                 | -            | -            | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
| A.2.2d                                 | Direct loans not selected by a bank or a financial intermediary                                                                                               | -                 | -            | -            | 0                 | 0,0          | -            | 0                 | 0,0          | -            |

continued: Table 18

## ASSETS REPRESENTING TECHNICAL PROVISIONS - LIFE BUSINESS (ARTICLES 36 AND 41 (4) OF LEGISLATIVE DECREE 209/2005)

(Italian insurance portfolio)

| DESCRIPTION                                                                       |                                                                                                                    | 31/12/2013<br>(2) | Compos.<br>% | Variat.<br>% | 31/12/2014<br>(2) | Compos.<br>% | Variat.<br>% | 31/12/2015<br>(2) | Compos.<br>% | Variat.<br>% |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------|--------------|--------------|-------------------|--------------|--------------|-------------------|--------------|--------------|
| <b>A.3 Equity securities and other securities equivalent to equity securities</b> |                                                                                                                    |                   |              |              |                   |              |              |                   |              |              |
| A.3.1a                                                                            | Shares dealt in on a regulated market                                                                              | 6.757             | 1,9          | 2,8          | 6.283             | 1,5          | -7,0         | 5.893             | 1,3          | -6,2         |
| A.3.1b                                                                            | Shares in Bank of Italy, cooperative companies, limited liability companies and not dealt in on a regulated market | 1.542             | 0,4          | -9,2         | 2.293             | 0,6          | 48,7         | 2.074             | 0,5          | -9,6         |
| A.3.3                                                                             | Units of Italian and EU UCITS                                                                                      | 2.935             | 0,8          | 14,9         | 4.243             | 1,0          | 44,6         | 5.580             | 1,2          | 31,5         |
| A.3.4                                                                             | Units of closed-end AIFs dealt in on a regulated market                                                            | 75                | 0,0          | 7,1          | 68                | 0,0          | -9,3         | 52                | 0,0          | -23,5        |
| <b>Total A.3</b>                                                                  |                                                                                                                    | <b>11.309</b>     | <b>3,1</b>   | <b>3,8</b>   | <b>12.887</b>     | <b>3,1</b>   | <b>14,0</b>  | <b>13.599</b>     | <b>3,0</b>   | <b>5,5</b>   |
| <b>A.4 Real estate</b>                                                            |                                                                                                                    |                   |              |              |                   |              |              |                   |              |              |
| A.4.1                                                                             | Land, buildings and right to use immovable properties, for the unencumbered shares                                 | 420               | 0,1          | -11,9        | 412               | 0,1          | -1,9         | 384               | 0,1          | -6,8         |
| A.4.2                                                                             | Leased properties                                                                                                  | 0                 | 0,0          | -            | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
| A.4.3                                                                             | Participations in real estate companies                                                                            | 171               | 0,0          | -13,6        | 217               | 0,1          | 26,9         | 234               | 0,1          | 7,8          |
| A.4.4                                                                             | Units of real estate Italian AIFs                                                                                  | 4.445             | 1,2          | 6,6          | 4.970             | 1,2          | 11,8         | 5.127             | 1,1          | 3,2          |
| <b>Total A.4</b>                                                                  |                                                                                                                    | <b>5.036</b>      | <b>1,4</b>   | <b>4,0</b>   | <b>5.599</b>      | <b>1,4</b>   | <b>11,2</b>  | <b>5.745</b>      | <b>1,3</b>   | <b>2,6</b>   |
| <b>A.5 Alternative investments</b>                                                |                                                                                                                    |                   |              |              |                   |              |              |                   |              |              |
| A.5.1a                                                                            | Shares of Italian and EU open AIFs which primarily invest in the bond sector                                       | 0                 | 0,0          | 0,0          | 10                | 0,0          | -            | 71                | 0,0          | -            |
| A.5.1b                                                                            | Shares of Italian and EU open AIFs which primarily invest in the share market                                      | 20                | 0,0          | 0,0          | 25                | 0,0          | 25,0         | 60                | 0,0          | 140,0        |
| A.5.2a                                                                            | Shares of Italian and EU closed AIFs not dealt in on a regulated market and in Italian reserved AIFs               | 366               | 0,1          | 4,9          | 532               | 0,1          | 45,4         | 1.240             | 0,3          | 133,1        |
| A.5.2b                                                                            | Shares of other Italian and EU open AIFs other than the previous classes                                           | 592               | 0,2          | -35,8        | 1.600             | 0,4          | 170,3        | 1.311             | 0,3          | -18,1        |
| <b>Total A.5</b>                                                                  |                                                                                                                    | <b>978</b>        | <b>0,3</b>   | <b>-24,2</b> | <b>2.167</b>      | <b>0,5</b>   | <b>121,6</b> | <b>2.682</b>      | <b>0,6</b>   | <b>23,8</b>  |
| <b>TOTAL A</b>                                                                    |                                                                                                                    | <b>349.682</b>    | <b>96,9</b>  | <b>9,2</b>   | <b>404.101</b>    | <b>98,3</b>  | <b>15,6</b>  | <b>442.600</b>    | <b>98,5</b>  | <b>9,5</b>   |

continued: Table 18

## ASSETS REPRESENTING TECHNICAL PROVISIONS - LIFE BUSINESS (ARTICLES 36 AND 41 (4) OF LEGISLATIVE DECREE 209/2005)

(Italian insurance portfolio)

| DESCRIPTION                                                     |                                                                                                        | 31/12/2013<br>(2) | Compos.<br>% | Variat.<br>% | 31/12/2014<br>(2) | Compos.<br>% | Variat.<br>% | 31/12/2015<br>(2) | Compos.<br>% | Variat.<br>% |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-------------------|--------------|--------------|-------------------|--------------|--------------|-------------------|--------------|--------------|
| B                                                               | DEBTORS                                                                                                |                   |              |              |                   |              |              |                   |              |              |
| B.1                                                             | Debts owed by reinsurers up to 90% of their amount                                                     | 173               | 0,0          | -24,1        | 118               | 0,0          | -31,8        | 147               | 0,0          | 24,6         |
| B.2                                                             | Deposits with and amounts owed by ceding undertakings up to 90% of their amount                        | 0                 | 0,0          | 0,0          | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
| B.3.1                                                           | Debtors: amounts owed by policyholders outstanding for less than 3 months                              | 381               | 0,1          | 6,1          | 333               | 0,1          | -12,6        | 214               | 0,0          | -35,7        |
| B.3.2                                                           | Debtors: amounts owed by intermediaries outstanding for less than 3 months                             | 100               | 0,0          | -54,8        | 87                | 0,0          | -13,0        | 73                | 0,0          | -16,1        |
| B.4                                                             | Advances against policies                                                                              | 2.011             | 0,6          | -4,5         | 1.877             | 0,5          | -6,7         | 1.632             | 0,4          | -13,1        |
| B.5                                                             | Tax recoveries                                                                                         | 1.284             | 0,4          | 58,9         | 1.562             | 0,4          | 21,7         | 2.064             | 0,5          | 32,1         |
| B.6                                                             | Claims against guarantee funds                                                                         | 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          | 0,0          | 0                 | 0,0          | -            | 0                 | 0,0          | -            |
| TOTAL B                                                         |                                                                                                        | 3.949             | 1,1          | 6,1          | 3.977             | 1,0          | 0,7          | 4.130             | 0,9          | 3,8          |
| 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          | -            |
| 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                                             | 428               | 0,1          | 2,4          | 507               | 0,1          | 18,5         | 615               | 0,1          | 21,3         |
| C.4                                                             | Accrued income from rent, up to 30% of its amount                                                      | 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          | -            |
| TOTAL C                                                         |                                                                                                        | 428               | 0,1          | 2,4          | 507               | 0,1          | 18,5         | 615               | 0,1          | 21,3         |
| D                                                               | Deposits with banks, deposits with other credit institutions net of debt items                         | 8.488             | 2,4          | 7,2          | 5.274             | 1,3          | -37,9        | 4.660             | 1,0          | -11,6        |
| E                                                               | Other categories of assets authorised by ISVAP according to art. 38 (4) of legislative decree 209/2005 | 4                 | 0,0          | -42,9        | 2                 | 0,0          | -50,0        | 1                 | 0,0          | -50,0        |
| GRAND TOTAL - REPRESENTATIVE ASSETS                             |                                                                                                        | 362.551           | 100,5        | 9,2          | 413.861           | 100,7        | 14,2         | 452.006           | 100,6        | 9,2          |
| 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 |                                                                                                        | 8.187             | 2,3          | -35,3        | 9.574             | 2,3          | 16,9         | 9.475             | 2,1          | -1,0         |

(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

Please note that totals may not tally due to rounding off of decimal numbers

Table 19

**ASSETS REPRESENTING TECHNICAL PROVISIONS PERTAINING TO UNIT- AND INDEX-LINKED CONTRACTS (ARTICLE 41, (1 AND 2) OF THE CAP)**

*(Italian insurance portfolio)*

*(million euro)*

| DESCRIPTION                                       | 31/12/2013<br>(1) |               |              | 31/12/2014<br>(1) |               |              | 31/12/2015<br>(1) |                |              |
|---------------------------------------------------|-------------------|---------------|--------------|-------------------|---------------|--------------|-------------------|----------------|--------------|
|                                                   | Provisions        | Assets        | % comp.      | Provisions        | Assets        | % comp.      | Provisions        | Assets         | % comp.      |
| 1 Contracts linked to the value of units in UCITS | 20,627            | 20,666        | 23.6         | 29,272            | 29,327        | 30.5         | 38,974            | 39,017         | 35.1         |
| <b>Var. %</b>                                     | <b>33.7</b>       | <b>33.8</b>   |              | <b>41.9</b>       | <b>41.9</b>   |              | <b>33.1</b>       | <b>33.0</b>    |              |
| 2 Unit-linked contracts                           | 49,383            | 49,429        | 56.6         | 54,834            | 54,864        | 57.0         | 63,662            | 63,743         | 57.4         |
| <b>Var. %</b>                                     | <b>3.8</b>        | <b>3.8</b>    |              | <b>11.0</b>       | <b>11.0</b>   |              | <b>16.1</b>       | <b>16.2</b>    |              |
| 3 Index-linked contracts                          | 17,159            | 17,295        | 19.8         | 11,877            | 11,985        | 12.5         | 8,286             | 8,384          | 7.5          |
| <b>Var. %</b>                                     | <b>-33.7</b>      | <b>-33.4</b>  |              | <b>-30.8</b>      | <b>-30.7</b>  |              | <b>-30.2</b>      | <b>-30.0</b>   |              |
| <b>TOTAL</b>                                      | <b>87,169</b>     | <b>87,390</b> | <b>100.0</b> | <b>95,983</b>     | <b>96,176</b> | <b>100.0</b> | <b>110,922</b>    | <b>111,144</b> | <b>100.0</b> |
| <b>Var. %</b>                                     | <b>-1.9</b>       | <b>-1.8</b>   |              | <b>10.1</b>       | <b>10.1</b>   |              | <b>15.6</b>       | <b>15.6</b>    |              |

(1) Balance-sheet data.

Table 20

**INVESTMENTS DERIVING FROM THE MANAGEMENT OF THE PENSION FUNDS REFERRED TO UNDER  
CLASS "D.II"  
OF THE BALANCE SHEET**

(million euro)

| DESCRIPTION          | 31/12/2013<br>(1) |              |              | 31/12/2014<br>(1) |               |              | 31/12/2015<br>(1) |               |              |
|----------------------|-------------------|--------------|--------------|-------------------|---------------|--------------|-------------------|---------------|--------------|
|                      | Provisions        | Investments  | % comp.      | Provisions        | Investments   | % comp.      | Provisions        | Investments   | % comp.      |
| 1 Open pension funds | 5,556             | 5,556        | 59.2         | 8,299             | 8,299         | 66.2         | 9,128             | 9,128         | 67.3         |
| <b>Var. %</b>        | <b>18.1</b>       | <b>18.1</b>  |              | <b>49.4</b>       | <b>49.4</b>   |              | <b>10.0</b>       | <b>10.0</b>   |              |
| 2 Pension funds      | 3,825             | 3,825        | 40.8         | 4,228             | 4,228         | 33.8         | 4,431             | 4,431         | 32.7         |
| <b>Var. %</b>        | <b>1.7</b>        | <b>1.7</b>   |              | <b>10.6</b>       | <b>10.6</b>   |              | <b>4.8</b>        | <b>4.8</b>    |              |
| <b>TOTAL</b>         | <b>9,380</b>      | <b>9,380</b> | <b>100.0</b> | <b>12,527</b>     | <b>12,527</b> | <b>100.0</b> | <b>13,559</b>     | <b>13,559</b> | <b>100.0</b> |
| <b>Var. %</b>        | <b>10.8</b>       | <b>10.8</b>  |              | <b>33.6</b>       | <b>33.6</b>   |              | <b>8.2</b>        | <b>8.2</b>    |              |

(1) Balance-sheet data.



Table 21

## ASSETS COVERING TECHNICAL PROVISIONS - NON-LIFE BUSINESS (ARTICLE 37 OF LEGISLATIVE DECREE 209/2005)

(Italian insurance portfolio)

| DESCRIPTION                                                                                                                 |  | 31/12/2013<br>(1) | Compos.<br>% | Homogene-<br>ous annual<br>percentage<br>variation (a) | 31/12/2014<br>(1) | Compos.<br>% | Homogene-<br>ous annual<br>percentage<br>variation (a) | 31/12/2015<br>(1) | Compos.<br>% | Annual<br>percentage<br>variation |
|-----------------------------------------------------------------------------------------------------------------------------|--|-------------------|--------------|--------------------------------------------------------|-------------------|--------------|--------------------------------------------------------|-------------------|--------------|-----------------------------------|
| Technical provisions to be covered                                                                                          |  | 62,489            | 100,0        | -3,3                                                   | 61,129            | 100,0        | -2,2                                                   | 59,278            | 100,0        | -3,0                              |
| <b>A INVESTMENTS</b>                                                                                                        |  |                   |              |                                                        |                   |              |                                                        |                   |              |                                   |
| <b>A.1 Debt securities and other securities equivalent to debt securities</b>                                               |  |                   |              |                                                        |                   |              |                                                        |                   |              |                                   |
| A.1.1a Securities issued or guaranteed by EU member States or OECD States dealt in on a regulated market                    |  | 25,304            | 40,5         | 4,1                                                    | 22,867            | 37,4         | -9,6                                                   | 21,841            | 36,8         | -4,5                              |
| A.1.1b Securities issued or guaranteed by EU member States or OECD States not dealt in on a regulated market                |  | 81                | 0,1          | 19,1                                                   | 55                | 0,1          | -32,1                                                  | 63                | 0,1          | 14,5                              |
| A.1.2a Bonds or other securities equivalent to bonds dealt in on a regulated market                                         |  | 12,379            | 19,8         | 7,9                                                    | 15,107            | 24,7         | 22,0                                                   | 15,841            | 26,7         | 4,9                               |
| A.1.2b Bonds or other securities equivalent to bonds not dealt in on a regulated market                                     |  | 385               | 0,6          | -27,4                                                  | 499               | 0,8          | 29,6                                                   | 555               | 0,9          | 11,2                              |
| A.1.2c Bonds issued in line with article 157 (1) of legislative decree 163/2006 by project companies                        |  | 5                 | 0,0          | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| A.1.2d Bonds issued in line with article 157 (1) of legislative decree 163/2006 by project companies                        |  | -                 | -            | -                                                      | 5                 | 0,0          | -                                                      | 5                 | 0,0          | -                                 |
| A.1.2e Bonds issued in line with article 157 (1) of legislative decree 163/2006 by project companies                        |  | -                 | -            | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| A.1.2f Bonds issued in line with article 157 (1) of legislative decree 163/2006 by project companies                        |  | -                 | -            | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| A.1.3 Other bonds or securities equivalent to bonds other than those indicated above                                        |  | 0                 | 0,0          | 0,0                                                    | 2                 | 0,0          | 0,0                                                    | 2                 | 0,0          | 0,0                               |
| A.1.4 Units of Italian and EU UCITS                                                                                         |  | 1,165             | 1,9          | 50,3                                                   | 1,637             | 2,7          | 40,5                                                   | 1,610             | 2,7          | -1,6                              |
| A.1.5 Repurchase agreements                                                                                                 |  | 10                | 0,0          | 233,3                                                  | 11                | 0,0          | 10,0                                                   | 0                 | 0,0          | -100,0                            |
| A.1.8 Accrued income from interests on securities covering technical provisions                                             |  | 456               | 0,7          | 4,8                                                    | 461               | 0,8          | 1,1                                                    | 385               | 0,6          | -16,5                             |
| A.1.9 Debt securities relating to securitisation operations also if they are not intended to be dealt in negotiated markets |  | -                 | -            | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| A.1.9a Debt securities relating to securitisation operations of loans as per article 1, para 1, of law n. 130/1999          |  | -                 | -            | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| A.1.9b Debt securities relating to securitisation operations realised through the subscription for or the purchase of bonds |  | -                 | -            | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| A.1.9c Debt securities relating to securitisation operations of loans granted by securitisation companies                   |  | -                 | -            | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| A.1.9d Debt securities relating to securitisation operations of loans granted by securitisation companies                   |  | -                 | -            | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| A.1.9e Debt securities relating to securitisation operations of loans granted by securitisation companies                   |  | -                 | -            | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| A.1.9f Debt securities relating to securitisation operations of loans granted by securitisation companies                   |  | -                 | -            | -                                                      | 0                 | 0,0          | -                                                      | 0                 | 0,0          | -                                 |
| <b>Total A.1</b>                                                                                                            |  | <b>39,785</b>     | <b>63,7</b>  | <b>5,8</b>                                             | <b>40,644</b>     | <b>66,5</b>  | <b>2,2</b>                                             | <b>40,302</b>     | <b>68,0</b>  | <b>-0,8</b>                       |
| of which structured securities (a)                                                                                          |  | 4,577             | 7,3          | 6,9                                                    | 6,078             | 9,9          | 32,8                                                   | 6,658             | 11,2         | 9,5                               |
| of which securitisations (b)                                                                                                |  | 449               | 0,7          | 13,1                                                   | 496               | 0,8          | 10,5                                                   | 496               | 0,8          | 0,0                               |
| <b>Total (a) + (b)</b>                                                                                                      |  | <b>5,026</b>      | <b>8,0</b>   | <b>7,5</b>                                             | <b>6,574</b>      | <b>10,8</b>  | <b>30,8</b>                                            | <b>7,154</b>      | <b>12,1</b>  | <b>8,8</b>                        |

continued: Table 21

## ASSETS COVERING TECHNICAL PROVISIONS - NON-LIFE BUSINESS (ARTICLE 37 OF LEGISLATIVE DECREE 209/2005)

(Italian insurance portfolio)

| DESCRIPTION                                                                       |                                                                                                                                         | 31/12/2013<br>(1) | Compos.<br>% | Homogene<br>ous annual<br>percentage<br>variation (a) | 31/12/2014<br>(1) | Compos.<br>% | Homogene<br>ous annual<br>percentage<br>variation (a) | 31/12/2015<br>(1) | Compos.<br>% | Annual<br>percentage<br>variation |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|-------------------------------------------------------|-------------------|--------------|-------------------------------------------------------|-------------------|--------------|-----------------------------------|
| <b>A.2 Loans</b>                                                                  |                                                                                                                                         | <b>9</b>          | <b>0,0</b>   | <b>12,5</b>                                           | <b>4</b>          | <b>0,0</b>   | <b>-55,6</b>                                          | <b>94</b>         | <b>0,2</b>   | <b>2250,0</b>                     |
| A.2.1                                                                             | Loans and interest-bearing loans secured by mortgages / bank or insurance guarantees / other suitable guarantees ...                    | 9                 | 0,0          | 12,5                                                  | 4                 | 0,0          | -55,6                                                 | 94                | 0,2          | -55,6                             |
| A.2.2                                                                             | Direct unsecured loans granted to entities other than natural persons and microenterprises                                              | -                 | -            | -                                                     | 0                 | 0,0          | -                                                     | 0                 | 0,0          | -                                 |
| A.2.2.a)                                                                          | Direct loans selected by a bank or a financial intermediary and having all the characteristics relating to the quality                  | -                 | -            | -                                                     | 0                 | 0,0          | -                                                     | 0                 | 0,0          | -                                 |
| A.2.2.b)                                                                          | Direct loans selected by a bank or a financial intermediary but not having only the characteristics relating to the quality             | -                 | -            | -                                                     | 0                 | 0,0          | -                                                     | 0                 | 0,0          | -                                 |
| A.2.2.c)                                                                          | Direct loans selected by a bank or a financial intermediary but not having the characteristics relating to the quality                  | -                 | -            | -                                                     | 0                 | 0,0          | -                                                     | 0                 | 0,0          | -                                 |
| A.2.2.d)                                                                          | Direct loans not selected by a bank or a financial intermediary                                                                         | -                 | -            | -                                                     | 0                 | 0,0          | -                                                     | 0                 | 0,0          | -                                 |
| <b>A.3 Equity securities and other securities equivalent to equity securities</b> |                                                                                                                                         |                   |              |                                                       |                   |              |                                                       |                   |              |                                   |
| A.3.1.a                                                                           | Shares dealt in on a regulated market                                                                                                   | 2.119             | 3,4          | -14,9                                                 | 1.776             | 2,9          | -16,2                                                 | 1.223             | 2,1          | -31,1                             |
| A.3.1.b                                                                           | Shares in the the Bank of Italy, in cooperative companies, in limited liability companies and shares not dealt in on a regulated market | 1.704             | 2,7          | -12,1                                                 | 1.655             | 2,7          | -2,9                                                  | 1.613             | 2,7          | -2,5                              |
| A.3.3                                                                             | Units of Italian and EU UCITS                                                                                                           | 458               | 0,7          | 22,1                                                  | 787               | 1,3          | 71,8                                                  | 1.043             | 1,8          | 32,5                              |
| A.3.4                                                                             | Units of closed-end AIFs dealt in on a regulated market                                                                                 | 101               | 0,2          | 18,8                                                  | 91                | 0,1          | -9,9                                                  | 82                | 0,1          | -9,9                              |
| <b>Total A.3</b>                                                                  |                                                                                                                                         | <b>4.382</b>      | <b>7,0</b>   | <b>-10,4</b>                                          | <b>4.309</b>      | <b>7,0</b>   | <b>-1,7</b>                                           | <b>3.961</b>      | <b>6,7</b>   | <b>-8,1</b>                       |
| <b>A.4 Real Estate</b>                                                            |                                                                                                                                         |                   |              |                                                       |                   |              |                                                       |                   |              |                                   |
| A.4.1                                                                             | Land, buildings and right to use immovable properties, for the unencumbered shares                                                      | 5.403             | 8,6          | -7,0                                                  | 5.166             | 8,5          | -4,4                                                  | 5.359             | 9,0          | 3,7                               |
| 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                                                                                                 | 3.399             | 5,4          | 0,6                                                   | 3.374             | 5,5          | -0,7                                                  | 2.714             | 4,6          | -19,6                             |
| A.4.4                                                                             | Units of real estate Italian AIFs                                                                                                       | 1.142             | 1,8          | -6,9                                                  | 1.192             | 1,9          | 4,4                                                   | 1.123             | 1,9          | -5,8                              |
| <b>Total A.4</b>                                                                  |                                                                                                                                         | <b>9.944</b>      | <b>15,9</b>  | <b>-4,6</b>                                           | <b>9.732</b>      | <b>15,9</b>  | <b>-2,1</b>                                           | <b>9.196</b>      | <b>15,5</b>  | <b>-5,5</b>                       |
| <b>A.5 Alternative investments</b>                                                |                                                                                                                                         |                   |              |                                                       |                   |              |                                                       |                   |              |                                   |
| A.5.1.a                                                                           | Shares of Italian and EU open AIFs which primarily invest in the bond sector                                                            | 0                 | 0,0          | 0,0                                                   | 0                 | 0,0          | 0,0                                                   | 7                 | 0,0          | 0,0                               |
| A.5.1.b                                                                           | Shares of Italian and EU open AIFs which primarily invest in the share market                                                           | 5                 | 0,0          | -50,0                                                 | 5                 | 0,0          | 0,0                                                   | 0                 | 0,0          | -100,0                            |
| A.5.2.a                                                                           | Shares of Italian and EU closed AIFs not dealt in on a regulated market and in Italian reserved AIFs                                    | 308               | 0,5          | 23,7                                                  | 293               | 0,5          | -4,9                                                  | 313               | 0,5          | 6,8                               |
| A.5.2.b                                                                           | Shares of other Italian and EU open AIFs other than the previous classes                                                                | 109               | 0,2          | -6,8                                                  | 278               | 0,5          | 155,0                                                 | 110               | 0,2          | -60,4                             |
| <b>Total A.5</b>                                                                  |                                                                                                                                         | <b>422</b>        | <b>0,7</b>   | <b>12,2</b>                                           | <b>576</b>        | <b>0,9</b>   | <b>36,5</b>                                           | <b>430</b>        | <b>0,7</b>   | <b>-25,3</b>                      |
| <b>TOTAL A</b>                                                                    |                                                                                                                                         | <b>54.542</b>     | <b>87,3</b>  | <b>2,4</b>                                            | <b>55.265</b>     | <b>90,4</b>  | <b>1,3</b>                                            | <b>53.983</b>     | <b>91,1</b>  | <b>-2,3</b>                       |

continued: Table 21

## ASSETS COVERING TECHNICAL PROVISIONS - NON-LIFE BUSINESS (ARTICLE 37 OF LEGISLATIVE DECREE 209/2005)

(Italian insurance portfolio)

| DESCRIPTION                                                     |                                                                                                        | 31/12/2013<br>- (1) | Compos.<br>% | Homogene<br>ous annual<br>percentage<br>variation (a) | 31/12/2014<br>- (1) | Compos.<br>% | Homogene<br>ous annual<br>percentage<br>variation (a) | 31/12/2015<br>- (1) | Compos.<br>% | Annual<br>percentage<br>variation |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------|--------------|-------------------------------------------------------|---------------------|--------------|-------------------------------------------------------|---------------------|--------------|-----------------------------------|
| B DEBTORS                                                       |                                                                                                        |                     |              |                                                       |                     |              |                                                       |                     |              |                                   |
| B.1                                                             | Debts owed by reinsurers up to 90% of their amount                                                     | 4.243               | 6,8          | -13,9                                                 | 3.368               | 5,5          | -20,6                                                 | 3.020               | 5,1          | -10,3                             |
| B.2                                                             | Deposits with and amounts owed by ceding undertakings up to 90% of their amount                        | 12                  | 0,0          | -                                                     | 1                   | 0,0          | -                                                     | 6                   | 0,0          | -                                 |
| B.3.1                                                           | Debtors: amounts owed by policyholders outstanding for less than 3 months                              | 1.311               | 2,1          | -36,3                                                 | 1.088               | 1,8          | -17,0                                                 | 999                 | 1,7          | -8,2                              |
| B.3.2                                                           | Debtors: amounts owed by intermediaries outstanding for less than 3 months                             | 662                 | 1,1          | -44,6                                                 | 489                 | 0,8          | -26,1                                                 | 360                 | 0,6          | -26,4                             |
| B.4                                                             | Claims arising out of salvage and subrogation                                                          | 49                  | 0,1          | -38,8                                                 | 13                  | 0,0          | -73,5                                                 | 29                  | 0,0          | 123,1                             |
| B.5                                                             | Tax recoveries                                                                                         | 123                 | 0,2          | -57,4                                                 | 124                 | 0,2          | 0,8                                                   | 119                 | 0,2          | -4,0                              |
| B.6                                                             | Claims against guarantee funds                                                                         | 275                 | 0,4          | -1,1                                                  | 334                 | 0,5          | 21,5                                                  | 301                 | 0,5          | -9,9                              |
| B.7                                                             | Debtors arising out of centralised management operations of the group's cash                           | 344                 | 0,6          | -1,4                                                  | 76                  | 0,1          | -77,9                                                 | 116                 | 0,2          | 52,6                              |
| TOTAL B                                                         |                                                                                                        | 7.019               | 11,2         | -23,5                                                 | 5.493               | 9,0          | -21,7                                                 | 4.950               | 8,4          | -9,9                              |
| C OTHER ASSETS                                                  |                                                                                                        |                     |              |                                                       |                     |              |                                                       |                     |              |                                   |
| C.1                                                             | Tangible fixed assets, instrumental to the undertakings' activity, other than land and buildings       | 2                   | 0,0          | -60,0                                                 | 2                   | 0,0          | 0,0                                                   | 0                   | 0,0          | -100,0                            |
| 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          | -                                 |
| C.3                                                             | Deferred acquisition commissions up to 90% of their amount                                             | 26                  | 0,0          | -60,0                                                 | 50                  | 0,1          | 92,3                                                  | 40                  | 0,1          | -20,0                             |
| C.4                                                             | Accrued income from rent, up to 30% of its amount                                                      | 0                   | 0,0          | -100,0                                                | 0                   | 0,0          | -                                                     | 0                   | 0,0          | -                                 |
| TOTAL C                                                         |                                                                                                        | 28                  | 0,0          | -60,6                                                 | 52                  | 0,1          | 85,7                                                  | 40                  | 0,1          | -23,1                             |
| D                                                               | Deposits with banks, deposits with other credit institutions net of debt items                         | 1.330               | 2,1          | -43,2                                                 | 1.060               | 1,7          | -20,3                                                 | 842                 | 1,4          | -20,6                             |
| E                                                               | Other categories of assets authorised by ISVAP according to art. 38 (4) of legislative decree 209/2005 | 0                   | 0,0          | -                                                     | 0                   | 0,0          | -                                                     | 0                   | 0,0          | -                                 |
| GRAND TOTAL - REPRESENTATIVE ASSETS                             |                                                                                                        | 62.919              | 100,7        | -3,0                                                  | 61.870              | 101,2        | -1,7                                                  | 59.815              | 100,9        | -3,3                              |
| 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 |                                                                                                        | 2.587               | 4,1          | -10,9                                                 | 2.782               | 4,6          | 7,5                                                   | 2.656               | 4,5          | -4,5                              |

(1) Balance-sheet data

(a) Variations within homogeneous undertakings

Table 22

**CONSOLIDATED ACCOUNTS**  
**BALANCE SHEET**

(million euro)

| ASSETS                                                            | 2013           | Compos.<br>% | 2014             | Compos.<br>% | 2015             | Compos.<br>% |
|-------------------------------------------------------------------|----------------|--------------|------------------|--------------|------------------|--------------|
| <b>1 INTANGIBLE ASSETS</b>                                        | <b>14,522</b>  | <b>1.6</b>   | <b>13,277</b>    | <b>1.3</b>   | <b>13,828</b>    | <b>1.3</b>   |
| 1.1 Goodwill                                                      | 10,716         | 1.2          | 10,185           | 1.0          | 10,307           | 0.9          |
| 1.2 Other intangible assets                                       | 3,806          | 0.4          | 3,092            | 0.3          | 3,521            | 0.3          |
| <b>2 TANGIBLE ASSETS</b>                                          | <b>7,731</b>   | <b>0.8</b>   | <b>7,810</b>     | <b>0.8</b>   | <b>8,294</b>     | <b>0.8</b>   |
| 2.1 Real estate                                                   | 5,534          | 0.6          | 5,660            | 0.6          | 6,359            | 0.6          |
| 2.2 Other tangible assets                                         | 2,197          | 0.2          | 2,150            | 0.2          | 1,935            | 0.2          |
| <b>3 REINSURERS' SHARE OF TECHNICAL PROVISIONS</b>                | <b>12,098</b>  | <b>1.3</b>   | <b>10,701</b>    | <b>1.0</b>   | <b>10,425</b>    | <b>1.0</b>   |
| <b>4 INVESTMENTS</b>                                              | <b>807,116</b> | <b>87.7</b>  | <b>905,967</b>   | <b>88.3</b>  | <b>988,327</b>   | <b>90.7</b>  |
| 4.1 Investments in real estate                                    | 18,255         | 2.0          | 17,811           | 1.7          | 16,960           | 1.6          |
| 4.2 Participations in subsidiaries, associates and joint ventures | 2,102          | 0.2          | 2,086            | 0.2          | 2,055            | 0.2          |
| 4.3 Held-to-maturity investments                                  | 9,299          | 1.0          | 7,224            | 0.7          | 5,264            | 0.5          |
| 4.4 Loans and receivables                                         | 85,162         | 9.3          | 71,322           | 7.0          | 68,195           | 6.3          |
| 4.5 Available-for-sale financial assets                           | 497,388        | 54.0         | 606,738          | 59.2         | 642,850          | 59.0         |
| 4.6 Financial assets at fair value through profit or loss         | 194,910        | 21.2         | 200,786          | 19.6         | 253,002          | 23.2         |
| <b>5 SUNDRY RECEIVABLES</b>                                       | <b>20,545</b>  | <b>2.2</b>   | <b>21,549</b>    | <b>2.1</b>   | <b>20,026</b>    | <b>1.8</b>   |
| 5.1 Receivables arising out of direct insurance operations        | 12,802         | 1.4          | 12,467           | 1.2          | 11,417           | 1.0          |
| 5.2 Receivables arising out of reinsurance                        | 1,600          | 0.2          | 1,633            | 0.2          | 1,483            | 0.1          |
| 5.3 Other receivables                                             | 6,143          | 0.7          | 7,449            | 0.7          | 7,126            | 0.7          |
| <b>6 OTHER ASSETS</b>                                             | <b>30,409</b>  | <b>3.3</b>   | <b>49,379</b>    | <b>4.8</b>   | <b>29,671</b>    | <b>2.7</b>   |
| 6.1 Non-current assets or disposal groups held for sale           | 1,058          | 0.1          | 21,379           | 2.1          | 65               | 0.0          |
| 6.2 Deferred acquisition costs                                    | 2,239          | 0.2          | 2,233            | 0.2          | 2,314            | 0.2          |
| 6.3 Deferred tax assets                                           | 7,918          | 0.9          | 7,459            | 0.7          | 7,402            | 0.7          |
| 6.4 Current tax assets                                            | 9,238          | 1.0          | 8,577            | 0.8          | 9,381            | 0.9          |
| 6.5 Other assets                                                  | 9,956          | 1.1          | 9,730            | 0.9          | 10,509           | 1.0          |
| <b>7 CASH AND CASH EQUIVALENTS</b>                                | <b>28,107</b>  | <b>3.1</b>   | <b>16,894</b>    | <b>1.6</b>   | <b>19,087</b>    | <b>1.8</b>   |
| <b>TOTAL ASSETS</b>                                               | <b>920,528</b> | <b>100.0</b> | <b>1,025,577</b> | <b>100.0</b> | <b>1,089,659</b> | <b>100.0</b> |

continued: Table 22

**CONSOLIDATED ACCOUNTS**  
**BALANCE SHEET**

(million euro)

| EQUITY AND LIABILITIES                                         | 2013           | Compos.<br>% | 2014             | Compos.<br>% | 2015             | Compos.<br>% |
|----------------------------------------------------------------|----------------|--------------|------------------|--------------|------------------|--------------|
| <b>1 EQUITY</b>                                                | <b>52,196</b>  | <b>5.7</b>   | <b>57,282</b>    | <b>5.6</b>   | <b>60,466</b>    | <b>5.5</b>   |
| <b>1.1 attributable to equity holders of the parent</b>        | <b>40,682</b>  | <b>4.4</b>   | <b>45,868</b>    | <b>4.5</b>   | <b>49,595</b>    | <b>4.6</b>   |
| 1.1.1 Share capital                                            | 6,779          | 0.7          | 6,817            | 0.7          | 7,774            | 0.7          |
| 1.1.2 Other equity instruments                                 | 10             | 0.0          | 0                | 0.0          | 0                | 0.0          |
| 1.1.3 Capital reserves                                         | 10,718         | 1.2          | 10,840           | 1.1          | 11,598           | 1.1          |
| 1.1.4 Retained earnings and other capital reserves             | 16,219         | 1.8          | 15,705           | 1.5          | 16,908           | 1.6          |
| 1.1.5 (Own shares)                                             | -20            | 0.0          | -20              | 0.0          | -33              | 0.0          |
| 1.1.6 Reserve for net exchange differences                     | 303            | 0.0          | -238             | 0.0          | 74               | 0.0          |
| 1.1.7 Profits or losses on available-for-sale financial assets | 4,196          | 0.5          | 9,898            | 1.0          | 9,191            | 0.8          |
| 1.1.8 Other profits or losses recognised directly in equity    | -876           | -0.1         | -938             | -0.1         | -930             | -0.1         |
| 1.1.9 Parent shareholders' profit (loss) for the period        | 3,352          | 0.4          | 3,805            | 0.4          | 5,013            | 0.5          |
| <b>1.2 attributable to minority interest</b>                   | <b>11,514</b>  | <b>1.3</b>   | <b>11,414</b>    | <b>1.1</b>   | <b>10,871</b>    | <b>1.0</b>   |
| 1.2.1 Equity and reserves of third parties                     | 9,798          | 1.1          | 8,631            | 0.8          | 8,429            | 0.8          |
| 1.2.2 Profits or losses recognised directly in equity          | 805            | 0.1          | 1,726            | 0.2          | 1,370            | 0.1          |
| 1.2.3 Third parties' profit (loss) for the period              | 911            | 0.1          | 1,058            | 0.1          | 1,072            | 0.1          |
| <b>2 PROVISIONS</b>                                            | <b>3,579</b>   | <b>0.4</b>   | <b>3,440</b>     | <b>0.3</b>   | <b>3,294</b>     | <b>0.3</b>   |
| <b>3 TECHNICAL PROVISIONS</b>                                  | <b>670,850</b> | <b>72.9</b>  | <b>755,636</b>   | <b>73.7</b>  | <b>816,721</b>   | <b>75.0</b>  |
| <b>4 FINANCIAL LIABILITIES</b>                                 | <b>159,305</b> | <b>17.3</b>  | <b>154,960</b>   | <b>15.1</b>  | <b>175,655</b>   | <b>16.1</b>  |
| 4.1 Financial liabilities at fair value through profit or loss | 88,391         | 9.6          | 99,559           | 9.7          | 120,927          | 11.1         |
| 4.2 Other financial liabilities                                | 70,915         | 7.7          | 55,401           | 5.4          | 54,729           | 5.0          |
| <b>5 PAYABLES</b>                                              | <b>15,844</b>  | <b>1.7</b>   | <b>14,070</b>    | <b>1.4</b>   | <b>13,808</b>    | <b>1.3</b>   |
| 5.1 Payables arising out of direct insurance operations        | 4,419          | 0.5          | 4,796            | 0.5          | 4,742            | 0.4          |
| 5.2 Payables arising out of reinsurance                        | 976            | 0.1          | 863              | 0.1          | 934              | 0.1          |
| 5.3 Other payables                                             | 10,449         | 1.1          | 8,411            | 0.8          | 8,131            | 0.7          |
| <b>6 OTHER LIABILITIES</b>                                     | <b>18,754</b>  | <b>2.0</b>   | <b>40,189</b>    | <b>3.9</b>   | <b>19,714</b>    | <b>1.8</b>   |
| 6.1 Liabilities of a disposal group held for sale              | 732            | 0.1          | 19,700           | 1.9          | 0                | 0.0          |
| 6.2 Deferred tax liabilities                                   | 5,989          | 0.7          | 8,131            | 0.8          | 7,299            | 0.7          |
| 6.3 Current tax liabilities                                    | 3,592          | 0.4          | 3,150            | 0.3          | 3,258            | 0.3          |
| 6.4 Other liabilities                                          | 8,441          | 0.9          | 9,208            | 0.9          | 9,157            | 0.8          |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            | <b>920,528</b> | <b>100.0</b> | <b>1,025,577</b> | <b>100.0</b> | <b>1,089,659</b> | <b>100.0</b> |

The companies' consolidated accounts, drawn up in compliance with the IAS/IFRS, were aggregated.

Table 23

**CONSOLIDATED ACCOUNTS  
PROFIT AND LOSS ACCOUNT**

(million euro)

|                                                                                               | 2013           | 2014           | 2015           |
|-----------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| 1.1 Net premiums                                                                              | 131,793        | 180,269        | 150,482        |
| 1.1.1 Gross premiums earned                                                                   | 135,828        | 185,256        | 154,420        |
| 1.1.2 Outward reinsurance premiums                                                            | 4,035          | 4,987          | 3,938          |
| 1.2 Fee income                                                                                | 3,212          | 2,844          | 3,561          |
| 1.3 Gains and losses deriving from financial instruments at fair value through profit or loss | 7,464          | 5,049          | 3,120          |
| 1.4 Gains from participations in subsidiaries, associates and joint ventures                  | 235            | 264            | 214            |
| 1.5 Gains from other financial instruments and investments in real estate                     | 28,447         | 35,540         | 30,755         |
| 1.5.1 Interest income                                                                         | 20,119         | 23,567         | 20,195         |
| 1.5.2 Other income                                                                            | 2,516          | 3,191          | 2,930          |
| 1.5.3 Realised gains                                                                          | 5,586          | 7,687          | 7,279          |
| 1.5.4 Unrealised profits                                                                      | 226            | 1,095          | 351            |
| 1.6 Other income                                                                              | 3,754          | 6,865          | 6,025          |
| <b>1 TOTAL INCOME AND GAINS</b>                                                               | <b>174,905</b> | <b>230,832</b> | <b>194,157</b> |
| 2.1. Net losses from claims incurred                                                          | 132,947        | 179,012        | 149,044        |
| 2.1.2 Amounts paid and changes in technical provisions                                        | 135,358        | 182,153        | 151,427        |
| 2.1.3 Reinsurers' shares                                                                      | 2,411          | 3,141          | 2,383          |
| 2.2. Fee expense                                                                              | 1,735          | 1,704          | 2,206          |
| 2.3 Losses from participations in subsidiaries, associates and joint ventures                 | 393            | 159            | 94             |
| 2.4 Losses from other financial instruments and investments in real estate                    | 6,063          | 7,016          | 5,813          |
| 2.4.1 Interest expense                                                                        | 2,099          | 2,184          | 1,814          |
| 2.4.2 Other losses                                                                            | 599            | 796            | 503            |
| 2.4.3 Realised losses                                                                         | 1,118          | 1,498          | 1,518          |
| 2.4.4 Unrealised losses                                                                       | 2,248          | 2,537          | 1,977          |
| 2.5 Operating expenses                                                                        | 19,850         | 24,608         | 20,139         |
| 2.5.1 Commissions and other acquisition costs                                                 | 14,165         | 18,033         | 14,663         |
| 2.5.2 Investment management charges                                                           | 358            | 626            | 485            |
| 2.5.3 Other administrative expenses                                                           | 5,326          | 5,950          | 4,992          |
| 2.6 Other expenses                                                                            | 7,404          | 8,403          | 7,706          |
| <b>2 TOTAL EXPENSES AND LOSSES</b>                                                            | <b>168,391</b> | <b>220,902</b> | <b>185,003</b> |
| <b>PROFIT (LOSS) FOR THE PERIOD BEFORE TAX</b>                                                | <b>6,514</b>   | <b>9,930</b>   | <b>9,154</b>   |
| <b>3 Taxes</b>                                                                                | <b>2,728</b>   | <b>3,423</b>   | <b>3,034</b>   |
| <b>POST-TAX PROFIT (LOSS) FOR THE PERIOD</b>                                                  | <b>3,785</b>   | <b>6,507</b>   | <b>6,119</b>   |
| <b>4 PROFIT (LOSS) OF DISCONTINUED OPERATIONS</b>                                             | <b>478</b>     | <b>-78</b>     | <b>-34</b>     |
| <b>CONSOLIDATED PROFIT (LOSS)</b>                                                             | <b>4,264</b>   | <b>6,429</b>   | <b>6,086</b>   |
| <b>of which attributable to equity holders of the parent</b>                                  | <b>3,352</b>   | <b>5,284</b>   | <b>5,013</b>   |
| <b>of which attributable to minority interest</b>                                             | <b>911</b>     | <b>1,145</b>   | <b>1,072</b>   |

The companies' accounts, drawn up in compliance with the IAS/IFRS, were aggregated.



## ***GLOSSARY OF INSURANCE TERMS<sup>107</sup>***

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>acquisition commissions</b>              | the remunerations accrued for the acquisition and renewal of insurance contracts, as defined in art. 51 of legislative decree n. 173 of 26 May 1997                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>adequacy of technical provisions</b>     | technical provisions are considered to be adequate when they are determined according to correct actuarial techniques, which lead to a prudent assessment of whether an undertaking can meet any liabilities arising out of insurance contracts as far as can reasonably be foreseen.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>administrative body</b>                  | the board of directors or, for undertakings which have adopted the system referred to in article 2409 <i>octies</i> of the civil code, the management board and the authorised agent for the Italian branches of insurance undertakings having their head office in a third State                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>agency with brief</b>                    | peripheral offices of the insurance undertaking managed by subjects whose collaboration relationship is regulated by art. 1742 and foll. of the Civil Code. (Insurance contract) and, in particular, art. 1753 of the Civil Code (Insurance agents); they are the real entrepreneurs referred to in art. 1903 of the Civil Code (Insurance agents). The agent with a brief is therefore a professional collaborator of the entrepreneur, who pursues insurance business, bears his own business risk (autonomous organization) and revenue uncertainty (commissions commensurate with the turnover) in compliance with article 106 of the CAP. Moreover, the agent must be registered in the Single Register of Insurance Intermediaries, as defined in article 109 (2) of the CAP                                                                                                                                                                                                                                                                                                                                                   |
| <b>anti-fraud integrated database (AIA)</b> | <p>computer database set up care of IVASS under article 21 of decree-law no. 179 of 18 October 2012, converted with amendments into law no. 221 of 17 December 2012, to prevent insurance fraud in motor liability. AIA is connected to the following data banks:</p> <ul style="list-style-type: none"> <li>- claims data bank, register of witnesses and register of injured parties kept by IVASS</li> <li>- national vehicle file held by the public register of motor vehicles</li> <li>- national database of those licensed to drive held by the public register of motor vehicles</li> <li>- data bank of insurance stickers held by the public register of motor vehicles</li> <li>- Public Motoring Register (PRA) held by Automobil Club d'Italia</li> <li>- database of loss adjusters held by Consap</li> <li>- SITA database held by Ania</li> </ul> <p>The information of interest for the anti-fraud activity collected by the interconnected databases is integrated and used for the calculation of anti-fraud indicators available to law enforcement officials, judicial authorities and insurance companies</p> |
| <b>anti-fraud report</b>                    | report on the anti-fraud activity referred to in article 30 of decree-law no. 1 of 24 January 2012 converted, after amendment, into law no. 27 of 24 March 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>audit firm</b>                           | a company registered in the special registry envisaged by legislative decree no. 58 of 24 February 1998 and charged with the accounting audit of the financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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<sup>107</sup> Definitions are mainly taken from the Private Insurance Code - CAP (Legislative decree No. 209 of 7 September 2005), from IS-VAP Regulations no. 22 of 4 April 2008 and no. 44 of 9 August 2012 and from the glossary published on the portal <http://www.educazioneassicurativa.it>.



|                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>average balance</b>                                                                                               | the average of the accounting balances of the assets invested in the separately managed account during the observation period expressed in actual days                                                                                                                                                                                                                                                                                   |
| <b>average premium rate</b>                                                                                          | the total expected losses divided by the number of risks which will be presumably covered during the period of validity of the premium rate                                                                                                                                                                                                                                                                                              |
| <b>bancassurance</b>                                                                                                 | participation or distribution agreements between banks and insurance undertakings for the creation and sale of products that combine insurance and investment features                                                                                                                                                                                                                                                                   |
| <b>bankruptcy law</b>                                                                                                | royal decree no. 267 of 16 March 1942 and subsequent modifications                                                                                                                                                                                                                                                                                                                                                                       |
| <b>black box</b>                                                                                                     | satellite meter installed on the insured vehicle, which can connect through the telephone network GSM and/or GSM-GPRS to a control room/service centre and can provide specific geo-referenced info-telematic services. In particular it allows to track the path followed, the average and the instant speed of the vehicle, its technical-mechanical conditions, the driving behaviour, and to reconstruct the dynamics of an accident |
| <b>bonus class ((internal)</b>                                                                                       | the position assigned by the companies to each policyholder on the basis of their past driving behaviour, as part of the <i>bonus-malus</i> system of compulsory motor liability insurance covers                                                                                                                                                                                                                                        |
| <b>bonus/malus</b>                                                                                                   | the type of premium rate of motor liability contracts which envisage, on each annual expiry date, a decrease ( <i>bonus</i> ) or increase ( <i>malus</i> ) in the premium, respectively in case of no accident or following the occurrence of accidents during a certain time period (observation period)                                                                                                                                |
| <b>branch</b>                                                                                                        | a branch, not having a legal personality, that is part of an insurance or reinsurance undertaking and that directly exercises all or part of the insurance or reinsurance business                                                                                                                                                                                                                                                       |
| <b>business pursued under the freedom to provide services or risk accepted under the freedom to provide services</b> | the business pursued by an undertaking from an establishment situated in the territory of a member State by accepting commitments with policyholders having their domicile or – if legal persons – their head office in another member State or the risk that an undertaking accepts from an establishment situated in the territory of a member State other than that where the risk is situated                                        |
| <b>business pursued under the right of establishment or risk accepted under the right of establishment</b>           | the business pursued by an undertaking from an establishment situated in the territory of a member State by accepting commitments with policyholders having their domicile or – if legal persons – their head office in the same State or the risk that an undertaking accepts from an establishment situated in the territory of the member State where the risk is situated                                                            |
| <b>capital redemption contract</b>                                                                                   | the contract with which an insurer undertakes to pay, irrespective of the duration of human life, predefined amounts after the lapse of an agreed period of time of at least five years as consideration for the payment of single or periodic premiums                                                                                                                                                                                  |
| <b>CARD</b>                                                                                                          | the agreement between insurers for direct compensation and the regulation of the reimbursements and compensations ensuing from damages as per articles 141, 149 and 150 of the CAP and presidential decree no. 254 of 18 July 2006                                                                                                                                                                                                       |
| <b>CARD claims</b>                                                                                                   | claims and/or claims items regulated by the direct compensation procedure, dealt by the undertaking as managing undertaking on behalf of the insurance undertakings of the liable vehicles (undertakings liable for payment). This also covers claims settled using the direct compensation procedure and involving vehicles insured by the same company that occur after 1 January 2009                                                 |

|                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>CARD-CID</b>                                                                             | part two of the CARD for the direct compensation of damages related to drivers, vehicles and the transported goods owned by vehicle drivers or vehicle owners                                                                                                                                                                                                                                                                                                                                                           |
| <b>CARD-CTT</b>                                                                             | part three of the CARD for exercise of the right of recourse for damages to transported third parties and to the property of transported third parties                                                                                                                                                                                                                                                                                                                                                                  |
| <b>certificates of claims experience</b>                                                    | an electronic document which, in motor liability insurance, contains the history of claims (paid by the insurance company) caused by the insured vehicle in the last five years irrespective of the driver, the indication of the internal bonus class of each undertaking and the universal conversion class (CU), both of origin and of destination                                                                                                                                                                   |
| <b>claim</b>                                                                                | the occurrence of the event for which the company is required to provide the benefit as cover of the insured risk                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>claim closed without payment</b>                                                         | claim for which no payment for damages has been made                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>claim exposed to the risk of fraud</b>                                                   | the claim for which there is at least one fraud risk indicator                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>claim to be investigated</b>                                                             | the claim exposed to the risk of fraud for which further investigation - in addition to the ordinary investigation - needs to be carried out                                                                                                                                                                                                                                                                                                                                                                            |
| <b>claims data bank</b>                                                                     | the claims data bank established in accordance with article 135 of the CAP for preventing and combating fraudulent behaviours in compulsory insurance for motor vehicles registered in Italy; it is governed by IVASS Regulation no. 23 of 1 June 2016, collects data about claims regarding motor vehicles registered in Italy, as well as data on witnesses and injured parties relating to the same claims, with a view to preventing and combating fraudulent behaviours in compulsory insurance for motor vehicles |
| <b>claims settlement costs</b>                                                              | external and internal costs incurred by undertakings in claims management, as defined by art. 48 (3) of decree no. 173 of 26 May 1997                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>claims settlement time</b>                                                               | ratio between the number or amount of claims handled in a given financial year and the number or amount of claims closed with payment (paid and reserved) in the same financial year                                                                                                                                                                                                                                                                                                                                    |
| <b>claims/premiums ratio</b>                                                                | the percentage incidence, over the premiums earned, of the sums paid and reserved for the claims occurred in the year, including the relevant direct expenses and settlement expenses                                                                                                                                                                                                                                                                                                                                   |
| <b>class C investments</b>                                                                  | investments of insurance undertakings excluding those in class D; includes separately managed accounts                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>class D investments</b>                                                                  | investments for the benefit of life-assurance policyholders who bear the risk and arising from pension fund management                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>college of supervisors</b>                                                               | a permanent but flexible structure for cooperating, coordinating and assisting in the decision-making process within the scope of the group supervision                                                                                                                                                                                                                                                                                                                                                                 |
| <b>combined ratio</b>                                                                       | sum of expense ratio and loss ratio                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Community insurance undertaking</b>                                                      | the undertaking with head office and central administration in a member State of the European Union other than Italy or in a State belonging to the European Economic Area, authorised according to the provisions in EC directives on direct insurance                                                                                                                                                                                                                                                                 |
| <b>compulsory insurance against civil liability in respect of the use of motor vehicles</b> | compulsory insurance against civil liability in respect of the use of motor vehicles for the risks classified in class 10 of the non-life classes envisaged in the CAP                                                                                                                                                                                                                                                                                                                                                  |
| <b>consolidated banking law</b>                                                             | legislative decree n. 385 of 1 September 1993 and subsequent modifications                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>consolidated law on financial mediation</b>                                              | legislative decree no. 58 of 24 February 1998 and subsequent modifications                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>consolidated law on insurance against industrial injury and occupational diseases</b> | legislative decree no. 38 of 23 February 2000 and subsequent modifications                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>control body</b>                                                                      | the statutory board of auditors, or, in undertakings which have adopted the system referred to in article 2409 octies of the Italian Civil Code, the board of surveillance or the management control committee                                                                                                                                                                                                                                                                              |
| <b>correct actuarial techniques</b>                                                      | actuarial methods generally applied by actuaries, according to the best practices and principles recognised at the international and national level                                                                                                                                                                                                                                                                                                                                         |
| <b>cost of claims</b>                                                                    | the amounts paid and written in the provisions including the relevant claims settlement costs                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>craft</b>                                                                             | any watercraft intended for navigation at sea, lake and river and canal vessels and propelled by mechanical means                                                                                                                                                                                                                                                                                                                                                                           |
| <b>credit risk</b>                                                                       | the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentration                                                                                                                                                           |
| <b>critical illness (or dread disease)</b>                                               | insurance covering the needs arising when one of the critical illnesses expressly specified in the policy is diagnosed (heart disease, cancer, blindness, stroke, kidney failure, etc.) with the payment of a predetermined capital                                                                                                                                                                                                                                                         |
| <b>day-one reporting</b>                                                                 | with the entry into force of <i>Solvency II</i> on 1 January 2016, insurance undertakings and groups have been required to report the initial situation, assessed on the basis of the new criteria                                                                                                                                                                                                                                                                                          |
| <b>debtor lump sums</b>                                                                  | lump-sums and reimbursements owed by the undertaking (in accordance with the CARD) as the undertaking liable for payment of the claims and/or claims items managed by other undertakings and for which its policyholders are liable, in full or in part                                                                                                                                                                                                                                     |
| <b>deductibles</b>                                                                       | contractual clause on the basis of which, for payment of a lower premium, the policyholder shall pay out of his own pockets part of the damages. In relation to motor liability claims the policyholder shall repay to the undertaking part of the damages paid by the latter to the injured party, this part corresponding to the deductible. In the policies linked to mortgages and loans it is that part of the loan, established in the contract, which is charged to the policyholder |
| <b>demographic bases</b>                                                                 | any statistic on the mortality/longevity of the insured persons used for calculating the premium or for calculating the technical provisions                                                                                                                                                                                                                                                                                                                                                |
| <b>derivative financial instruments</b>                                                  | instruments as defined in article 1 (3 )of Legislative Decree no. 58 of 24 February 1998, and subsequent amendments and additions                                                                                                                                                                                                                                                                                                                                                           |
| <b>designated undertaking</b>                                                            | undertaking designated by IVASS pursuant to article 286 of the CAP                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>direct compensation</b>                                                               | the procedure for the settlement of damages envisaged by articles 141, 149 and 150 of the CAP and by presidential decree no. 254 of 18 July 2006                                                                                                                                                                                                                                                                                                                                            |
| <b>direct expenses</b>                                                                   | expenses sustained by the undertakings to avoid or control the damages caused by the accident, such as, for instance, the legal costs referred to under article 1917 (3) of the civil code, loss containment costs in transport and aviation insurance, and fire suppression and water damage costs in fire insurance                                                                                                                                                                       |
| <b>direct insurance and reinsurance</b>                                                  | See Italian direct insurance and reinsurance portfolio                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>diversification effects</b>                                                           | the reduction in the risk exposure of insurance and reinsurance undertakings and groups related to the diversification of their business, resulting from the fact that the adverse outcome from one risk can be offset by a more favourable outcome from another risk, where those risks are not fully correlated                                                                                                                                                                           |

|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ECAI or external credit assessment institution</b> | a credit assessment institution which is registered or certified in compliance with Regulation (EC) no. 1060/2009 of the European Parliament and of the Council or a central bank which issues credit ratings exempted from the application of such regulation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>effective date of the cover</b>                    | the date when the policy becomes effective                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>ESFS or SEVIF</b>                                  | the European System of Financial Supervision, consisting of the following parts:<br>EIOPA: European Insurance and Occupational Pensions Authority, established by Regulation (EU) No 1094/2010<br>EBA: European Banking Authority, established by Regulation (EU) No 1093/2010<br>ESMA: European Securities and Markets Authority, established by Regulation (EU) No 1095/2010<br>Joint Committee: the Joint Committee of the European Supervisory Authorities, envisaged by article 54 of Regulation (EU) No 1093/2010, Regulation (EU) No 1094/2010, Regulation (EU) No 1095/2010<br>ESRB: European Systemic Risk Board, established by Regulation (EU) No 1092/2010<br>Supervisory authorities of the Member States: the competent or supervisory authorities of the Member States as specified in the Union acts referred to in article 1 (2) of Regulation (EU) No 1093/2010, Regulation (EU) No 1094/2010 and Regulation (EU) No 1095/2010; |
| <b>establishment</b>                                  | the head office or branch of an insurance or reinsurance undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b><i>expense ratio</i></b>                           | ratio between operating expenses and premiums                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>fiduciaries</b>                                    | loss adjusters, doctors and lawyers who contribute to the assessment of damage and the estimate of compensation costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>financial assumptions</b>                          | the forecasts of financial nature, such as, for instance, those relating to the trend in the rates of return deriving from the undertaking's investments, used in premium rates construction, and the inflation assumptions used for the evaluation of technical provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>financial bases</b>                                | the technical interest rate used for calculating the premium and any other financial assumption used for calculating the premium or for calculating the technical provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>financial insurance products</b>                   | the products referred to in article 1 (1, w-bis) of legislative decree n. 58 of 24 February 1998, and subsequent modifications and integrations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>financial undertaking</b>                          | an undertaking set up by one of the following subjects: <ul style="list-style-type: none"> <li>- a credit institution, a financial institution or an instrumental company as per article 4 no. 18 of regulation (EU) 575/201324;</li> <li>- an insurance undertaking, a reinsurance undertaking or an insurance holding company within the meaning of article 1 (1) (t) (aa) and (cc) of the CAP;</li> <li>- an investment firm within the meaning of article 4 (2) of Regulation no. 575 of the European Parliament and of the Council of 26 June 2013;</li> <li>- a mixed financial holding undertaking within the meaning of article 1 (1, bb-bis) of the CAP</li> </ul>                                                                                                                                                                                                                                                                       |

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| <b>finite reinsurance</b>                           | reinsurance under which the explicit maximum loss potential, expressed as the maximum economic risk transferred, arising both from a significant underwriting risk and timing risk transfer, exceeds the premium over the lifetime of the contract by a limited but significant amount, together with at least one of the following two features:<br>explicit and material consideration of the time value of money<br>contractual provisions to moderate the balance of economic experience between the parties over time to achieve the target risk transfer |
| <b>fraud risk</b>                                   | the risk of an economic damage arising from conducts, including mere deceptions, to the detriment of the insurance undertaking, both during the contractual process and during the management of the claim                                                                                                                                                                                                                                                                                                                                                     |
| <b>fraud risk indicator</b>                         | parameter defined by the undertaking to indicate the potential exposure to the risk of fraud                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>function</b>                                     | within a system of governance, an internal capacity of the insurance or reinsurance undertaking to undertake practical tasks; a system of corporate governance includes the risk-management function, the compliance function, the internal audit function and the actuarial function                                                                                                                                                                                                                                                                          |
| <b>green card</b>                                   | an international certificate of insurance issued on behalf of a national bureau in accordance with Recommendation no. 5 adopted on 25 January 1949 by the Road Transport Sub-committee of the Inland Transport Committee of the United Nations Economic Commission for Europe                                                                                                                                                                                                                                                                                  |
| <b>gross premium</b>                                | the amount that the policyholder shall pay to the undertaking, which is obtained by adding taxes to the premium rate. In motor liability insurance it also includes the contribution to the National Health Service                                                                                                                                                                                                                                                                                                                                            |
| <b>group supervisor</b>                             | the group supervisor as established in accordance with article 207-sexies of the CAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>guarantee fund</b>                               | a body set up by a member State which has at least the task of providing compensation, up to the limits of the insurance obligation, in the event of damage to property or personal injuries caused by an unidentified or an uninsured vehicle                                                                                                                                                                                                                                                                                                                 |
| <b>guarantee fund for hunting victims</b>           | the fund set up within Consap and envisaged by article 303 of the CAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>guarantee fund for victims of road accidents</b> | the fund set up within Consap and envisaged by article 285 of the CAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>guarantee schemes</b>                            | systems for performing - in Italy or abroad - the functions of safeguarding the financial stability of undertakings, in particular for crisis management and resolution                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>guaranteed interest rate</b>                     | the guaranteed return contractually agreed upon and provided directly by the undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>half-yearly report</b>                           | the report on the undertaking's performance for the first half-year of business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>holding</b>                                      | the ownership, direct or by way of control, of 20% or more of the voting rights or capital of a company, including through subsidiaries, trust companies or third parties, or a percentage which makes it possible to exercise a significant influence over that company                                                                                                                                                                                                                                                                                       |
| <b>home member State</b>                            | the member State of the European Union or the State belonging to the European Economic Area in which the head office of the insurance undertaking accepting the commitment or risk is situated or of the reinsurance undertaking                                                                                                                                                                                                                                                                                                                               |
| <b>host member State</b>                            | the member State, other than the home member State, in which an insurance or a reinsurance undertaking has a branch or provides services                                                                                                                                                                                                                                                                                                                                                                                                                       |

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| <b>IBNR claim</b>                         | claim incurred but not reported                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>increasing benefits contracts</b>      | the insurance contract on the length of human life or the capital redemption contract whose benefits increase in relation to the return of a separately managed account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>index linked contracts</b>             | the contracts referred to in article 41 (2) of the CAP, whose benefits are directly linked to indexes or other reference values                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>individual insurance pension plans</b> | the individual occupational retirement provisions implemented through the life assurance policies referred to in Article 13 (1) b) of Legislative Decree no. 252 of 5 December 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>individual pension plans</b>           | the individual pension plans as referred to in article 13 (1) a) and b) of legislative decree no. 252 of 5 December 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>insurance business</b>                 | the taking up and management of risks by an insurance undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>insurance claim</b>                    | any amount which is owed by an insurance undertaking to insured persons, policyholders, beneficiaries or to any injured party having direct right of action against the insurance undertaking and which arises from an insurance contract or from any operation provided for in article 2(1) and (3), in direct insurance business, including amounts set aside for the aforementioned persons, when some elements of the debt are not yet known. The premiums owed by an insurance undertaking as a result of the non-conclusion or cancellation of these insurance contracts and operations in accordance with the law applicable to such contracts or operations before the opening of the winding-up proceedings shall also be considered insurance claims                                                                                                                                                                                                                                                                                                                                                 |
| <b>insurance class</b>                    | a classification by a homogeneous set of risks or operations describing the activities that the undertaking may pursue subject to authorization                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>insurance group</b>                    | a group made up of a participating or parent company, its subsidiaries or other entities in which the participating or parent company or its subsidiaries hold a participation, as well as of companies linked by management on a unified basis as set out in art. 96 of the CAP; or based on the establishment, contractually or otherwise, of strong and sustainable financial relationships among those undertakings, that may also include mutual insurance undertakings or mutual-type associations, provided that: one of those undertakings effectively exercises, through centralised coordination, a dominant influence over the decisions, including financial decisions, of the other undertakings that are part of the group; and the establishment and dissolution of such relationships for the purposes of title XV are subject to prior approval by the group supervisor; where the undertaking exercising the centralised coordination shall be considered as the parent or participating undertaking, and the other undertakings shall be considered as subsidiaries or related undertakings |
| <b>insurance holding company</b>          | a parent undertaking the sole or main object of which is to acquire controlling interests and to manage such holdings and turn them to profit, where those subsidiary undertakings are either exclusively or mainly insurance undertakings, reinsurance undertakings, non-EU insurance or reinsurance undertakings, one at least of such subsidiary undertakings being an insurance or reinsurance undertaking with head office in the territory of the Italian Republic, provided that it is not a mixed financial holding undertaking pursuant to art. 1,(1, bb-bis) of the CAP;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>insurance products</b>                 | all the contracts issued by insurance undertakings in the pursuit of the activities falling within the life classes or non-life classes as defined in article 2 of the CAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>insurance undertaking</b>              | an undertaking authorised according to the provisions laid down in EC directives on direct insurance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |



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| <b>insurance undertaking breakdown by size</b>                                    | <ul style="list-style-type: none"> <li>- non-life undertakings are classified according to their gross premiums into: <ul style="list-style-type: none"> <li>- very large, if the amount of gross premiums exceeds 4 billion euro;</li> <li>- large, with an amount of gross premiums ranging between 1 and 4 billion euro;</li> <li>- medium-large, with an amount of gross premiums ranging between 100 million and 1 billion euro;</li> <li>- small, with an amount of gross premiums lower than 100 million;</li> </ul> </li> <li>life undertakings are classified according to the value of their technical provisions into: <ul style="list-style-type: none"> <li>- very large, if the amount of technical provisions exceeds 25 billion euro;</li> <li>- large, with an amount of technical provisions ranging between 10 and 25 billion euro;</li> <li>- medium-large, with an amount of technical provisions ranging between 2 and 10 billion euro;</li> <li>- small, with an amount of technical provisions lower than 2 billion.</li> </ul> </li> </ul> |
| <b>insurance undertaking authorised in Italy or Italian insurance undertaking</b> | the undertaking with head office in Italy and the Italian branch of an insurance undertaking with head office in a third State, authorized to pursue insurance business or operations according to article 2 of the CAP;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>intermediaries</b>                                                             | any natural or legal person, registered in the single electronic register of insurance and reinsurance intermediaries referred to in article 109 of the CAP, who pursues insurance mediation for remuneration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>internal fund</b>                                                              | the investment portfolio, managed separately from the other assets held by the undertaking and denominated in units                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>international accounting standards</b>                                         | the international accounting standards and the relevant interpretations adopted according to the procedure set out in article 6 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>intra-group transaction</b>                                                    | any transaction by which an insurance or reinsurance undertaking relies, either directly or indirectly, on other undertakings within the same group or on any natural or legal person linked to the undertakings within that group by close links, for the fulfilment of an obligation, whether or not contractual, and whether or not for payment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>investment fund</b>                                                            | the UCITS set up as independent assets, divided into parts, created and managed by a manager                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Italian business</b>                                                           | See Italian direct insurance and reinsurance portfolio                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Italian compensation body</b>                                                  | the body set up within Consap and envisaged by article 296 of the CAP;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Italian direct insurance portfolio</b>                                         | all the contracts concluded by Italian insurance undertakings, except for those concluded by their branches located in third States                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Italian reinsurance portfolio</b>                                              | reinsurance contracts, regardless of where they are concluded, by Italian undertakings or establishments in Italy of undertakings with head office in another State, if the ceding undertaking itself is an Italian undertaking or an establishment in Italy of undertakings with head office in another State The foreign portfolio also includes the contracts, regardless of where they are concluded, in case the ceding undertaking has its head office in another State                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>IVASS</b>                                                                      | Istituto per la vigilanza sulle assicurazioni, pursuant to article 13 of decree-law no. 95 of 6 July 2012 converted, after amendment, by law no. 135 of 7 August 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>land vehicles</b>                                                              | a guarantee relating to motor insurance covering risks (fire, theft, etc ...), other than motor vehicle liability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>large risks</b>                                                                | the risks referred to in article 1 (1) (r), of the CAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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| <b>life annuity</b>            | periodic benefit in cash that the undertaking is required to pay to the person entitled for the whole length of the insured's life                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>life assurance</b>          | the assurance and operations referred to in article 2 (1) of the CAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>life assurance products</b> | the contracts issued by insurance undertakings in the pursuit of the activities falling within the life classes as defined in article 2 (1) of the CAP, excluding the financial products issued by insurance undertakings as defined in article 1 (1, w-bis) of legislative decree n. 58 of 24 February 1998 and subsequent modifications and integrations, and the insurance products for pension purposes referred to under legislative decree n. 252 of 5 December 2005;                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>life business</b>           | the life insurances as referred to in article 2 (1) of the CAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>life business</b>           | <ul style="list-style-type: none"> <li>I. assurance on the length of human life</li> <li>II. marriage assurance, birth assurance</li> <li>III. assurance referred to in classes I and II, whose main benefits are directly linked to the value of units of a UCITS (undertakings for collective investment in transferable securities) or the value of the assets in an internal fund or else to an index or other reference values</li> <li>IV. 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</li> <li>V. capital redemption operations</li> <li>VI. management of group pension funds that effect payments on death or survival or in the event of discontinuance or curtailment of activity</li> </ul> |
| <b>limitation period</b>       | extinction of a right not exercised by its holder for a period of time established by law. The limitation period for exercising the rights resulting from a non-life insurance contract is 2 years; 10 years for life covers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>liquidity risk</b>          | the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial commitments when they fall due                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>loading</b>                 | the share of the operating expenses (acquisition, collection and administration costs) and any other burden considered by the undertaking in the premium rates calculation and the business compensation margin of an undertaking's hazard                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>local gaap</b>              | accounting criteria used at national level ( <i>generally accepted accounting practices</i> ), this term is generally used in opposition to international accounting standards (IAS/IFRS)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>localization</b>            | the existence of assets, whether movable of immovable, within the territory of a given State. Claims against debtors shall be regarded as situated in the State where they are realizable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>long term care or LTC</b>   | insurance policy covering the risk of dependency in the performance of daily tasks, classified within the life assurance branch, providing regular pension payments in the form of annuities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>loss ratio</b>              | ratio between claims burden and premiums earned                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>managing lump sums</b>      | lump-sums and reimbursements owed to the undertaking (in accordance with the CARD) for the claims and/or claims items managed as a managing undertaking on behalf of other undertakings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>managing undertaking</b>    | the undertaking which pays compensation on behalf of the insurer of the vehicle liable, in full or in part, for the accident                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |



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| <b>market risk</b>                              | the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>maximum amount of cover</b>                  | maximum agreed amount that the undertaking shall be required to pay in the event of a claim. If the damage caused or suffered exceeds this amount, the difference shall be borne by the policyholder. In motor liability insurance, the CAP has established the limits below which undertakings may not offer coverage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>member State</b>                             | a member State of the European Union or a State belonging to the European Economic Area and, as such, treated on a par with the member State of the European Union                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>member State of establishment</b>            | the member State where the establishment from which the undertakings pursues business is situated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>member State of provision of services</b>    | the member State of the commitment or the member State in which the risk is situated, when such commitment or risk is accepted by an establishment situated in another member State                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>member State of the commitment</b>           | the member State where the policyholder has his/her domicile or – if the policyholder is a legal person – the member State where the legal person referred to in the contract has its head office                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>member State where the risk is situated</b>  | the member State: <ul style="list-style-type: none"> <li>- in which the property is situated, where the insurance relates to buildings or to buildings and their contents, in so far as both are covered by the same insurance contract</li> <li>- of registration, where the insurance relates to vehicles of any type subject to registration, irrespective of whether it is a permanent or a temporary plate</li> <li>- where the policyholder took out the policy in the case of policies of a duration of four months or less covering travel or holiday risks</li> <li>- where the policyholder has his/her habitual domicile or, if the policyholder is a legal person, the State where the latter's head office, to which the contract relates, is situated, in all cases not explicitly covered by the CAP;</li> <li>- of destination where a vehicle is dispatched from one member State to another immediately upon acceptance of delivery by the purchaser for a period of thirty days, even though the vehicle has not formally been registered in the member State of destination</li> <li>- in which the accident occurred if it is a vehicle without a registration plate or bearing a registration plate which no longer corresponds to the vehicle</li> </ul> |
| <b>mixed financial holding undertaking</b>      | the undertaking as referred to in article 1 (1, v) of legislative decree no. 142 of 30 May 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>mixed-activity insurance holding company</b> | a parent undertaking other than an insurance undertaking, a non-EU insurance undertaking, a reinsurance undertaking, a non-EU reinsurance undertaking, an insurance holding company or a mixed financial holding undertaking pursuant to art. 1, (1, bb-bis) of the CAP, one at least of its subsidiary undertakings being an insurance undertaking or a reinsurance undertaking with head office in the territory of the Italian Republic                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>motor liability</b>                          | see compulsory insurance against civil liability in respect of the use of motor vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>National insurers' bureau</b>                | the professional organization constituted in accordance with Rec. No 5 adopted on 25 January 1949 by the Road Transport Sub-committee of the Inland Transport Committee of the United Nations Economic Commission for Europe; it groups insurance undertakings which, in a State, are authorized to conduct the business of motor vehicle insurance against civil liability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| <b>natural premium</b>                | annual pure premium, it refers to the risk of the reference year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>NO CARD claims</b>                 | claims and/or claims items regulated by the ordinary system and not falling within the scope of CARD. This also covers claims settled using the direct compensation procedure and involving vehicles insured by the same company and that occur up until 31 December 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>non-EU insurance undertaking</b>   | the insurance undertaking with head office and central administration in a State not belonging to the European Union or to the European Economic Area, authorised to pursue insurance business or operations according to article 2 of the CAP;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>non-EU reinsurance undertaking</b> | the undertaking with head office and central administration in a State not belonging to the European Union or to the European Economic Area, authorised to pursue reinsurance business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>non-life business</b>              | <p>the non-life insurances as referred to in article 2 (3) of the CAP</p> <ol style="list-style-type: none"> <li>1. Accident (including industrial injury and occupational diseases); fixed pecuniary benefits; benefits in the nature of indemnity; combinations of the two; injury to passengers</li> <li>2. Sickness: fixed pecuniary benefits; benefits in the nature of indemnity; combinations of the two</li> <li>3. Land vehicles (other than railway rolling stock): all damage to or loss of: land motor vehicles; land vehicles other than motor vehicles</li> <li>4. Railway rolling stock: all damage to or loss of railway rolling stock;</li> <li>5. Aircraft: all damage to or loss of aircraft</li> <li>6. Ships (sea, lake and river and canal vessels): all damage to or loss of: river and canal vessels; lake vessels; sea vessels</li> <li>7. Goods in transit (including merchandise, baggage, and all other goods): all damage to or loss of goods in transit or baggage, irrespective of the form of transport</li> <li>8. Fire and natural forces: all damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to: fire; explosion; storm; natural forces other than storm, nuclear energy; land subsidence</li> <li>9. Other damage to property: all damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to hail or frost, and any event such as theft, other than that included in class 8</li> <li>10. Motor vehicle liability: all liability arising out of the use of motor vehicles operating on the land (including carrier's liability)</li> <li>11. Aircraft liability: all liability arising out of the use of aircraft (including carrier's liability)</li> <li>12. Liability for ships (sea, lake and river and canal vessels): all liability arising out of the use of ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability)</li> <li>13. General liability: all liability other than those forms mentioned under numbers 10, 11 and 12</li> <li>14. Credit: insolvency (general); export credit; instalment credit; mortgages; agricultural credit</li> <li>15. Suretyship: suretyship (direct); suretyship (indirect)</li> <li>16. Miscellaneous financial loss: employment risks; insufficiency of income (general); bad weather; loss of benefits; continuing general expenses; unforeseen trading expenses; loss of market value; loss of rent or revenue; indirect trading losses other than those mentioned above; other non-trading financial loss; other forms of financial loss</li> <li>17. Legal expenses: legal expenses</li> <li>18. Assistance: assistance to persons who get into difficulties</li> </ol> |
| <b>non-life insurance</b>             | the insurance referred to in article 2 (3) of the CAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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| <b>non-life insurance products</b>                                  | the contracts issued by insurance undertakings in the pursuit of the activities falling within the non-life classes as defined in article 2 (3) of the CAP                                                                                                                                                                                                                          |
| <b>open pension funds</b>                                           | the pension funds established by insurance undertakings and regulated in accordance with article 12 of legislative decree no. 252 of 5 December 2005, designated for the management of complementary pension plans open to individual and collective membership                                                                                                                     |
| <b>open-ended investment company (SICAVs)</b>                       | a joint stock company with a variable share capital which has as its exclusive purpose the collective investment of the assets collected through the medium of a public offering of their shares                                                                                                                                                                                    |
| <b>operational risk</b>                                             | the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events                                                                                                                                                                                                                                                                |
| <b>other acquisition costs</b>                                      | the costs arising from the conclusion of an insurance contract other than the acquisition commissions, as defined in article 52 of legislative decree no. 173 of 26 May 1997                                                                                                                                                                                                        |
| <b>other technical bases</b>                                        | any other statistical analysis, other than the demographic basis, used for calculating the premium or for calculating technical provisions                                                                                                                                                                                                                                          |
| <b>outsourcing</b>                                                  | an arrangement between an insurance or reinsurance undertaking and a service provider, even if the latter is not authorised to pursue insurance or reinsurance business, by which that service provider performs a process, a service or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance or reinsurance undertaking itself |
| <b>parameters of significance</b>                                   | the fraud risk indicators indicated in ISVAP order no. 2827 of 25 August 2010                                                                                                                                                                                                                                                                                                       |
| <b>parent undertaking</b>                                           | a company which exercises control pursuant to article 72 of the CAP, also through subsidiaries, trust companies or third parties                                                                                                                                                                                                                                                    |
| <b>participating company</b>                                        | the company which holds a participation                                                                                                                                                                                                                                                                                                                                             |
| <b>participations</b>                                               | the shares, capital parts and other financial instruments that confer administrative rights or in any case the rights provided for by article 2351, last paragraph of the civil code                                                                                                                                                                                                |
| <b>pension funds</b>                                                | the institutions for occupational retirement provision established within the meaning of article 3 (1) from a) to h) and within the meaning of article 9 of Legislative Decree No 252 of 5 December 2005, as well as the institutions for occupational retirement provision established at the date of entry into force of Law No 421 of 23 October 1992                            |
| <b>percentage of the rate of return recognised to policyholders</b> | percentage of the return realised by the separately managed account, in which premiums are invested, that the undertaking recognises to the policyholder on an annual basis                                                                                                                                                                                                         |
| <b>personal data protection code</b>                                | legislative decree no. 196 of 30 June 2003                                                                                                                                                                                                                                                                                                                                          |
| <b>premium rate</b>                                                 | the pure premium plus loadings                                                                                                                                                                                                                                                                                                                                                      |
| <b>probability distribution forecast</b>                            | a mathematical function that assigns to an exhaustive set of mutually exclusive future events a probability of realisation                                                                                                                                                                                                                                                          |
| <b>pure premium</b>                                                 | the basic cost of the insurance coverage that the policyholder must pay as consideration for the technical risk assumed by the undertakings                                                                                                                                                                                                                                         |
| <b>pure risk contract</b>                                           | an insurance contract whose benefits are exclusively linked to the occurrence of events such as death, disability and incapacity of the policyholder                                                                                                                                                                                                                                |

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| <b>qualifying central counterparty</b> | a central counterparty that has been either authorised in accordance with article 14 of Regulation (EU) no. 648/2012 or recognised in accordance with article 25 of that Regulation;                                                                                                                                                                                                                                                                       |
| <b>qualifying holding</b>              | a direct or indirect holding in an insurance or reinsurance undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking                                                                                                                                                                                                         |
| <b>recreational craft</b>              | the craft defined in article 1 (3) of legislative decree n. 171 of 18 July 2005 introducing the recreational marine code                                                                                                                                                                                                                                                                                                                                   |
| <b>regulated market</b>                | a financial market authorised or recognized in accordance with Part III, Title I of the Consolidated Law on Financial Mediation, as well as the markets of OECD States which have been set up, organized and regulated by provisions adopted or approved by the competent national authorities and which satisfy requirements similar to those envisaged for the regulated markets falling within the scope of the consolidated law on financial mediation |
| <b>reinsurance business</b>            | the taking up and management of the risks ceded by an insurance undertaking or retroceded by a reinsurance undertaking, also from a third State                                                                                                                                                                                                                                                                                                            |
| <b>reinsurance undertaking</b>         | an undertaking exclusively authorised to the pursuit of reinsurance, other than an insurance undertaking or a non-EU insurance undertaking, the main business of which consists in accepting risks ceded by an insurance undertaking, an insurance undertaking with head office in a third State or other reinsurance undertakings                                                                                                                         |
| <b>related undertaking</b>             | the company in which a participation is held                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>retrocession</b>                    | cession of risks accepted by a reinsurer                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>risk concentration</b>              | all risk exposures implying a loss potential which is large enough to threaten the solvency or the financial position of insurance and reinsurance undertakings                                                                                                                                                                                                                                                                                            |
| <b>risk measure</b>                    | a mathematical function which assigns a monetary amount to a given probability distribution forecast and increases monotonically with the level of risk exposure underlying that probability distribution forecast                                                                                                                                                                                                                                         |
| <b>risk unit</b>                       | the single insurance policy relating to compulsory insurance against civil liability in respect of the use of motor vehicles when there is only one insured vehicle or the single insured vehicle in case of a collective policy                                                                                                                                                                                                                           |
| <b>risk-mitigation techniques</b>      | the techniques which enable insurance and reinsurance undertakings to transfer part or all of their risks to another party                                                                                                                                                                                                                                                                                                                                 |
| <b>road code</b>                       | legislative decree no. 285 of 30 April 1992 and subsequent modifications                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>ROE</b>                             | <i>return on equity</i> , ratio between the economic result of the financial year and the amount of assets                                                                                                                                                                                                                                                                                                                                                 |
| <b>SCR ratio</b>                       | the ratio between own funds and <i>Solvency Capital Requirement</i>                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>senior management</b>               | the managing director, the director general as well as the senior management which carries out management supervision duties                                                                                                                                                                                                                                                                                                                               |
| <b>separately managed account</b>      | the investment portfolio managed separately from the other assets held by the undertaking, the return of which forms the basis for the re-evaluation of the benefits provided by the contracts connected thereto                                                                                                                                                                                                                                           |
| <b><i>Solvency I</i></b>               | Directive 73/239/EC, as amended by Directive 2002/13/EC (non-life) and Directive 2002/83/EC (life)                                                                                                                                                                                                                                                                                                                                                         |
| <b><i>Solvency II</i></b>              | Directive 2009/138/EC                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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| <b>special purpose vehicle</b>                                                   | any undertaking, whether incorporated or not, other than an insurance or reinsurance undertaking, which assumes risks from insurance or reinsurance undertakings and which fully funds its exposure to such risks through the proceeds of a debt issuance or some other financing mechanism where the repayment rights of the providers are subordinated to the reinsurance obligations of such a vehicle                   |
| <b>State belonging to the European Economic Area</b>                             | a State that is a contracting party to the agreement extending the regulations of the European Union on, among other things, the free movement of goods, services and capital to the States of the European Free Trade Association signed in Porto on 2 May 1992 and ratified by law n. 300 of 28 July 1993                                                                                                                 |
| <b>subsidiary undertaking</b>                                                    | a company which is controlled pursuant to article 72 of the CAP, also through subsidiaries, trust companies or third parties                                                                                                                                                                                                                                                                                                |
| <b>supervisory authority</b>                                                     | the national authority charged with supervising over undertakings and intermediaries and other insurance market participants                                                                                                                                                                                                                                                                                                |
| <b>surrender of the claim</b>                                                    | the right of the policyholder civilly liable to reimburse the sums claimed according to tariff formulas with variations in the premium in relation to whether claims occur                                                                                                                                                                                                                                                  |
| <b>surrender value of the contract</b>                                           | the right of the policyholder to request early payment of the accrued capital of a life contract in accordance with article 1925 of the Italian Civil Code                                                                                                                                                                                                                                                                  |
| <b>tariff</b>                                                                    | See premium rate                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>technical assumptions</b>                                                     | all the elements taken into account in the estimate of the future cost of the claims caused by the risks which will be insured in the period of validity of the premium rate and the relevant attributed values                                                                                                                                                                                                             |
| <b>technical bases</b>                                                           | any statistical, demographic and financial element and any other assumption used for calculating the premium or for calculating the technical provisions                                                                                                                                                                                                                                                                    |
| <b>technical provisions</b>                                                      | the technical provisions referred to in article 90 (1) c) of the CAP                                                                                                                                                                                                                                                                                                                                                        |
| <b>technical rate</b>                                                            | the minimum rate of return recognized by the undertaking upon conclusion of the contract during the fixing of the premiums                                                                                                                                                                                                                                                                                                  |
| <b>third State</b>                                                               | a State which is not member of the European Union or does not belong to the European Economic Area                                                                                                                                                                                                                                                                                                                          |
| <b>tied agency</b>                                                               | offices of insurance companies which promote insurance contracts, located on the Italian territory and using the insurance undertaking's own staff. The tied agency is managed by the so-called "tied agent", not registered in the Single Register of Insurance Intermediaries, Agents section, but appointed as proxy, linked to the insurance undertaking by an employment relationships and charged with its management |
| <b>total expected losses</b>                                                     | the estimate of the overall cost of the risks which will be presumably covered during the period of validity of the premium rate                                                                                                                                                                                                                                                                                            |
| <b>Ufficio centrale italiano</b>                                                 | the body which has been set up by insurance undertakings authorized to conduct the business of motor vehicle insurance against civil liability and has been licensed to perform the functions of national insurers' bureau in the territory of the Italian Republic and the other tasks envisaged by Community and Italian law                                                                                              |
| <b>undertaking liable for payment</b>                                            | the undertaking for which the damages caused, in full or in part, by its policyholders are reimbursed by other undertakings on its behalf                                                                                                                                                                                                                                                                                   |
| <b>undertakings for collective investment in transferable securities (UCITS)</b> | unit trusts and SICAVs                                                                                                                                                                                                                                                                                                                                                                                                      |

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| <b>underwriting risk</b>          | the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and technical provisioning assumptions                                                                                |
| <b>unit linked contracts</b>      | the contracts referred to in article 41 (1) of the CAP, whose benefits are directly linked to shares held in an UCITS or to the value of assets contained in an internal fund                                                |
| <b>universal conversion class</b> | the bonus class mandatorily assigned to motor liability contracts on the basis of unequivocal rules envisaged in IVASS Regulation no. 9 of 19 May 2015                                                                       |
| <b>vehicle</b>                    | any motor vehicle intended for travel on land and propelled by mechanical power, but not running on rails, and any trailer, whether or not coupled with a tractor.                                                           |
| <b>waiting period</b>             | the initial period, starting from the validity date of the contract, during which the claim is not covered                                                                                                                   |
| <b>with-profit contracts</b>      | a life assurance or capital redemption contract characterised by mechanisms for increasing benefits, for example by accruing the yield of a separately managed account or profit-sharing with respect to a technical account |

## ACRONYMS

|               |                                                                                        |
|---------------|----------------------------------------------------------------------------------------|
| ABI           | <i>Association of British Insurers</i>                                                 |
| ACPR          | <i>Autorité de contrôle prudentiel et de résolution (French supervisory authority)</i> |
| AEEGSI        | Electricity, Gas and Water Supply Authority                                            |
| AGCM          | Antitrust Authority                                                                    |
| AIA           | Anti-Fraud Integrated computer database                                                |
| AIBA          | Italian Association of Insurance and Reinsurance Brokers                               |
| ANAC          | National Anti-Corruption Authority                                                     |
| ANIA          | National Association of Insurance Undertakings                                         |
| ASC           | <i>Advisory Scientific Committee (ESRB)</i>                                            |
| ASF           | <i>Autoritatea de Supraveghere Financiară (Romanian supervisory authority)</i>         |
| ATC           | <i>Advisory Technical Committee (ESRB)</i>                                             |
| AUI           | Single Computerised Data Bank (UIF)                                                    |
| AVG           | Supervisory report on risk Analysis, Overall assessment and summary of the Judgments   |
| BaFin         | <i>Bundesanstalt für Finanzdienstleistungsaufsicht (German supervisory authority)</i>  |
| BDS           | Claims data bank                                                                       |
| BEL           | <i>Best Estimate of Liabilities (Solvency II)</i> , also BE = <i>Best Estimate</i>     |
| BSCR          | <i>Basic Solvency Capital Requirement</i>                                              |
| CAD           | Electronic Administration Code                                                         |
| CAP           | Code of Private Insurance (Legislative decree No. 209 of 7 September 2005)             |
| <i>Catnat</i> | Cover against damage due to earthquake and flood (insurance contract)                  |
| CCPFI         | <i>Committee on Consumer Protection and Financial Innovation (EIOPA)</i>               |
| CdA           | Board of directors                                                                     |
| CDS           | <i>Credit Default Swaps</i>                                                            |
| CMG           | <i>Crisis Management Group</i>                                                         |
| COAG          | <i>Coordination Agreement</i>                                                          |
| ComFrame      | <i>Common Framework for the Supervision of Internationally Active Insurance Groups</i> |
| Consap        | Concessionaire for Public Insurance Services                                           |
| CONSOB        | National Commission for Listed Companies and the Stock Exchange                        |
| CPI           | <i>Consumer Price Index</i>                                                            |
| CPMI          | <i>Committee on Payments and Market Infrastructures</i>                                |
| CU            | Universal conversion class                                                             |
| CVT           | Land vehicles (insurance contract)                                                     |
| D.d.l.        | Bill                                                                                   |
| D.l.          | Decree-law                                                                             |
| D.lgs.        | Legislative decree                                                                     |
| D.M.          | Ministerial decree                                                                     |

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| D.P.R.   | Decree of the President of the Republic                                      |
| DPCM     | Decree of the President of the Council of Ministers                          |
| EBA      | <i>European Banking Authority</i>                                            |
| ED       | <i>Exposure Draft</i>                                                        |
| EEA      | European Economic Area                                                       |
| EIOPA    | <i>European Insurance and Occupational Pensions Authority</i>                |
| ESMA     | <i>European Securities and Markets Authority</i>                             |
| ESRB     | <i>European Systemic Risk Board</i>                                          |
| EU       | European Union                                                               |
| Eurostat | <i>Statistical Office of the European Union</i>                              |
| FAQ      | <i>Frequently Asked Questions</i>                                            |
| FFA      | <i>Fédération Française de l'Assurance</i>                                   |
| FLAOR    | <i>Forward-Looking Assessment of Own Risks (Solvency II)</i>                 |
| FSB      | <i>Financial Stability Board</i>                                             |
| FSC      | <i>Financial Stability Committee (ESRB)</i>                                  |
| FTSE MIB | <i>Financial Times Stock Exchange Milan Stock Exchange Index</i>             |
| GB       | <i>General Board (ESRB)</i>                                                  |
| GDP      | Gross Domestic Product                                                       |
| GHQ      | <i>General Health Questionnaire</i>                                          |
| G-SIBs   | <i>Global Systemically Important Banks</i>                                   |
| G-SIIs   | <i>Global Systemically Important Insurers</i>                                |
| GSP      | <i>Group Specific Parameters (Solvency II)</i>                               |
| HICP     | Harmonised Index of Consumer Prices                                          |
| HLA      | <i>Higher Loss Absorbency</i>                                                |
| IAIG     | <i>International Active Insurance Groups</i>                                 |
| IAIS     | <i>International Association of Insurance Supervisors</i>                    |
| IAS      | <i>International Accounting Standards</i>                                    |
| IASB     | <i>International Accounting Standards Board</i>                              |
| IBIP     | <i>Insurance Based Investment Products</i>                                   |
| IBNR     | <i>Incurred But Not Reported (claims)</i>                                    |
| ICP      | <i>Insurance Core Principles</i>                                             |
| ICS      | <i>Insurance Capital Standard</i>                                            |
| ICT      | <i>Information and Communication Technology</i>                              |
| IDD      | <i>Insurance Distribution Directive (directive 2016/97/EC)</i>               |
| IEG      | <i>Insurance Expert Group (ESRB)</i>                                         |
| IFRS     | <i>International Financial Reporting Standards</i>                           |
| IMD      | <i>Insurance Mediation Directive (directive 2002/92/EC)</i>                  |
| IMF IFS  | <i>International Financial Statistics of the International Monetary Fund</i> |



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| IOSCO   | <i>International Organization of Securities Commissions</i>                            |
| IPER    | Statistical survey on the actual prices for motor liability insurance                  |
| ITS     | <i>Implementing Technical Standard</i>                                                 |
| JC      | <i>Joint Committee of the European Supervisory Authorities</i>                         |
| KAs     | <i>Key Attributes of Effective Resolution Regimes for Financial Institutions</i> (FSB) |
| KID     | <i>Key Information Document</i> (IDD)                                                  |
| L.P.S.  | Freedom to provide services                                                            |
| LIRE    | <i>Low Interest Rate Environment</i> (ESRB)                                            |
| LOB     | <i>Line of business</i> (Solvency II)                                                  |
| LRMP    | <i>Liquidity Risk Management Plan</i>                                                  |
| LTG     | <i>Long Term Guarantees measures</i> (EIOPA)                                           |
| MCR     | <i>Minimum Capital Ratio</i> (Solvency II)                                             |
| MEF     | Ministry of Economy and Finance                                                        |
| MIFID2  | <i>Markets in Financial Instruments Directive 2</i> (directive 2014/65/EC)             |
| MiSE    | Ministry of Economic Development                                                       |
| MIT     | Ministry of Infrastructure and Transport                                               |
| MIUR    | Ministry of Education, University and Research                                         |
| MTPL    | Motor Vehicle Liability (insurance contract)                                           |
| NCA     | <i>National Competent Authority</i>                                                    |
| NTNI    | <i>Non Traditional Non Insurance (activities)</i>                                      |
| O.J.    | Official Journal of the Italian Republic.                                              |
| O.J. EU | Official Journal of the European Union                                                 |
| OIC     | Italian Accounting Standard Setter                                                     |
| OECD    | Organisation for Economic Co-operation and Development                                 |
| OICR    | Undertakings for collective investment in transferable securities                      |
| ORM     | <i>Operational Risk Management</i>                                                     |
| ORSA    | <i>Own Risk and Solvency Assessment</i> (Solvency II)                                  |
| PEC     | Certified Electronic Mail                                                              |
| PID     | <i>Product Information Document</i> (IDD)                                              |
| PPI     | <i>Payment Protection Insurance</i>                                                    |
| PRA     | Public Motoring Register                                                               |
| PRIIP   | <i>Packaged Retail and Insurance-based Investment</i>                                  |
| PSD2    | <i>Payment Systems Directive 2</i> (directive 2015/2366/EC)                            |
| ROA     | <i>Return On Assets</i>                                                                |
| ROE     | <i>Return On Equity</i>                                                                |
| RP      | <i>Recovery Plan</i>                                                                   |
| RSR     | <i>Regular Supervisory Report</i>                                                      |
| RTS     | <i>Regulatory Technical Standard</i>                                                   |

|      |                                                                                                    |
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| RUI  | Single Register of Intermediaries                                                                  |
| SCR  | <i>Solvency Capital Requirement (Solvency II)</i>                                                  |
| SCRR | <i>Solvency Capital Requirement Ratio</i> (ration between own funds and SCR – <i>Solvency II</i> ) |
| SFCR | <i>Solvency and Financial Condition Report</i>                                                     |
| SIM  | Stock brokerage company                                                                            |
| SRMP | <i>Systemic Risk Management Plan</i>                                                               |
| SRP  | <i>Supervisory Review Process</i>                                                                  |
| TAR  | Regional Administrative Court                                                                      |
| TFR  | Severance pay regulated by Article 2120 of the Civil Code                                          |
| TFUE | Treaty on the Functioning of the European Union                                                    |
| TMG  | Guaranteed maximum rate (separately managed account)                                               |
| TMO  | Average rate of return of government bonds                                                         |
| UIF  | Financial Intelligence Unit                                                                        |
| USP  | <i>Undertaking Specific Parameters (Solvency II)</i>                                               |

## *ADMINISTRATION OF IVASS*

### PRESIDENT

Salvatore ROSSI

SENIOR DEPUTY GOVERNOR OF THE BANK OF ITALY

### BOARD OF DIRECTORS

Salvatore ROSSI

PRESIDENT

Riccardo CESARI

BOARD MEMBER

Alberto CORINTI

BOARD MEMBER

### JOINT DIRECTORATE

Ignazio VISCO

GOVERNOR OF THE BANK OF ITALY

Salvatore ROSSI

SENIOR DEPUTY GOVERNOR OF THE BANK OF ITALY

Fabio PANETTA

DEPUTY GOVERNOR OF THE BANK OF ITALY

Luigi Federico SIGNORINI

DEPUTY GOVERNOR OF THE BANK OF ITALY

Valeria SANNUCCI

DEPUTY GOVERNOR OF THE BANK OF ITALY

Riccardo CESARI

BOARD MEMBER

Alberto CORINTI

BOARD MEMBER

### SECRETARY GENERAL

Stefano DE POLIS