



**EUROPEAN NON-LIFE INSURANCE
GROUPS' RANKING 2008**

Instituto de Ciencias del Seguro

June 2009

Table of Contents:

- 1. Presentation**
- 2. Methodology**
- 3. General Comments**
- 4. Comments by Group**

Annexes

Partial reproduction of the information contained in this report is allowed so long as the source is cited.

©2009, FUNDACIÓN MAPFRE
Centro de Estudios
Monte del Pilar, s/n
28023 El Plantío (Madrid)
www.fundacionmapfre.com/cienciasdelseguro
Tel.: 91 581 23 39
Fax: 91 307 66 41
cestudios.ics@mapfre.com

1. Presentation

For the fifth consecutive year, FUNDACIÓN MAPFRE presents its report “European Non-Life Insurance Groups’ Ranking”, this time for 2008. It is based on the premium volume that each group received in 2008 in this line of business in all of the countries where they operate. The data come from yearly reports published by the companies themselves. The study also provides information on the groups’ combined ratio, comments on the year’s highlights and a table with the results posted by each group in Non-Life branches.

Millions of euros

EUROPE'S LARGEST NON-LIFE GROUPS IN 2008								
Ranking by gross premium volume								
Nº	Group	Country	Non-life premiums		% Δ	Combined ratio ¹ %		Ranking 2007
			2007	2008		2007	2008	
1	ALLIANZ	Germany	44,289	43,387	-2.0	93.6	95.1	1
2	AXA	France	28,598	28,851	0.9	97.6	95.5	2
3	ZURICH	Switzerland	25,882	25,369	-2.0	95.6	98.1	3
4	GENERALI	Italy	20,845	21,990	5.5	95.8	96.4	4
5	EUREKO	Netherlands	10,436	15,075	44.5	96.4	96.7	7
6	AVIVA	United Kingdom	16,613	15,033	-9.5	100.0	98.0	5
7	GROUPAMA	France	9,922	10,964	10.5	99.7	98.7	9
8	MAPFRE	Spain	9,293	10,891	17.2	92.6	93.9	11
9	TALANX ²	Germany	11,596	10,800	-6.9	99.4	99.0	6
10	ERGO	Germany	10,089	10,546	4.5	93.1	90.2	8
11	RSA	United Kingdom	9,638	9,162	-4.9	94.9	94.5	10
12	COVÉA	France	8,682	8,900	2.5	n.d	n.d.	-
13	FONDIARIA-SAI	Italy	7,318	7,298	-0.3	94.4	98.7	13
14	RBS INSURANCE	United Kingdom	8,193	6,953	-15.1	n.d	n.d.	12
15	ING	Netherlands	6,086	4,943	-18.8	97.1	96.5	14

Total first 5	130,049	134,672	3.6
Total first 15	227,481	230,162	1.2

Source: done by FUNDACIÓN MAPFRE with data from consolidated financial reports (under NIIF criteria).

¹ The Combined Ratio is the one provided by each company in its earnings report. In those cases where the Non-Life ratio and the Health ratio are given separately, we have used the Non-Life ratio.

² Based on projection of annual financial results for 2008.

2. Methodology

1. The ranking was prepared using gross premium volume (direct insurance plus accepted reinsurance) in Non-Life branches.

It should be noted that the ranking does not include Health insurance premiums that are assigned to the Life¹ branch, but it does feature those classified as part of Non-Life or explicitly differentiated.

2. Groups whose main line of business is reinsurance are not included in the ranking. The criterion is to include accepted reinsurance premiums from groups that have reinsurance units but do not rely on them as their main line of business. However, we note the special case of TALANX, whose Non-Life Reinsurance premiums practically equaled its direct insurance premiums in 2007.
3. The earnings figures refer to the Non-Life sector, before taxes and minority interests. In the case of AXA, we have also included International Insurance (a line of business also included in premium volume figure).
4. The report uses the term "operating result" to refer to earnings from insurance activities, including revenue from investments linked to this line of business. Losses or gains from other investments are included under the heading "non-operating result."
5. The information on solvency levels showed in the annexes refers to all of the operations carried out by each group. The figure refers to the number of times over the group has met the mandatory solvency requirement.
6. For comparative purposes, we have updated revenue and earnings figures for 2007 that were published by the groups in their annual reports for 2008.
7. For the euro conversions of figures expressed in other currencies, we have used the average exchange rates in 2007 and 2008, as per the following table:

EURO/1 UNIT	2007	2008
Pound sterling (GB)	1.461	1.260
US dollar	0.726	0.683

¹ In general, in those cases in which Health insurance generates mathematical provisions, the branch is classified along with Life.

3. General Comments

The following aspects are outstanding in the 2008 ranking:

- Competition remained fierce in 2008, especially in Automobile insurance, and this led to a decline in the average premium. Added to this were the effects of the economic crisis, with a significant decline in new registrations and the purchase of less coverage.
- Revenue from units established in emerging markets and acquisitions were in some cases the main sources of growth.
- Results from the Non-Life branch suffered across the board from a decline in investments, which stemmed from the crisis in international financial markets. Most groups that make up the ranking posted weaker results compared to the previous year. Only three saw growth as measured in local currencies: the British groups RBS Insurance (14.5%) and RSA (13.3%), and the Spanish group MAPFRE (8.5%). For the first two companies, results as expressed in euros fell.
- The rise of the euro against the U.S. dollar and the pound sterling is the main reason for the drop in revenue volume posted by countries that publish financial information in those currencies. Such is the case of Aviva, RSA and Zurich, which saw growth in their respective currencies.
- As for changes in the ranking, unlike what was observed in 2007, only five groups hold the same spot they did the previous year. The top four positions remained unchanged. The novelty was that the Covéa group joined the list –it includes three of France's main mutual insurance companies– and the Fortis group dropped out of the ranking.

Europe's 15 largest Non-Life insurance groups in 2008 took in 230,162 million euros in premiums, a rise of 1.2% from the previous year. That growth was three percentage points less than the 4.3 percent recorded in 2007 by the groups that make up the ranking.

It is important to note the significant increase in revenue posted by the Dutch group Eureka, 44.5%, thanks to its merger with Agis, which is also Dutch, and the acquisition of the Turkish company Eureka Sigorta. These operations were completed in 2007, so 2008 was the first year in which all revenue from the two companies has been consolidated. Eureka rose two notches in the ranking to fifth place, sending Aviva to the sixth spot. Groupama, with premium growth of 10.5%, rose two positions, moving from ninth to seventh. The MAPFRE group posted the second-largest premium growth at 17.2% and climbed three spots in the ranking to eighth. Fondiaria-Sai stayed in 13th place. The rest of the groups lost ground in the rankings, compared to the previous year.

The best combined ratio was that of Ergo at 90.2%, nearly three points less than the previous year. It should be noted that the ratio refers to the Property-Casualty sector, without including Health. After Ergo, MAPFRE had the lowest combined ratio at 93.9%, even though in 2008 it rose by one point as a result of a rise in the

claims ratio in Iberoamerica and in Reinsurance, as well as the integration of THE COMMERCE GROUP and the consolidation of GENEL SIGORTA and MVA over the course of the year.

Although the claims ratio did behave in the same way in all groups, one can draw several conclusions on the basis of the comments included in the annual reports:

- Damage from natural disasters was heavy, although less than in 2007 in most groups, and the worst were the storms Emma and Hilal and Hurricane Ike;
- In some groups, a decline in the loss ratio from natural disasters was offset by a rise in large loss events;
- Other causes of the worsening of the loss ratio were a decline in the average premium as a result of stiff competition and a rise in the cost of claims.

Although most groups said their operating result was very good in 2008, the decline in investment as a result of the crisis on international financial markets triggered a significant drop in results from investments. This caused a drop in results in the Non-Life sector in most groups, with Eureka and Aviva even reporting losses. The exceptions were RBS Insurance and RSA, whose results in local currency rose 14.5% and 13.3% respectively, and MAPFRE, which increased 8.5%.

With the Covéa² group yet to publish results, the sum of the figures from the other insurance groups was 15,410 million euros. That marks a decline of 39.5% compared to 2007, when these groups together posted a pre-tax and minority interests profit of 25,451 million euros.

Millions of euros

EUROPE'S LARGEST NON-LIFE INSURANCE GROUPS IN 2008				
Non-Life results ¹				
Group	Country	2007	2008	% Δ
ALLIANZ	Germany	7,261	5,936	-18.2
GENERALI	Italy	2,461	1,531	-37.8
ZURICH	Switzerland	3,022	1,472	-51.3
AXA	France	3,336	1,419	-57.5
MAPFRE	Spain	1,105	1,199	8.5
RBS INSURANCE	United Kingdom	995	983	-1.3
RSA ²	United Kingdom	979	956	-2.3
ERGO	Germany	823	604	-26.6
ING	Netherlands	1,249	511	-59.1
GROUPAMA	France	962	543	-43.6
FONDIARIA-SAI	Italy	662	315	-52.5
TALANX	Germany	1,126	197	-82.5
CÓVEA	France	887	n.a.	-
EUREKO	Netherlands	437	-123	-128.1
AVIVA	United Kingdom	1,033	-134	-112.9

Source: Done by FUNDACIÓN MAPFRE with yearly reports

¹ Result before taxes and minority interests

² Result of continuing operations

² Covéa publishes its figures in June.

4. Comments by Group

ALLIANZ

Its Non-Life premium volume fell 2%, mainly because in 2008 the Health line in Belgium and France was transferred to the Life and Health class. Allowing for this effect, premium volume actually rose 1.7%, thanks to an increase in revenue from the United States and emerging markets.

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	44,289	43,387	-2.0%
Combined ratio (%)	93.6	95.1	1.5 p.p.
Claims ratio (%)	66.1	68.0	1.9 p.p.
Expense ratio (%)	27.5	27.1	-0.4 p.p.
Result	7,261	5,936	-18.2%
Operating	6,299	5,649	-10.3%
Non-operating	962	287	-70.2%

Note: p.p. percentage points

The combined ratio grew 1.5 percentage points to 95.1%, mainly as a result of a rise of 2.2 percentage points in the loss ratio. This latter increase stemmed mainly from Credit insurance (the loss ratio went from 57.1% in 2007 to 85% in 2008) and Agricultural insurance in the United States. The expense ratio fell 0.4 points, going from 27.5% to 27.1%.

An increase in the severity of loss events was offset partially by a slight decrease in loss frequency. Compensation paid because of natural disasters, while high, was less than in the previous year. But the impact of other large claims was greater than in 2007. Also, the net result from investments declined 562 million euros.

The non-operating result fell 70%, due mainly to a big decline in investment value. As a result of all of these factors, the results in the Property-Casualty segment, before taxes and minority interests, totaled 5,936 million euros, a decline of 18.2% from 2007.

AVIVA

The British Group AVIVA took in 11,934 million pounds sterling in Non-Life premiums in 2008, a 5% increase from the previous year. But because of the decline in the pound against the euro, revenue as expressed in the single European currency was down 9.5%. AVIVA did well in continental European markets, mainly in the Netherlands, which compensated for a drop in premiums in the United Kingdom.

Premiums and results in millions

Main indicators	2007	2008	Variation
Premiums (€)	16,613	15,033	-9.5%
Premiums (£)	11,369	11,934	5.0%
Combined ratio (%)	100.0	98.0	-2.0 p.p.
Result (€)	1,033	-134	-112.9%
Result (£)	707	-106	-115.0%

Note: p.p. percentage points

The combined ratio improved two points to 98%, thanks to the absence of bad weather, in contrast with floods in 2007, and also as a result of cost-saving measures. Although the operating result in Non-Life rose 17.3% in local currency,

the result before taxes was negative to the tune of 106 million pounds (-134 million euros) due to lower profits from fund management, which were affected by adverse conditions on financial markets.

AXA

The AXA Non-Life premiums in this study are the sum of those in the Property-Casualty and International Insurance³ sectors. For this reason it is better to analyze them separately. As for the Property-Casualty line, premiums grew 4% to 26,107 million euros, thanks mainly to higher revenue from the Mediterranean area and

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	28,598	28,851	0.9%
Property-Casualty	25,101	26,107	4.0%
International Insurance	3,497	2,744	-21.5%
Combined ratio (%)	97.6	95.5	-2.1 p.p.
Claims ratio (%)	69.7	67.1	-2.6 p.p.
Expense ratio (%)	27.9	28.4	0.5 p.p.
Result	3,336	1,419	-57.5%
Property-Casualty	2,961	1,353	-54.3%
International Insurance	375	66	-82.4%

Note: p.p. percentage points

Latin America as a result of acquisitions carried out in the region. In July 2008 AXA completed the purchase of 100% of the Mexican unit of ING, Seguros ING, the name of which was changed to AXA Seguros. In 2007 this company was ranked second in Non-Life insurance in Mexico, with premium volume of 1,100 million euros. In June AXA completed its acquisition of the Turkish company Oyak, in which it already held a 50% stake.

Meanwhile, premium volume in International Insurance fell 21.5% due to the completion of a fronting agreement between AXA Re and Paris Ré. Premiums in this category were 2,744 million euros. This figure plus premiums from Property-Casualty yielded a total of 28,851 million euros.

The loss ratio in the Property-Casualty class improved 2.6 points over the previous year as a result of lesser impact from natural catastrophes and to more favorable prior year reserve developments. The expense ratio grew 5 tenths of a point because of a rise in administration costs. However, a weaker investment result led to a pre-tax result of 1,353 million euros, compared to 2,961 million in 2007.

As for International Insurance, there was an 82.4% drop as a result of a loss stemming from change in the reasonable value of investments.

COVÉA

Covéa is a Mutual Insurance Group Company (SGAM is the French acronym) which comprises the French mutual insurance companies, GMF, MAAF and MMA. SGAM is a legal structure created under French law in 2001. It allows French mutual insurance companies to band together in a single framework, with a degree of restriction that depends on the participants, and manage one or more such firms.

³ Before eliminations among segments.

At the time this report was prepared, the only information available was on Non-Life premium volume, which in 2008 was 8,900 million euros. That placed the French group in 12th place in the European Non-Life ranking.

ERGO

The German group's premiums in Non-Life lines (Health, Property-Casualty and Legal Expenses) rose 4.5% in 2008 compared to 2007. This growth stems from:

- Sustained growth in Health insurance, with better performance in its international business than the domestic one, highlighted by Ergo's companies in Spain and Belgium. In Germany, revenues in this branch were affected by health care reforms that took effect in 2007, with an increase of 1.6%. One of the changes that has most affected private health insurance is the introduction of a three-year waiting period for citizens who opt to use that system, so long as they prove that during that period they have surpassed a certain income level.

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	10,089	10,546	4.5%
Property-Casualty	3,864	4,182	8.2%
Health	5,317	5,447	2.4%
Legal expenses	908	917	1.0%
Combined ratio (%)	93.1	90.2	-2.9 p.p.
Claims ratio (%)	60.0	59.0	-1.0 p.p.
Expense ratio (%)	33.1	31.2	-1.9 p.p.
Result	823	604	-26.6%
Property-Casualty	524	444	-15.3%
Health	180	34	-80.8%
Legal expenses	119	126	5.7%

Note: p.p. percentage points

- An increase of 8.2% in the Property-Casualty class, driven by international business (up 22.2%). The markets of Central and Eastern Europe posted double-digit growth, with Ergo's Polish unit showing a revenue increase of 30.6%.
- A slight 1.1% increase in Legal Expenses insurance.

As for the technical result, one should note:

- A slight increase in the claims ratio and expenses in the Health branch.
- An improvement of nearly three points in the combined ratio in the Property-Casualty class to 90.2%, even though in 2008 there were natural catastrophes that caused major damage, such as storms Emma and Hilal. Still, the damage was less than that of the previous year, caused mainly by Hurricane Kyrill.

Results fell 26.6% because of a decline in revenue from investments, followed by a deficit from gains and losses from disposals.

EUREKO

Premium volume rose 44.5% in 2008 due in large part to the company's merger with Agis and the consolidation of the entire portfolio of Eureka Sigorta, which it

acquired in 2007. Discounting the effects of these mergers, revenue in the Health and Non-Life classes increased slightly.

Health insurance, which accounts for 62% of the group's premiums, brought in 11,991 million euros in revenue, a rise of 59% from

the previous year, due in large part to the merger with Agis. This merger, which was completed in December 2007, has positioned the Eureko Group as the leader in Health insurance in the Netherlands, with a market share of 29%. Organic growth was 3%.

Pre-tax results fell 40%. This was due to a smaller contribution from the non-operating result as a result of a loss in the value of investments and a decline in revenue from Health care services.

Non-Life premiums rose 6% to 3,084 million euros, thanks to a large extent to the consolidation Eureko Sigorta's entire year.

The loss ratio improved because damage from natural catastrophes was less than in the previous year, offsetting to some extent an increase in large fires. The expense ratio rose because of an increase in acquisition costs and higher costs in projects involving information technology. As a result of this, the combined ratio rose three tenths of a point to 96.7%. As in the Health branch, the results from investments brought down significantly those in the Non-Life class. The latter were minus 208 million euros, compared to positive 296 million in 2007.

FONDIARIA-SAI

Premiums issued in the Non-Life class totaled 7,298 million euros, for an increase of 0.3%. Automobile premiums declined 2.9% due to stiff competition in the

sector, which led to a decline in the average premium, and to the economic crisis, which had a negative effect on registrations of new vehicles and the purchase of new guarantees. However, the remaining Non-Life branches rose 5.2%.

The combined ratio stood at 98.7%, compared to 94.4% in 2007. This was due mainly to a four-point increase in the loss ratio for the reasons cited earlier, and to a smaller freeing-up of reserves.

As for results, in 2008 the Fondiaria-Sai group posted pre-tax profits of 315 million euros, compared to 662 million the previous year. The drop stems mainly from a decline in the technical account for the reasons stated earlier (a fall in new Vehicle

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	10,436	15,075	44.5%
Health	7,521	11,991	59.4%
Property-Casualty	2,915	3,084	5.8%
Combined ratio (%)	96.4	96.7	0.3 p.p.
Claims ratio (%)	67.2	65.0	-2.2 p.p.
Expense ratio (%)	29.2	31.7	2.5 p.p.
Combined ratio. Health (%)	99.0	100.3	1.3 p.p.
Result	437	-123	-128.1%

Note: p.p. percentage points

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	7,318	7,298	-0.3%
Combined ratio (%)	94.4	98.7	4.3 p.p.
Result	662	315	-52.5%

Note: p.p. percentage points

registrations and lower rates). Other reasons include a prudent reserve policy, adverse weather and the impact of amortization of long-term commissions.

GENERALI

The Generali group's Non-Life premiums rose to 21,990 million euros, which marked an increase of 5.5 percent compared to 2007, which was mainly attributable to markets in Central and Eastern Europe, which expanded 17%. Early in the year Generali signed a joint

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	20,845	21,990	5.5%
Combined ratio (%)	95.8	96.4	0.6 p.p.
Claims ratio (%)	69.0	69.2	0.2 p.p.
Expense ratio (%)	26.8	27.2	0.4 p.p.
Result	2,461	1,531	-37.8%
Operating	2,009	2,118	5.4%
Non-operating	452	-586	-229.6%

Note: p.p. percentage points

venture deal with the Czech group PPF, the leading insurer in Central and Eastern Europe, under which the Italian Group holds a 51% stake and PPF 49%. Also contributing to growth were markets in France, Switzerland and Argentina. Those in Italy and Germany remained flat due to stiff competition in Automobile premium rates and a decline in vehicle registrations.

The combined ratio rose six tenths of a point to 96.4, mainly because of an increase in the loss ratio. This was only partially offset by an improvement in the expense ratio in Central and Eastern Europe. In general, the operating result was influenced by a drop in the average Automobile premium as a result of fierce competition, an increase in average claim cost, and several major claims. Meanwhile, the results from investments linked to insurance rose 11.5%.

As for the non-operating result, the depreciation of financial and real estate investments as a result of the international crisis generated a negative investment result. Thus, the result of the Non-Life class was 1,531 million euros, down 37.8% from 2007.

GROUPAMA

Non-life premiums expanded 10.5% in 2008, led by International business, which rose 38.7%. Groupama's acquisitions in 2008 allowed it to create major launching

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	9,922	10,964	10.5%
Combined ratio (%)	99.7	98.7	-1.0 p.p.
Result	962	543	-43.6%

Note: p.p. percentage points

pads for development: in Central and Eastern Europe, via the purchase of the Hungarian group OTP Garancia and its units in Bulgaria, Romania and Slovakia, and through the purchase of the Romanian insurer Asiban; in Turkey, the French group became the fifth largest insurer of damage by buying Güven Sigorta and Güven Hayat.

The Non-Life revenue of its Spanish unit increased 8.9%, with major growth in the Automobile line, which includes the Internet-based unit Clickseguros. Revenue in the domestic market rose 2.4%.

The result from investments was the main reason for a 43.6% drop in the operating result of Non-Life branches, because the technical result improved.

ING

ING's Non-Life premiums increased 18.8% in 2008. The company says one of the main reasons was the sale of its Health business in Chile⁴. As we have already stated, one must also keep in mind that in July 2008 ING completed the sale of its unit in Mexico, ING Seguros, to the AXA Group.

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	6,086	4,943	-18.8%
Combined ratio (%)	97.1	96.5	-0.6 p.p.
Claims ratio (%)	65.3	64.3	-1.0 p.p.
Expense ratio (%)	31.8	32.2	0.4 p.p.
Result	1,249	511	-59.1%

Note: p.p. percentage points

The pre-tax result fell 59.1%, due mainly to a decline in the financial result.

MAPFRE

MAPFRE ended 2008 with 10,891 million euros in Non-Life premiums for an increase of 17.2% over the previous year. That reflected a strong performance in the Property insurance branch in Spain, with strong sales of

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	9,293	10,891	17.2%
Combined ratio (%)	92.6	93.9	1.3 p.p.
Claims ratio (%)	68.0	68.8	0.8 p.p.
Expense ratio (%)	24.6	25.1	0.5 p.p.
Result	1,105	1,199	8.5%

Note: p.p. percentage points

Homeowner and Multi-peril insurance lines, the integration of THE COMMERCE GROUP and the consolidation of GENEL SIGORTA and MVA over the course of the year. We should also point out solid growth in premiums at MAPFRE AMÉRICA, despite the depreciation of the main currencies in the region, mainly in the Automobile, Health, and Workmen's Compensation lines.

The consolidated combined ratio was 93.9%, compared to 92.6% the previous year. The increase stems mainly from a rise in claims in Latin America and in Reinsurance, as well as the integration of THE COMMERCE GROUP and the consolidation of GENEL SIGORTA and MVA over the course of the year. The technical result declined 3% while financial and other non-technical revenue rose 21%, even taking into account a smaller amount of capital gains and losses from exposure to Lehman Brothers, Fannie Mae and Freddie Mac. The result from the Non-Life Business, before taxes and minority interests, reached 1,199 million euros, an increase of 8.5% from 2007.

⁴ Sale of Isapre ING Salud to the Said group and Linzor Capital Partner

RBS INSURANCE

Premium volume at RBS Insurance was 5,520 million pounds sterling in 2008, a decline of 1.6% from 2007. The reason for this was a continuation of its decision to drop collaboration accords that were not profitable. The variation in premium volume as expressed in euros was negative 15.1%.

Direct expenses grew 4%, in part due to marketing programs, while net claims fell 7% thanks to a small number of them and better weather. The operating result was 780 pounds sterling, a rise of 14.5%.

Premiums and results in millions

Main indicators	2007	2008	Variation
Premiums (€)	8,193	6,953	-15.1%
Premiums (£)	5,607	5,520	-1.6%
Result (€)	995	983	-1.3%
Result (£)	681	780	14.5%

RSA⁵

Revenue from premiums in 2008 totaled 7,273 million pounds sterling, an increase of 10.3% from the previous year. But premiums as expressed in euros fell 4.9%. Revenue grew across the board in all the markets where the company operates, although the biggest contributions came from international business and emerging markets.

Premiums and results in millions

Main indicators	2007	2008	Variation
Premiums (€)	9,638	9,162	-4.9%
Premiums (£)	6,596	7,273	10.3%
Combined ratio (%)	94.9	94.5	-0.4 p.p.
Result (€)	979	956	-2.3%
Result (£)	670	759	13.3%

Note: p.p. percentage points

The combined ratio was 94.5%, a decline of four tenths of a point from 2007, thanks to better Management. As for the claims ratio, improved weather was offset somewhat by a rise in large loss events. The operating result was 7% higher, and weighed down by a poorer performance by investments. Pre-tax profits rose 13% to 759 million pounds sterling.

TALANX

Data from Talanx are based on a projection drawing on quarterly results. According to this estimate, premiums from **Property/Casualty Primary Insurance** will contract 3.5% in 2008 to 5,800 million euros. This is attributed in part to a prolonged soft market,

Premiums and results in millions of euros

Main indicators	2007	2008	Variation
Premiums	11,596	10,800	-6.9%
P/C Primary Insurance	6,012	5,800	-3.5%
Non-life Reinsurance	5,584	5,000	-10.5%
Combined ratio (%)	99.4	99.0	-0.4 p.p.
Non-life result	1,126	197	-82.5%
Direct P/C insurance	240	248	3.3%
Non-life Reinsurance	886	-51	-105.8%

Note: combined ratio of P/C and Non-life Reinsurance
p.p. percentage points

⁵ Royal & SunAlliance came to be known as RSA in 2008.

especially in Automobile insurance, and in part to an underwriting policy geared toward profit. The best performance was in the international line, mainly in Brazil.

Because of the financial crisis, revenue from investments dropped nearly 30%. Meanwhile, it is foreseen that a lower claims rate will lead to a significant improvement in the technical result, with the combined ratio improving more than four points to 95.8%. The pre-tax result will be up 3.3 percent from the previous year to 248 million euros.

As for **Non-Life Reinsurance**, the group is hoping for revenue of 5,000 million euros, a decline of 10.5% from 2007. This is attributable first and foremost to the withdrawal from specialty business and the weakness of the dollar.

Catastrophic events such as hurricanes Ike and Gustav and two hail storms in Germany caused the combined ratio to worsen by 2.7 points, going from 98.8% to 101.5%. This line of business was more heavily affected by the financial crisis, with a subsequent fall in results from investments. As a result of this, the result will go down to negative 51 million euros, compared to positive 886 million in 2007.

ZURICH

Although Non-Life premiums fell 2% in euros, in U.S. dollars, the currency in which Zurich presents its earnings reports, they increased 4.2%. This stems in part from organic growth, and also from the integration

Premiums and results in millions

Main indicators	2007	2008	Variation
Premiums (€)	25,882	25,369	-2.0%
Premiums (USD)	35,650	37,151	4.2%
Combined ratio (%)	95.6	98.1	2.5 p.p.
Claims ratio (%)	70.5	72.6	2.1 p.p.
Expenses (%)	25.1	25.5	0.4 p.p.
Result (€)	3,022	1,472	-51.3%
Result (USD)	4,162	2,156	-48.2%

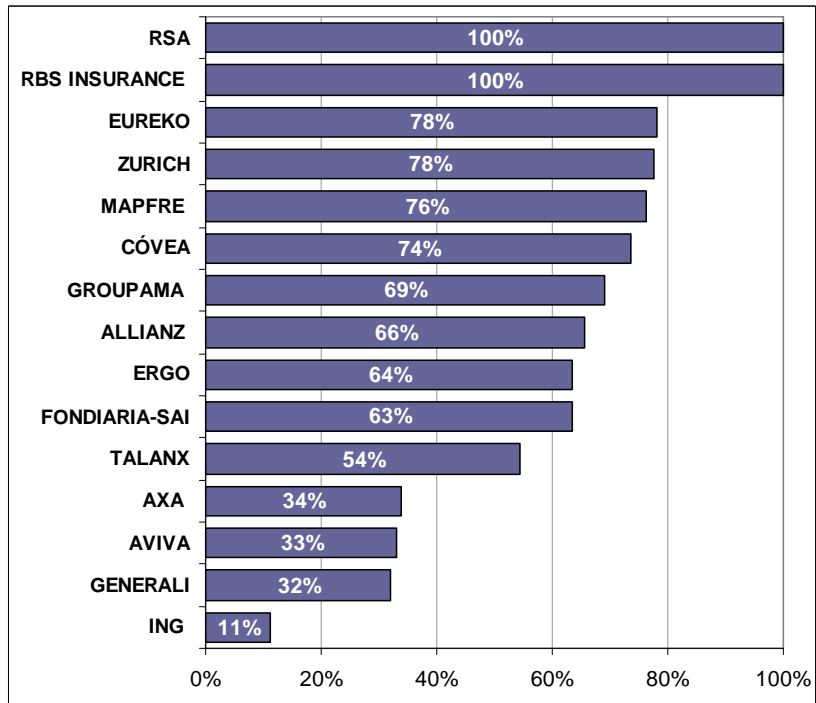
of recent acquisitions. This expansion reflects the company's diversification strategy, with greater attention to personal and small business lines in Europe and key emerging markets.

The combined ratio rose 2.5 percentage points to 98.1%, due mainly to a 2.1 point worsening of the loss ratio and 0.4 points in the expense ratio. The increase in the loss ratio stemmed mainly a decline in rates, a rise in claims costs and a slight increase in losses from catastrophic loss events, serious loss events and other claims related to the weather. This lower technical result, along with the effects of the financial crisis on results from investments, made for a net pre-tax result of 2,156 million dollars, a drop of 48% from 2007.

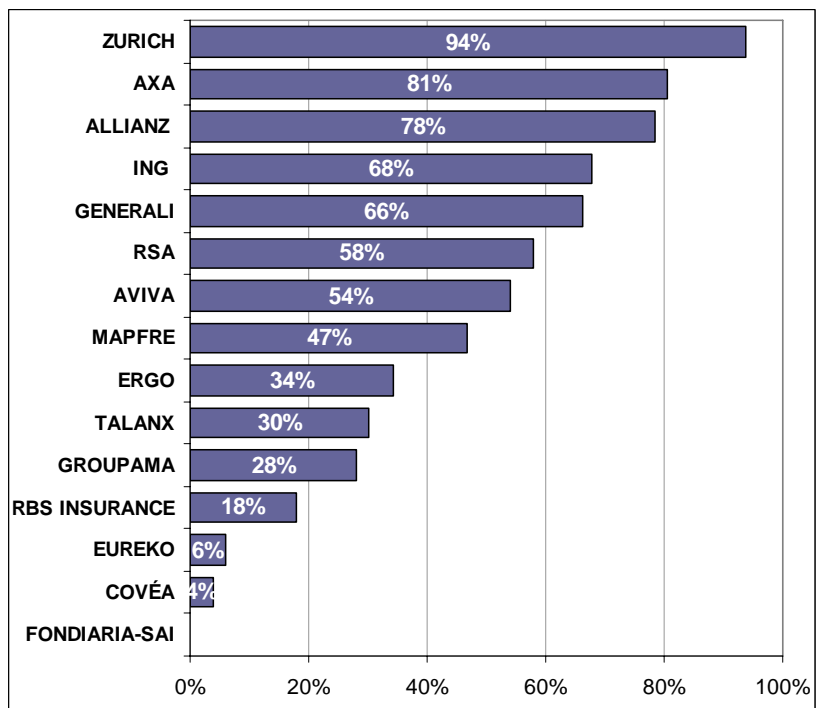
Note: p.p. percentage points

Annex 1. Percentage of Non-Life insurance

Non-life business as a percentage of total premiums



Percentage of Non-Life business abroad



Note: the data from Talanx and Covéa refer to 2007.

Data calculated from Non-Life premiums.

Annex 2. Solvency

To complement the figures on Non-Life lines, we have added information on solvency levels. It is important to note:

- It has not been possible to give this figure for all of the companies in the ranking. The information was taken from the insurance groups' annual reports, and this figure is not included in all of them.
- The information refers to the level of solvency for all the operations carried out by each group.
- The information is not homogenous because the specific way of determining mandatory capital depends on the laws in each country.

The figures provided shows the number of times the group has attained the mandatory solvency capital. In general, one notes a decline in solvency levels. This reflects the effect of the volatility of financial markets, which has meant a larger impact of unrealized capital losses accounted through equity.

EUROPE'S LARGEST NON-LIFE INSURANCE GROUPS IN 2008		
Solvency level		
Group	2007	2008
ING ¹	2.44	2.56
RSA	2.50	2.50
MAPFRE	2.73	2.04
ALLIANZ	1.61	1.61
ZURICH	1.87	1.53
EUREKO	2.32	1.50
AXA	1.54	1.27
FONDIARIA-SAI	1.47	1.27
GENERALI	1.43	1.23
GROUPAMA	2.77	1.22
AVIVA	1.22	1.15
COVÉA	1.62	n.a.

(1) Data from ING Insurance. ING Insurance received a capital injection of 5,450 million euros from ING Group. It should be noted that in Oct. 2008 ING Group received from the Dutch government a capital injection of 10,000 million euros.
