



ANNUAL REPORT

2008

THE FRENCH INSURANCE MARKET
IN FIGURES



C O N T E N T S



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Introduction

Although it resisted well, the French insurance industry was not completely spared by the effects of the financial crisis. Total premium income was down by 4%, due in particular to the decline in life insurance business. Total net income, although down by 18.5%, remained positive at €11.8 billion. The negative financial markets trend in 2008 affected the insurance industry, whose total assets came to €1,700 billion at the end of the year, of which more than €1,500 billion is held to guarantee their commitments to policyholders. Unrealised capital gains – the sector's safety net – already significantly diminished at the end of 2007, dwindled even further, in particular the 'equities' portion, which ended the year with unrealised losses.

The solvency of the sector is not under threat, however. At the end of 2008, the solvency margin was 180% covered by the least volatile elements (equity) and 220% covered taking into account all the admissible cover elements. The sector's capacity to meet its commitments is therefore preserved, as was reflected in the insurance cover for the storm that hit the south-west of France at the beginning of the year in respect of which claims posed no particular problems.

Holders of euro-based life insurance contracts saw their savings grow by an average of 4%, which was almost the same rate as in 2007. In contrast, holders of unit-linked contracts, whose savings are directly indexed to the value of given financial investments – often mutual funds – recorded sometimes substantial losses of value, attributable in many cases to the slump in the equity markets.

In view of the rapid consumption of large chunks of the safety margins accumulated in the past, the still uncertain financial environment at the beginning of 2009 and the spill over of the financial crisis to the real economy – a factor contributing to business growth in response to increased demand for risk cover, but also a negative factor for earnings when the risks do materialise – the entire sector needs to remain vigilant and ensure that the technical balance required for future management of the business is conserved.

■ SCOPE OF THE REPORT

The quantified data provided in this section is drawn from the information that insurers exercising their activity in France and supervised by ACAM must submit to ACAM each year. The study does not include European insurers that, since 1995, can exercise their activities in France under freedom of establishment or free provision of services and which are supervised in their home Member States within the framework of the 'European passport'. This type of activity accounts for less than 2% of insurance activity in France.

At the date of this report, part of the data was not yet available for statistical analysis. The quantified data in this third section is therefore based partly on estimates. The figures can nonetheless be considered representative as more than 95% of the market's activity is covered, although on a somewhat heterogeneous basis in terms of type of risk insured: 80% to 100% of the market.

Financial data

1. Population

The shift toward greater concentration in the insurance market, which began in the mid 1990s, continued in 2008. The number of entities authorised to carry out insurance activities declined from 1,522 in 2007 to 1,420 in 2008. The decrease concerned almost exclusively mutual insurers governed by the French Mutual Code.

ENTITIES CARRYING OUT INSURANCE ACTIVITIES

Insurance activities are regulated at EU level by a series of directives. In France, insurance entities are governed by three different bodies of regulations: the Insurance Code, the Mutual Code and the Social Security Code. The provisions of each of these three codes are similar and compliance with all three codes is supervised by a single body – ACAM.

Insurance entities

| APPLICABLE REGULATIONS | 2006 | 2007 | 2008 |
|-------------------------------------|--------------|--------------|--------------|
| Insurance Code | 407 | 389 | 386 |
| Mutual Code – Livre II | 1,158 | 1,070 | 973 |
| <i>Of which substituted mutuals</i> | 484 | 424 | 388 |
| Social Security Code | 66 | 63 | 61 |
| TOTAL | 1,631 | 1,522 | 1,420 |

Source ACAM

In 2008, the trend for concentration that has been observed in the sector for the past several years led to the disappearance of around 100 insurers, mainly mutual insurers. Concentration is essentially being driven by very keen competition among insurers and the increasingly complex nature of the supplementary insurance business. Competition and more demanding requirements for carrying out the business have prompted many insurers to adapt their strategies and seek critical mass to support their long-term development.

2. The insurance market in 2008

2.1. Balance sheet

At end-2008, the insurance and reinsurance entities supervised by ACAM had aggregate total assets of €1,703 billion at their carrying amount, corresponding to €1,709 billion at market value, i.e. including unrealised gains¹.

2008 SUMMARY BALANCE SHEET IN € BILLIONS

| | | | |
|------------------------------|----------------|----------------|--------------------------|
| Reinsurers | 73.7 | 130.1 | Equity |
| Investments | 1,331.3 | 1,244.9 | Provisions |
| Unit-linked investments | 183.4 | 184.5 | Units of account |
| Other assets | 114.7 | 143.6 | Other liabilities |
| TOTAL ASSETS | 1,703.1 | 1,703.1 | TOTAL LIABILITIES |
| Unrealised gains | 5.6 | | |
| Total assets at market value | 1,708.7 | | |

Source ACAM

2007 SUMMARY BALANCE SHEET IN € BILLIONS

| | | | |
|------------------------------|----------------|----------------|--------------------------|
| Reinsurers | 66.1 | 120.9 | Equity |
| Investments | 1,256.4 | 1,168.9 | Provisions |
| Unit-linked investments | 244.9 | 246.6 | Units of account |
| Other assets | 108.0 | 139.0 | Other liabilities |
| TOTAL ASSETS | 1,675.5 | 1,675.5 | TOTAL LIABILITIES |
| Unrealised gains | 109.5 | | |
| Total assets at market value | 1,784.9 | | |

Source ACAM

At 31 December 2008, the insurance sector's total assets based on book value had grown again slightly relative to the previous year, up by €27 billion or 1.6%. The general trend masks contrasting trends at the level of the main balance sheet components. Unit-linked contracts, in respect of which the policyholder bears the risk of loss of value of the assets, decreased by 25%. Conversely, the amount of other provisions increased by 6% due to new business and the accumulation effects specific to long-term accumulation commitments (life insurance, retirement, some personal protection and civil liability insurance).

1. Not including the provision for liquidity risk, i.e. €9 billion in 2008

The heading “provisions” represents insurers’ commitments to policyholders. It therefore gives a **measure of the future benefits** to be paid to policyholders. For analytical purposes, the balance sheet is often expressed as a percentage of this estimated item.

2008 - STRUCTURE OF SUMMARY BALANCE SHEET

| | | | |
|------------------------------|---------------|---------------|--------------------------|
| Reinsurers | 5.9% | 10.4% | Equity |
| Investments | 106.9% | 100.0% | Provisions |
| Unit-linked investments | 14.7% | 14.8% | Units of account |
| Other assets | 9.2% | 11.5% | Other liabilities |
| TOTAL ASSETS | 136.8% | 136.8% | TOTAL LIABILITIES |
| Unrealised gains | 0.4% | | |
| Total assets at market value | 137.2% | | |

Source ACAM

2007 - STRUCTURE OF SUMMARY BALANCE SHEET

| | | | |
|------------------------------|---------------|---------------|--------------------------|
| Reinsurers | 5.7% | 10.3% | Equity |
| Investments | 107.5% | 100.0% | Provisions |
| Unit-linked investments | 21.0% | 21.1% | Units of account |
| Other assets | 9.2% | 11.9% | Other liabilities |
| TOTAL ASSETS | 143.3% | 143.3% | TOTAL LIABILITIES |
| Unrealised gains | 9.4% | | |
| Total assets at market value | 152.7% | | |

Source ACAM

Expressed as a proportion of provisions in euro, the balance sheet structure varied little relative to the previous year, with the exception of the unit-linked component.

2.2. Analysis by type of insurer

Although they are all governed by a single set of EU directives relating to insurance, the entities supervised by ACAM have their own specific business profiles which, above and beyond the specialisation rules applicable in insurance, result from their history and legal form.

◆ Analysis of the weight of the different types of insurers in the main balance sheet components (at 31 December 2008)

| WEIGHT IN THE BALANCE SHEET | LIFE INSURERS AND COMPOSITE INSURERS | PROVIDENT INSTITUTIONS | MUTUAL INSURERS | NON-LIFE INSURERS | REINSURANCE |
|-----------------------------|--------------------------------------|------------------------|-----------------|-------------------|-------------|
| - equity | 39.1% | 9.0% | 11.7% | 32.4% | 7.8% |
| - euro-based provisions | 82.2% | 2.4% | 2.9% | 9.8% | 2.8% |
| - unit-linked provisions | 99.9% | 0.1% | 0.1% | 0.0% | 0.0% |
| - balance sheet total | 79.1% | 2.8% | 3.3% | 11.5% | 3.3% |
| - capital gains or losses | - 59.5% | 2.6% | - 14.7% | 122.6% | 49.1% |

Source ACAM

Given the nature of their activity, life and general insurers write the bulk of insurance contracts taken out with a view to accumulating savings in euro or in units of account. These contracts result in the entities holding significant assets and therefore give them a substantial weight in terms of the industry’s total assets. Severely affected by the loss of value in the financial markets, this segment recorded overall capital losses and made a negative contribution to the overall difference between the book and market values of the total assets at the end of 2008. On the other hand, the weight of life insurers in the sector’s equity (39.1%) is naturally smaller than their weight in total assets (79.1%), reflecting the nature of the life insurance activity, which on the whole requires the mobilisation of less capital, proportionally to total assets, than that required by the insurance of risks that are considered larger.

Active in the area of employee insurance schemes, provident institutions offer both long-term guarantees that consume equity – such as retirement and incapacity/disability benefits – and short-term guarantees such as group supplementary health insurance.

Numerous mutuals governed by the French Mutual Code offer individual supplementary health insurance. The rapid settlement of benefits does not require the holding of substantial investments. On the other hand, some mutual insurers specialising in life insurance hold significant volumes of assets. Overall, mutual insurers, like life insurers, recorded unrealised losses in 2008.

Based on the principle of specialisation non-life insurers do not cover risks linked to the duration of a policyholder's life. They only insure other personal risks (disability, invalidity, healthcare). In addition, they are the only insurers licensed to cover third-party liability and most property and casualty risks.

For their part, reinsurers can accept all types of risks from insurers. They therefore carry on their balance sheet a combination of the entire spectrum of risks covered by the insurance sector.

2.3. Prudential ratios

The EU regulatory framework currently in force – less sophisticated than that expected to follow implementation of Solvency II – requires insurers to comply with prudential ratios. It defines a set of calculation rules based on the characteristics of the business: provisions and capital at risk in life insurance, premiums and benefits in non-life insurance. These rules set a regulatory solvency margin that must be funded by equity and, under certain conditions, by other admissible assets. In addition to this safety margin, there are other requirements in terms of the security, profitability, liquidity, matching and diversification of assets held to ensure that they adequately cover commitments to policyholders.

At the end of 2008, coverage of regulated commitments was 106% for the insurance sector as a whole. Overall, assets meeting the regulatory criteria exceeded the minimum requirement by 6%. The minimum solvency margin was 180% covered by non-volatile balance sheet assets (equity and subordinated debt) and by 220% taking into account all the admissible assets.

| PRUDENTIAL RATIOS LIFE AND COMPOSITE INSURERS | WEIGHTED AVERAGE | 25 TH PERCENTILE | MEDIAN | 75 TH PERCENTILE | AVERAGE 2007 |
|--|---------------------|--------------------------------|--------|--------------------------------|-----------------|
| Coverage of commitments | 104.2% | 103.3% | 106.0% | 119.6% | 105% |
| Balance sheet margin cover | 127.9% | 122.0% | 151.8% | 344.3% | 116% |
| Margin cover (all admissible assets) | 146.9% | 127.5% | 167.4% | 344.3% | 184% |

Source ACAM

| PRUDENTIAL RATIOS NON-LIFE INSURERS | WEIGHTED AVERAGE | 25 TH PERCENTILE | MEDIAN | 75 TH PERCENTILE | AVERAGE 2007 |
|---|---------------------|--------------------------------|--------|--------------------------------|-----------------|
| Coverage of commitments | 113.7% | 109.3% | 123.4% | 165.8% | 114% |
| Balance sheet margin cover | 320.3% | 161.9% | 350.4% | 900.9% | 371% |
| Margin cover (all admissible assets) | 448.6% | 177.3% | 385.2% | 931.3% | 692% |

Source ACAM

| PRUDENTIAL RATIOS PROVIDENT INSTITUTIONS | WEIGHTED AVERAGE | 25 TH PERCENTILE | MEDIAN | 75 TH PERCENTILE | AVERAGE 2007 |
|---|---------------------|--------------------------------|--------|--------------------------------|-----------------|
| Coverage of commitments | 124.8% | 108.9% | 117.7% | 140.0% | 126.1% |
| Balance sheet margin cover | 446.0% | 236.4% | 532.0% | 826.7% | 462% |
| Margin cover (all admissible assets) | 463.1% | 236.5% | 532.0% | 858.9% | 534% |

Source ACAM

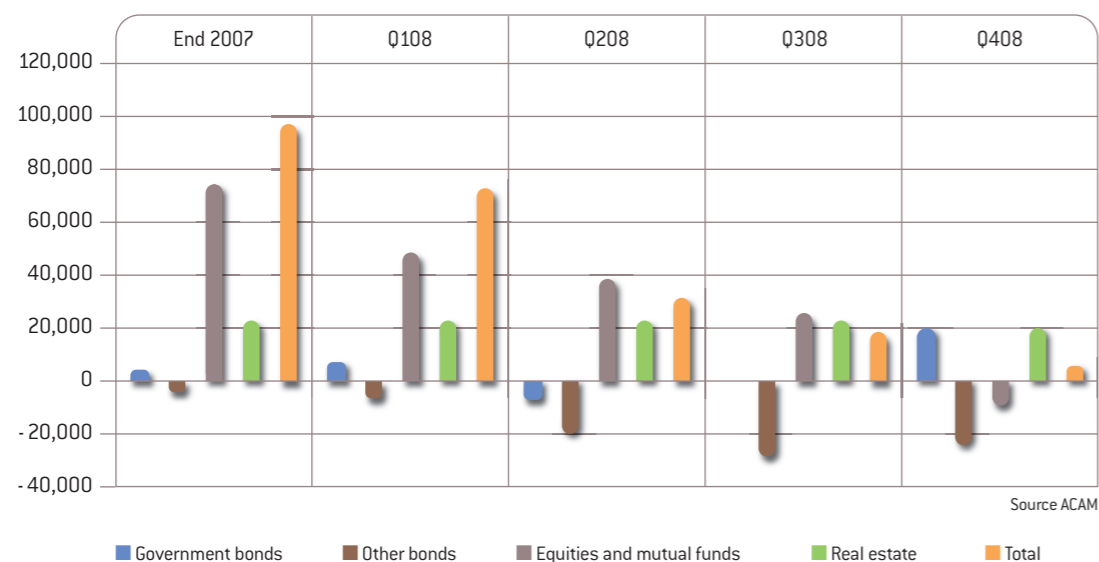
| PRUDENTIAL RATIOS MUTUAL INSURERS | WEIGHTED AVERAGE | 25 TH PERCENTILE | MEDIAN | 75 TH PERCENTILE | AVERAGE 2007 |
|---|---------------------|--------------------------------|--------|--------------------------------|-----------------|
| Coverage of commitments | 106.6% | n.d. | n.d. | n.d. | 108.5% |
| Balance sheet margin cover | 340% | | | | 339% |
| Margin cover (all admissible assets) | 340% | | | | 351% |

Source ACAM

For all categories of insurers, coverage of commitments to policyholders was down slightly compared with 2007, although it remained above the regulatory minimum. The rate of margin cover by balance sheet assets was also down except in the case of life insurers where it had increased by 11%. The decrease was more marked in terms of the global margin cover: down 37% for life and composite insurers, down by 243% for non-life insurers, by 71% for provident institutions and by 3% for mutual insurers governed by the French Mutual Code. This deterioration continues the trend that began in 2006 and reflects the reduction, even the disappearance, of unrealised capital gains at the end of 2008.

2.4. Origin of unrealised capital gains and losses

◆ Trends in total unrealised capital gains and losses for the insurance sector by asset class in 2008



Unrealised capital gains on property investments were the only item to remain virtually stable in 2008. Equities were affected by the financial crisis, falling over the first three quarters in line with the fall in the stock markets and in bond prices, which are influenced by the risk-free interest rate curve and by credit risk premiums.

Towards the end of the year, a flight to quality pushed up the prices of government bonds, partly offsetting the ongoing downturn in the equity markets and the growing risk premium on corporate bonds. The widening in bond spreads is directly reflected in the relative levels of unrealised capital gains or losses on government and other bonds.

2.5. Activity in 2008

After remaining virtually stable in 2007, total premium income declined by 4% in 2008. This decline was due solely to the life insurance segment, which posted a decline of 10% in 2008 after posting a smaller decline (1.1%) in 2007. In contrast, non-life insurance recorded stronger growth, with a 5.8% increase in premium income compared with growth of 1% in 2007.

■ UNDERWRITING RESULT AND NET INCOME

To ensure the comparability of insurers' financial statements independently of their levels of equity, insurance accounting rules isolate an underwriting result. The gains or losses on equity investments, non-recurring income and expense and the income tax charge therefore only have an impact on the net income or loss.

Moreover, the regulations breakdown the underwriting results by transactions linked to life and transactions linked to non-life insurance.

| 2008 INCOME STATEMENT (IN € BILLION) | LIFE | NON-LIFE | TOTAL | CHANGE |
|---|--------|----------|-------------|---------------|
| Premium income | 140.6 | 103.1 | 243.7 | -4.0% |
| Benefits and claims paid (-) | -114.7 | -77.0 | -191.6 | -27.2% |
| - Benefits and claims paid excluding adjustment of variable-capital transactions ² | -168.8 | -77.0 | -245.8 | -5.7% |
| Investment income | -9.5 | 5.5 | -4.0 | -106.8% |
| - Investment income excluding adjustment of variable-capital transactions | 44.6 | 5.5 | 50.1 | -11.9% |
| Administrative expenses (-) | -12.6 | -21.1 | -33.7 | +6.0% |
| Reinsurance | -0.7 | -3.2 | -3.9 | -9.0% |
| Underwriting results | 2.7 | 6.7 | 9.4 | -30.8% |
| Investment income (non-underwriting) | | | 3.8 | -28.6% |
| Other non-underwriting income or expense | | | -1.8 | -63.9% |
| NET INCOME | | | 11.8 | -18.5% |

Source ACAM

| 2007 INCOME STATEMENT (IN € BILLION) | LIFE | NON-LIFE | TOTAL |
|--|--------|----------|-------------|
| Premium income | 156.3 | 97.5 | 253.8 |
| Benefits and claims paid (-) | -190.3 | -73.1 | -263.3 |
| Investment income | 52.8 | 6.8 | 59.6 |
| Administrative expenses (-) | -12.4 | -19.4 | -31.8 |
| Reinsurance | 0.3 | -4.4 | -4.2 |
| Underwriting results | 6.7 | 7.4 | 14.1 |
| Investment income (non-underwriting) | | | 5.3 |
| Other non-underwriting income or expense | | | -5.0 |
| NET INCOME | | | 14.4 |

Source ACAM

2. ACAV: adjustment of variable capital transactions.

The fair value accounting of assets held in respect of unit-linked contracts greatly perturbs the analysis of the market income statement for 2008. The investment risk borne by policyholders has been simultaneously recognised as a decrease in benefits and claims and a corresponding decrease in investment income, thereby making this negative. Stripping out the impact of this accounting rule, i.e. a decrease of €54 billion for these items over one year after an increase of €2 billion in 2007, the relative decrease in benefits and claims is of 5.7% while available investment income for balancing the underwriting part of the income statement remains positive, although down by 12%.

Underwriting income decreased slightly for the sector as a whole in non-life insurance [-8%] and declined far more drastically for the life insurance segment [-56%]. After taking into account investment income allocated to equity, non-recurrent items and tax charges recorded in the non-underwriting results, net income for the sector was down by 18.5% but nonetheless remained positive at €11.8 billion versus €14.4 billion in 2007.

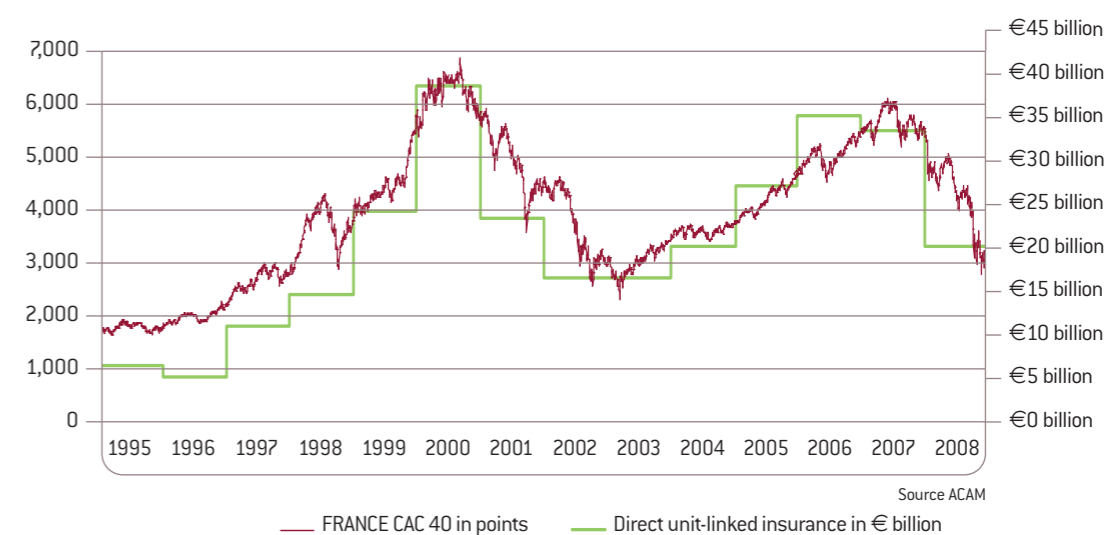
◆ Structure of the 2008 income statement, expressed in % of premium income

| | 2008 | | | 2007 | | |
|--|---------|----------|-------------|---------|----------|-------------|
| | LIFE | NON-LIFE | TOTAL | LIFE | NON-LIFE | TOTAL |
| Premiums | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Benefits and claims paid [-] | -81.6% | -74.6% | -78.6% | -121.7% | -75.0% | -103.8% |
| - Benefits and claims paid excluding adjustment of variable-capital transactions | -120.1% | -74.6% | -100.8% | -119.9% | -75.0% | -102.7% |
| Investment income | -6.8% | 5.3% | -1.7% | 33.8% | 7.0% | 23.5% |
| - Investment income excluding adjustment of variable-capital transactions | 31.7% | 5.3% | 20.5% | 32.0% | 7.0% | 22.4% |
| Administrative expenses [-] | -8.9% | -20.5% | -13.8% | -7.9% | -19.9% | -12.5% |
| Reinsurance | -0.6% | -3.6% | -1.9% | 0.2% | -4.6% | -1.7% |
| Underwriting results | 2.1% | 6.6% | 4.0% | 4.3% | 7.6% | 5.6% |
| Investment income (non-underwriting) | | | 1.6% | | | 2.1% |
| Other non-underwriting income or expense | | | -0.7% | | | -2.0% |
| NET INCOME | | | 4.8% | | | 5.7% |

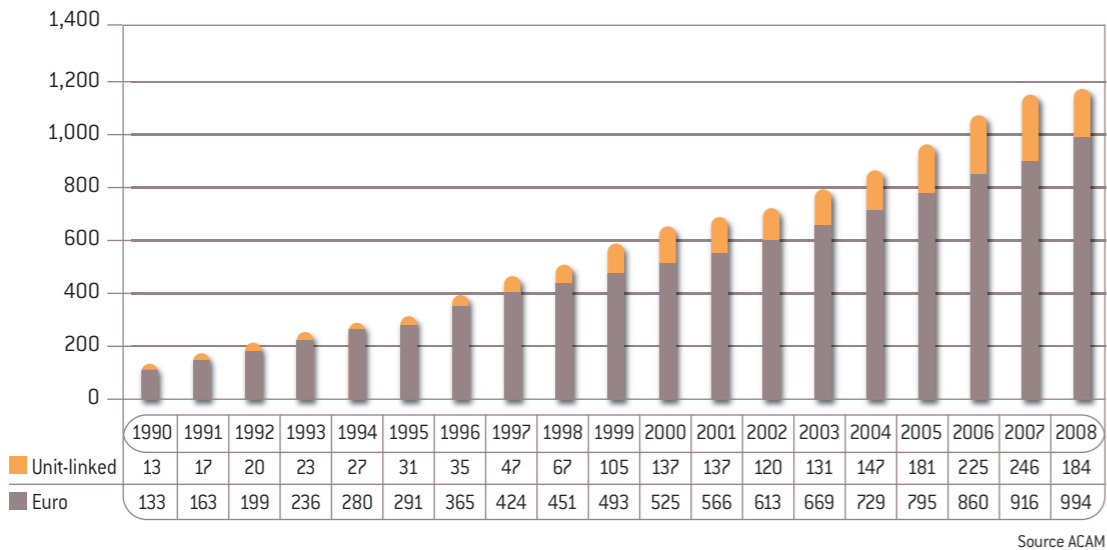
Source ACAM

For the sector as a whole, the margin (net income/premiums) was down by around 1% to 4.8% compared with 5.7% in 2007 and 5.5% in 2006.

The breakdown by business category reveals a sharp drop in new subscriptions to unit-linked contracts, which were down by 40% year on year to €20 billion. The writing of unit-linked contracts has traditionally been very dependent on stock market trends. In addition to the fall in new business, €7 billion was switched out of unit-linked contracts into guaranteed-capital funds in euro. Taking these transfers into account, subscriptions to contracts in euro, which on the surface fell by 3.4%, actually grew by 5%. The amount of provisions in euro therefore continues to grow steadily whereas provisions in units of account dropped by 25%.



◆ Unit-linked and euro-based contracts



Several events that occurred in 2008, in particular Lehman Brothers' collapse, the nationalisation of Fortis – formerly one of the world's leading banks – and the discovery of a major fraud (Madoff) prompted increased surveillance of movement suggesting wide-scale early surrender of life contracts, reflecting loss of confidence in the sector or in some insurers. In fact, apart from a slight increase in October and November, surrenders remained at their usual level in 2008.

◆ Life insurance surrender rate³ as a percentage of total premiums at the beginning of the year

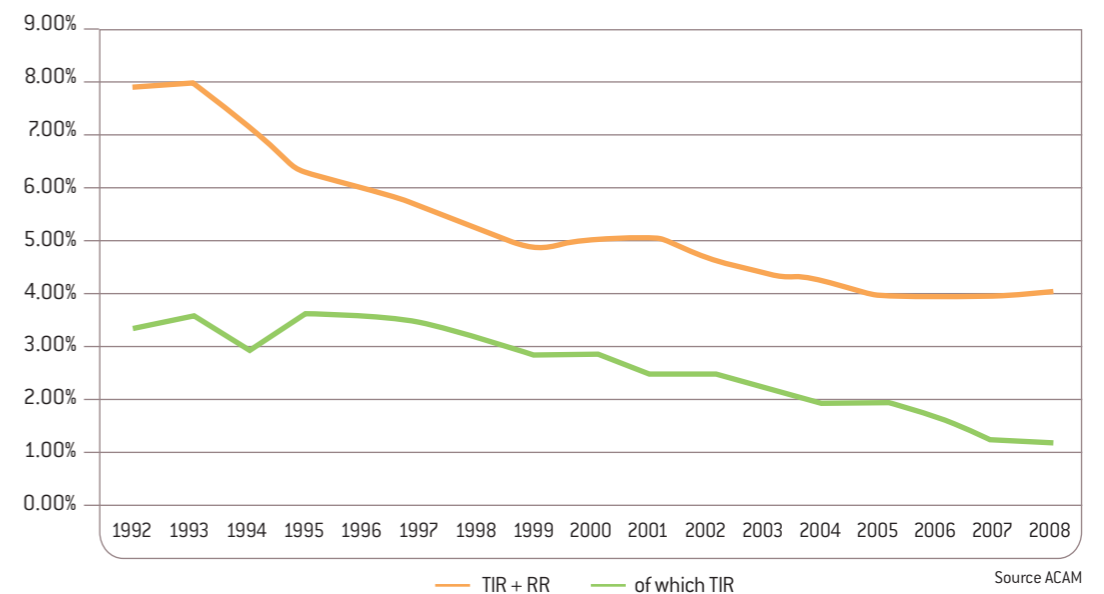
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Termination | 1.6% | 2.3% | 2.0% | 1.6% | 2.1% | 1.8% |
| Redemption | 4.0% | 4.0% | 3.7% | 5.4% | 5.0% | 4.1% |
| Reductions | 0.2% | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% |
| TOTAL | 5.7% | 6.4% | 5.8% | 7.1% | 7.2% | 6.0% |

Source ACAM

3. Redeemable medium-term savings life insurance contracts.

The redemption rates provided for 2006 and 2007 are in part overestimated. The newly-introduced possibility of converting existing euro-contracts into multi-vehicle contracts resulted in some conversions being recorded as redemptions to finance subscription to a different contract, thereby pushing up the redemption rate. In the preceding years, redemption rates usually hovered around 4% of total premiums.

◆ Compared trends in technical interest rates (TIR) and rates of returns (RR) granted to policyholders

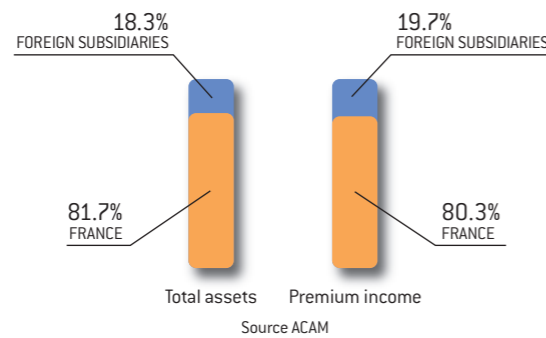


A comparison over time of the minimum guaranteed rates on insurance premiums and the rates actually paid to policyholders reveal a persistent gap of around 3%. The interest rate paid to policyholders is consistently higher than the underwriting rate, which is the minimum rate to which the insurer has committed. This significant gap plays the role of a safety net for ensuring the solvency of the life and composite insurance sector. Despite the fall in investment income in 2008, the average rates of return granted to policyholders remained virtually stable relative to the previous year, to the detriment of life insurers' underwriting results.

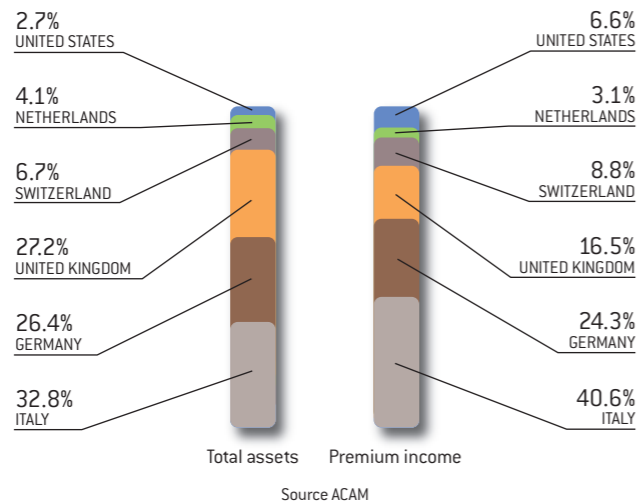
2.6. Nationality of insurance business in France

The direct cross-border writing of policies is very underdeveloped, with the exception of insurance business carried out to accompany corporate customers outside the national territory, such as transport insurance and credit insurance. Insurers generally choose to set up subsidiaries whose activities are supervised at primary level in the country in which they are located. The inverse is equally true. Insurance of risks in France by branches of foreign insurers or under freedom of provision of services is also very underdeveloped, accounting for less than 2% of the market. The case of international groups, mainly from other EU member states, owning subsidiaries in France is more frequent. Almost one fifth of insurance business carried out in France is carried out by subsidiaries of European groups, of which the most strongly positioned are Generali (Italy), Allianz (Germany) and Aviva (UK).

◆ Nationality of insurance business carried out in France



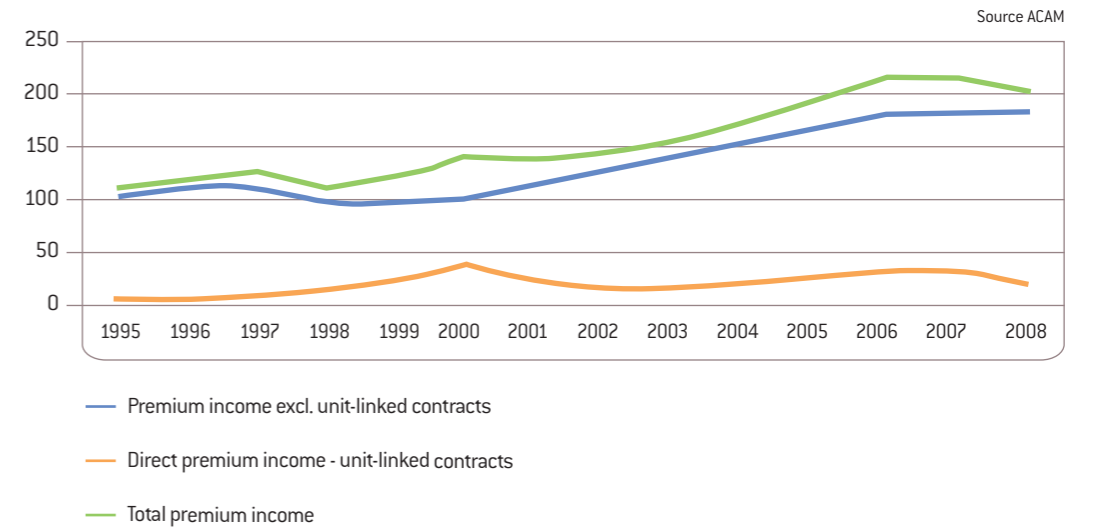
◆ Breakdown by country



2.7. Outlook for 2009

Taking into account the transfer of funds from multi-vehicle unit-linked contracts to euro-based contracts, we can consider that excluding unit-linked contracts, all insurance business categories ended the year on a moderate growth trend. Based on the data available to date, this trend has continued over the first months of 2009 suggesting a return to growth after a year of stagnation.

◆ Trend in premium income (direct insurance)



Insurance sector results by business category

1. Life and capital redemption insurance

| | 2006 | | 2007 | | 2008 | |
|--------------------------------------|---------------|--------------------------|---------------|--------------------------|---------------|--------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 3,011 | 100.0% | 3,816 | 100,0% | 5,993 | 100,0 % |
| Investment income (underwriting) | 955 | 31.7% | 1,228 | 32,2% | 994 | 16,6 % |
| Reinsurers' share of expense | 571 | 19.0% | 1,176 | 30.8% | 1,151 | 19,2% |
| Total resources | 4,537 | 150.7% | 6,220 | 163.0% | 8,138 | 135.8% |
| EXPENSES | | | | | | |
| Claims paid | 4,423 | 146.9% | 5 061 | 132,6% | 6,368 | 106,3 % |
| Change in insurance reserves | -1,485 | -49.3% | -1,522 | -39.9% | 34 | 0.6% |
| Administrative and acquisition costs | 193 | 6.4% | 170 | 4.5% | 189 | 3.2% |
| Participation in profits | 651 | 21.6% | 866 | 22.7% | 758 | 12.6% |
| Premiums ceded to reinsurers | 537 | 17.8% | 1,144 | 30.0% | 1,107 | 18.5% |
| Total expenses | 4,319 | 143.4% | 5,719 | 149.9% | 8,456 | 141.1% |
| Net transfers between categories | 25 | 0.8% | -97 | -2.5% | 254 | 4.2% |
| UNDERWRITING RESULT | 243 | 8.1% | 404 | 10.6% | -64 | -1.1% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|--|--------------------|--------------------|--------------------|--------------------------|-----------------|
| Claims handling expense | 24 | 23 | 29 | 0.5% | 13.2% |
| Acquisition expense | 87 | 71 | 92 | 1.5% | 42.0% |
| Administrative costs and other underwriting expenses | 106 | 100 | 98 | 1.6% | 44.7% |
| TOTAL | 217 | 194 | 219 | 3.7% | 100.0% |

Source ACAM

| | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS |
|---|--------------------|--------------------|--------------------|
| Life insurance provisions at closing date | 30,871 | 30,281 | 31,741 |

Source ACAM

| MOVEMENT IN GUARANTEED CAPITAL | CAPITAL (IN € MILLIONS) | | % CHANGE |
|--------------------------------|-------------------------|-------------|----------|
| | START OF YEAR | END OF YEAR | |
| 2006 | 33,290 | 32,372 | -2.8% |
| 2007 | 34,437 | 34,287 | -0.4% |
| 2008 | 34,232 | 35,153 | 2.7% |

Source ACAM

| CONTRACT SURRENDER | AMOUNT 2006 | AMOUNT 2007 | AMOUNT 2008 | % OF CAPITAL |
|--------------------|-------------|-------------|-------------|--------------|
| Termination | 5 | 10 | 5 | 0.0% |
| Redemption | 3,450 | 4,569 | 3,397 | 19.6% |
| Reductions | 15 | 18 | 13 | 0.0% |

Source ACAM

2. Euro or foreign currency based individual and group insurance contracts

| | 2006 | | 2007 | | 2008 | |
|--------------------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 89,683 | 100.0% | 86,079 | 100.0% | 83,142 | 100.0% |
| Investment income (underwriting) | 24,582 | 27.4% | 29,011 | 33.7% | 25,608 | 30.8% |
| Reinsurers' share of expens | 4,941 | 5.5% | 4,851 | 5.6% | 4,967 | 6.0% |
| Total resources | 119,206 | 132.9% | 119,941 | 139.3% | 113,717 | 136.8% |
| EXPENSES | | | | | | |
| Claims paid | 56,743 | 63.3% | 61,886 | 71.9% | 66,029 | 79.4% |
| Change in insurance reserves | 29,883 | 33.3% | 25,117 | 29.2% | 24,266 | 29.2% |
| Administrative and acquisition costs | 5,871 | 6.5% | 6,115 | 7.1% | 6,222 | 7.5% |
| Participation in profits | 20,362 | 22.7% | 23,311 | 27.1% | 18,960 | 22.8% |
| Premiums ceded to reinsurers | 4,803 | 5.4% | 4,682 | 5.4% | 4,661 | 5.6% |
| Total expenses | 117,662 | 131.2% | 121,111 | 140.7% | 120,138 | 144.5% |
| Net transfers between categories | 861 | 1.0% | 3,617 | 4.2% | 7,249 | 8.7% |
| UNDERWRITING RESULT | 2,405 | 2.7% | 2,447 | 2.8% | 828 | 1.0% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|--|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------|
| Claims handling expense | 234 | 275 | 273 | 0.3% | 4.2% |
| Acquisition expense | 3,368 | 3,677 | 3,092 | 3.7% | 47.5% |
| Administrative costs and other underwriting expenses | 2,510 | 2,445 | 3,144 | 3.8% | 48.3% |
| TOTAL | 6,112 | 6,397 | 6,509 | 7.8% | 100.0% |

Source ACAM

| | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS |
|---|-----------------------|-----------------------|-----------------------|
| Life insurance provisions at closing date | 709,116 | 769,072 | 824,445 |

Source ACAM

| MOVEMENT IN GUARANTEED CAPITAL | CAPITAL (IN € MILLIONS) | | % CHANGE |
|--------------------------------|-------------------------|-------------|----------|
| | START OF YEAR | END OF YEAR | |
| 2006 | 845,031 | 931,437 | 10.2% |
| 2007 | 985,127 | 1,037,258 | 5.3% |
| 2008 | 1,037,044 | 1,112,184 | 2.2% |

Source ACAM

| CONTRACT SURRENDER | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | % OF CAPITAL |
|--------------------|-----------------------|-----------------------|-----------------------|--------------|
| Termination | 13,416 | 36,322 | 268,853 | 3.0% |
| Redemption | 45,342 | 48,997 | 42,369 | 4.1% |
| Reductions | 818 | 874 | 2,004 | 0.0% |

Source ACAM

3. Whole life and term life group insurance

| | 2006 | | 2007 | | 2008 | |
|--------------------------------------|---------------|--------------------------|---------------|--------------------------|---------------|--------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 9,819 | 100.0% | 11,359 | 100.0% | 10,992 | 100.0% |
| Investment income (underwriting) | 1,952 | 19.9% | 2,425 | 21.3% | 1,740 | 15.8% |
| Reinsurers' share of expense | 1,507 | 15.3% | 823 | 7.2% | 1,493 | 13.6% |
| Total resources | 13,278 | 135.2% | 14,607 | 128.6% | 14,225 | 129.4% |
| EXPENSES | | | | | | |
| Claims paid | 6,349 | 64.7% | 6,226 | 54.8% | 6,389 | 58.1% |
| Change in insurance reserves | 546 | 5.6% | 2,055 | 18.1% | 1,333 | 12.1% |
| Administrative and acquisition costs | 1,596 | 16.3% | 2,454 | 21.6% | 2,383 | 21.7% |
| Participation in profits | 2,001 | 20.4% | 1,749 | 15.4% | 1,252 | 11.4% |
| Premiums ceded to reinsurers | 1,651 | 16.8% | 985 | 8.7% | 1,768 | 16.1% |
| Total expenses | 12,143 | 123.7% | 13,469 | 118.6% | 13,125 | 119.4% |
| Net transfers between categories | 187 | 1.9% | 82 | 0.7% | -315 | -2.9% |
| UNDERWRITING RESULT | 1,322 | 13.5% | 1,220 | 10.7% | 785 | 7.1% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|--|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------|
| Claims handling expense | 125 | 136 | 129 | 1.2% | 5.1% |
| Acquisition expense | 1,319 | 2,057 | 2,122 | 19.3% | 83.6% |
| Administrative costs and other underwriting expenses | 300 | 418 | 287 | 2.6% | 11.3% |
| TOTAL | 1,744 | 2,611 | 2,538 | 23.1% | 100.0% |

Source ACAM

| | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS |
|---|-----------------------|-----------------------|-----------------------|
| Life insurance provisions at closing date | 58,695 | 63,677 | 67,219 |

Source ACAM

| MOVEMENT IN GUARANTEED CAPITAL | CAPITAL (IN € MILLIONS) | | % CHANGE |
|--------------------------------|-------------------------|-------------|----------|
| | START OF YEAR | END OF YEAR | |
| 2006 | 1,530,551 | 1,628,858 | 6.4% |
| 2007 | 1,521,433 | 1,692,033 | 11.2% |
| 2008 | 1,751,121 | 1,840,887 | 4.8% |

Source ACAM

| CONTRACT SURRENDER | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | % OF CAPITAL |
|--------------------|-----------------------|-----------------------|-----------------------|--------------|
| Termination | 12,999 | 6,561 | 49,533 | 2.3% |
| Redemption | 357 | 385 | 385 | 0.0% |
| Reductions | 300 | 2,003 | 697 | 0.0% |

Source ACAM

4. Unit-linked life insurance

As well as recording a 40% decline in new business, unit-linked life insurance was affected by transfers totalling more than €7 billion to other types of contracts, which is reflected in the figures for individual life insurance.

| | 2006 | | 2007 | | 2008 | |
|---|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 35,203 | 100.0% | 33,523 | 100.0% | 20,182 | 100.0% |
| Investment income (underwriting) | 1,757 | 5.0% | 1,848 | 5.5% | 1,341 | 6.6% |
| Reinsurers' share of expense | 879 | 2.5% | 3,232 | 9.6% | -270 | -1.3% |
| Total resources | 37,839 | 107.5% | 38,603 | 115.2% | 21,253 | 105.3% |
| EXPENSES | | | | | | |
| Claims paid | 7,849 | 22.3% | 9,973 | 29.7% | 15,749 | 78.0% |
| Change in insurance reserves | 24,982 | 71.0% | 17,978 | 53.6% | -4,933 | -24.4% |
| Administrative and acquisition costs | 1,833 | 5.2% | 2,022 | 6.0% | 1,908 | 9.5% |
| Participation in profits | 733 | 2.1% | 544 | 1.6% | 789 | 3.9% |
| Premiums ceded to reinsurers | 834 | 2.4% | 3,174 | 9.5% | 781 | 3.9% |
| Total expenses | 36,231 | 102.9% | 33,691 | 100.5% | 14,294 | 70.8% |
| Net transfers between categories | -797 | -2.3% | -3,603 | -10.7% | -7,139 | -35.4% |
| UNDERWRITING RESULT | 811 | 2.3% | 1,309 | 3.9% | -180 | -0.9% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|---|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------|
| Claims handling expense | 50 | 61 | 89 | 0.4% | 4.5% |
| Acquisition expense | 1,090 | 1,146 | 799 | 4.0% | 40.2% |
| Administrative costs and other underwriting expenses | 743 | 876 | 1,102 | 5.5% | 55.4% |
| TOTAL | 1,883 | 2,083 | 1,990 | 9.9% | 100.0% |

Source ACAM

| | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS |
|--|-----------------------|-----------------------|-----------------------|
| Life insurance provisions at closing date | 227,518 | 243,862 | 182,797 |

Source ACAM

5. Occupational retirement insurance (class 26 and PERP⁴)

| | 2006 | | 2007 | | 2008 | |
|--------------------------------------|---------------|--------------------------|---------------|--------------------------|---------------|--------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 1,862 | 100.0% | 1,745 | 100.0% | 1,836 | 100.0% |
| Investment income (underwriting) | 519 | 27.9% | 560 | 32.1% | 509 | 27.7% |
| Reinsurers' share of expense | 557 | 29.9% | 501 | 28.7% | 414 | 22.5% |
| Total resources | 2,938 | 157.8% | 2,806 | 160.8% | 2,759 | 150.3% |
| EXPENSES | | | | | | |
| Claims paid | 454 | 24.4% | 420 | 24.1% | -35 | -1.9% |
| Change in insurance reserves | 1,437 | 77.2% | 1,272 | 72.9% | 1,950 | 106.2% |
| Administrative and acquisition costs | 67 | 3.6% | 91 | 5.2% | 109 | 5.9% |
| Participation in profits | 687 | 36.9% | 716 | 41.0% | 502 | 27.3% |
| Premiums ceded to reinsurers | 282 | 15.1% | 291 | 16.7% | 295 | 16.1% |
| Total expenses | 2,927 | 157.2% | 2,790 | 159.9% | 2,821 | 153.6% |
| Net transfers between categories | 0 | 0.0% | 0 | 0.0% | 1 | 0.1% |
| UNDERWRITING RESULT | 11 | 0.6% | 16 | 0.9% | -61 | -3.3% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|--|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------|
| Claims handling expense | 3 | 3 | 4 | 0.2% | 3.4% |
| Acquisition expense | 55 | 68 | 74 | 4.0% | 63.2% |
| Administrative costs and other underwriting expenses | 17 | 27 | 39 | 2.1% | 33.3% |
| TOTAL | 75 | 98 | 117 | 6.4% | 100.0% |

Source ACAM

| | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS |
|---|-----------------------|-----------------------|-----------------------|
| Life insurance provisions at closing date | 15,949 | 18,035 | 20,004 |

Source ACAM

4. Regulated personal retirement savings scheme.

6. Motor insurance

◆ Condensed income statement

| | 2006 | | 2007 | | 2008 | |
|---|------------------|-----------------------------|---------------|-----------------------------|------------------|-----------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 17,697 | 100.0% | 17,687 | 100.0% | 17,846 | 100.0% |
| Investment income (underwriting) | 1,542 | 8.7% | 1,493 | 8.4% | 1,119 | 6.3% |
| Reinsurers' share of expense | 2,083 | 11.8% | 1,978 | 11.2% | 1,966 | 11.0% |
| Total resources | 21,322 | 120.5% | 21,158 | 119.6% | 20,931 | 117.3% |
| EXPENSES | | | | | | |
| Claims paid | 12,994 | 73.4% | 13,020 | 73.6% | 13,523 | 75.8% |
| Change in insurance reserves | 1,274 | 7.2% | 1,417 | 8.0% | 947 | 5.3% |
| Administrative and acquisition costs | 3,471 | 19.6% | 3,550 | 20.1% | 3,726 | 20.9% |
| Participation in profits | 8 | 0.0% | 8 | 0.0% | 16 | 0.1% |
| Premiums ceded to reinsurers | 2,149 | 12.1% | 2,189 | 12.4% | 2,134 | 12.0% |
| Total expenses | 19,896 | 112.4% | 20,184 | 114.1% | 20,346 | 114.0% |
| UNDERWRITING RESULT | 1,426 | 8.1% | 974 | 5.5% | 585 | 3.3% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|---|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------|
| Claims handling expense | 1,598 | 1,622 | 1,656 | 9.3% | 30.8% |
| Acquisition expense | 2,268 | 2,358 | 2,409 | 13.5% | 44.7% |
| Administrative costs and other underwriting expenses | 1,211 | 1,200 | 1,319 | 7.4% | 24.5% |
| TOTAL | 5,077 | 5,180 | 5,384 | 30.2% | 100.0% |
| TOTAL as a % of premium income | 28.7% | 29.3% | 30.2% | | |

Source ACAM

◆ Change in claims ratio (claims/premiums, including claims handling expense)

| YEAR OF CLAIM EVENT | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------------------------|-------|-------|-------|-------|-------|
| CLAIMS RATIO | | | | | |
| - End of 1 st year | 81.7% | 82.7% | 84.0% | 86.1% | 85.5% |
| - End of 2 nd year | 79.9% | 81.8% | 83.5% | 85.4% | - |
| - End of 3 rd year | 78.2% | 79.9% | 81.1% | - | - |
| - End of 4 th year | 76.3% | 79.1% | - | - | - |
| - End of 5 th year | 75.6% | - | - | - | - |

Source ACAM

7. Property insurance

◆ Condensed income statement

| | 2006 | | 2007 | | 2008 | |
|---|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 12,419 | 100.0% | 12,875 | 100.0% | 13,376 | 100.0% |
| Investment income (underwriting) | 760 | 6.1% | 729 | 5.7% | 579 | 4.3% |
| Reinsurers' share of expense | 1,183 | 9.5% | 1,168 | 9.1% | 1,112 | 8.3% |
| Total resources | 14,362 | 115.6% | 14,772 | 114.7% | 15,067 | 112.6% |
| EXPENSES | | | | | | |
| Claims paid | 7,539 | 60.7% | 7,722 | 60.0% | 7,972 | 59.6% |
| Change in insurance reserves | 316 | 2.5% | 713 | 5.5% | 596 | 4.5% |
| Administrative and acquisition costs | 3,114 | 25.1% | 3,204 | 24.9% | 3,440 | 25.7% |
| Participation in profits | 77 | 0.6% | 80 | 0.6% | 88 | 0.7% |
| Premiums ceded to reinsurers | 2,392 | 19.3% | 2,294 | 17.8% | 2,265 | 16.9% |
| Total expenses | 13,438 | 108.2% | 14,013 | 108.8% | 14,361 | 107.4% |
| UNDERWRITING RESULT | 924 | 7.4% | 759 | 5.9% | 706 | 5.3% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|---|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------|
| Claims handling expense | 1,040 | 1,078 | 1,109 | 8.3% | 24.4% |
| Acquisition expense | 2,119 | 2,188 | 2,348 | 17.6% | 51.6% |
| Administrative costs and other underwriting expenses | 1,000 | 1,022 | 1,094 | 8.2% | 24.0% |
| TOTAL | 4,159 | 4,288 | 4,551 | 34.0% | 100.0% |
| TOTAL as a % of premium income | 33.5% | 33.3% | 34.0% | | |

Source ACAM

◆ Change in claims ratio (claims/premiums), including claims handling expense

| YEAR OF CLAIM EVENT | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------------------------|-------|-------|-------|-------|-------|
| CLAIMS RATIO | | | | | |
| - End of 1 st year | 71.1% | 72.0% | 71.9% | 72.2% | 71.9% |
| - End of 2 nd year | 65.5% | 68.7% | 69.9% | 69.7% | - |
| - End of 3 rd year | 65.8% | 67.0% | 67.5% | - | - |
| - End of 4 th year | 64.1% | 65.9% | - | - | - |
| - End of 5 th year | 63.2% | - | - | - | - |

Source ACAM

8. General liability

◆ Condensed income statement

| | 2006 | | 2007 | | 2008 | |
|---|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 2,862 | 100.0% | 2,959 | 100.0% | 3,037 | 100.0% |
| Investment income (underwriting) | 699 | 24.4% | 679 | 22.9% | 600 | 19.8% |
| Reinsurers' share of expense | 461 | 16.1% | 572 | 19.3% | 428 | 14.1% |
| Total resources | 4,022 | 140.5% | 4,210 | 142.3% | 4,065 | 133.8% |
| EXPENSES | | | | | | |
| Claims paid | 1,380 | 48.2% | 1,401 | 47.3% | 1,573 | 51.8% |
| Change in insurance reserves | 678 | 23.7% | 848 | 28.7% | 379 | 12.5% |
| Administrative and acquisition costs | 581 | 20.3% | 583 | 19.7% | 624 | 20.5% |
| Participation in profits | 1 | 0.0% | 3 | 0.1% | 2 | 0.1% |
| Premiums ceded to reinsurers | 642 | 22.4% | 580 | 19.6% | 541 | 17.8% |
| Total expenses | 3,282 | 114.7% | 3,415 | 115.4% | 3,119 | 102.7% |
| UNDERWRITING RESULT | 740 | 25.9% | 795 | 26.9% | 946 | 31.1% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|---|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------|
| Claims handling expense | 179 | 187 | 194 | 6.4% | 23.7% |
| Acquisition expense | 375 | 389 | 410 | 13.5% | 50.1% |
| Administrative costs and other underwriting expenses | 206 | 194 | 215 | 7.1% | 26.3% |
| TOTAL | 760 | 769 | 818 | 26.9% | 100.0% |
| TOTAL as a % of premium income | 26.6% | 26.0% | 26.9% | | |

Source ACAM

◆ Change in claims ratio (claims/premiums), including claims handling expense

| YEAR OF CLAIM EVENT | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------------------------|-------|-------|-------|-------|-------|
| CLAIMS RATIO | | | | | |
| - End of 1 st year | 82.6% | 80.9% | 80.3% | 85.3% | 83.6% |
| - End of 2 nd year | 82.4% | 78.8% | 80.9% | 83.0% | - |
| - End of 3 rd year | 81.9% | 76.9% | 76.1% | - | - |
| - End of 4 th year | 80.6% | 74.0% | - | - | - |
| - End of 5 th year | 78.7% | - | - | - | - |

Source ACAM

9. Natural catastrophes

◆ Condensed income statement

| | 2006 | | 2007 | | 2008 | |
|---|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 1,244 | 100.0% | 1,270 | 100.0% | 1,293 | 100.0% |
| Investment income (underwriting) | 96 | 7.7% | 88 | 6.9% | 76 | 5.9% |
| Reinsurers' share of expense | 182 | 14.6% | 390 | 30.7% | 336 | 26.0% |
| Total resources | 1,522 | 122.3% | 1,748 | 137.6% | 1,705 | 131.9% |
| EXPENSES | | | | | | |
| Claims paid | 464 | 37.3% | 593 | 46.7% | 648 | 50.1% |
| Change in insurance reserves | -100 | -8.0% | 62 | 4.9% | 18 | 1.4% |
| Administrative and acquisition costs | 197 | 15.8% | 198 | 15.6% | 223 | 17.2% |
| Participation in profits | 10 | 0.8% | 9 | 0.7% | 10 | 0.8% |
| Premiums ceded to reinsurers | 738 | 59.3% | 759 | 59.8% | 751 | 58.1% |
| Total expenses | 1,309 | 105.2% | 1,621 | 127.6% | 1,650 | 127.6% |
| UNDERWRITING RESULT | 213 | 17.1% | 127 | 10.0% | 55 | 4.3% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|---|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------|
| Claims handling expense | 61 | 68 | 74 | 5.7% | 24.9% |
| Acquisition expense | 128 | 135 | 141 | 10.9% | 47.5% |
| Administrative costs and other underwriting expenses | 69 | 63 | 82 | 6.3% | 27.6% |
| TOTAL | 258 | 266 | 297 | 23.0% | 100.0% |
| TOTAL as a % of premium income | 20.7% | 20.9% | 23.0% | | |

Source ACAM

10. Other insurance

This heading covers assistance, legal expenses and diverse financial losses.

◆ Condensed income statement

| | 2006 | | 2007 | | 2008 | |
|---|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|
| | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME | IN € MILLIONS | AS A % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 2,806 | 100.0% | 3,114 | 100.0% | 3,287 | 100.0% |
| Investment income (underwriting) | 216 | 7.7% | 122 | 3.9% | 85 | 2.6% |
| Reinsurers' share of expense | 319 | 11.4% | 374 | 12.0% | 396 | 12.0% |
| Total resources | 3,341 | 119.1% | 3,610 | 115.9% | 3,768 | 114.6% |
| EXPENSES | | | | | | |
| Claims paid | 1,285 | 45.8% | 1,436 | 46.1% | 1,485 | 45.2% |
| Change in insurance reserves | 166 | 5.9% | 158 | 5.1% | 142 | 4.3% |
| Administrative and acquisition costs | 957 | 34.1% | 1,234 | 39.6% | 1,314 | 40.0% |
| Participation in profits | 104 | 3.7% | 98 | 3.1% | 73 | 2.2% |
| Premiums ceded to reinsurers | 411 | 14.6% | 496 | 15.9% | 573 | 17.4% |
| Total expenses | 2,923 | 104.2% | 3,422 | 109.9% | 3,587 | 109.1% |
| UNDERWRITING RESULT | 418 | 14.9% | 188 | 6.0% | 181 | 5.5% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | AS A % OF PREMIUM INCOME | AS A % OF TOTAL |
|---|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------|
| Claims handling expense | 253 | 288 | 305 | 9.3% | 18.8% |
| Acquisition expense | 731 | 962 | 1,010 | 30.7% | 62.4% |
| Administrative costs and other underwriting expenses | 226 | 272 | 305 | 9.3% | 18.8% |
| TOTAL | 1,210 | 1,522 | 1,619 | 49.3% | 100.0% |
| TOTAL as a % of premium income | 43.1% | 48.9% | 49.3% | | |

Source ACAM

◆ Change in claims ratio (claims/premiums), including claims handling expense

| YEAR OF CLAIM EVENT | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------------------------|-------|-------|-------|-------|-------|
| CLAIMS RATIO | | | | | |
| - End of 1 st year | 59.2% | 55.0% | 55.5% | 53.9% | 52.4% |
| - End of 2 nd year | 50.8% | 52.6% | 50.7% | 51.1% | - |
| - End of 3 rd year | 53.0% | 51.5% | 50.3% | - | - |
| - End of 4 th year | 51.7% | 50.0% | - | - | - |
| - End of 5 th year | 51.1% | - | - | - | - |

Source ACAM

11. Transport insurance

◆ Condensed income statement

| | 2006 | | 2007 | | 2008 | |
|---|------------------|----------------------------|------------------|----------------------------|------------------|----------------------------|
| | IN € MILLIONS | ASA % OF PREMIUM INCOME | IN € MILLIONS | ASA % OF PREMIUM INCOME | IN € MILLIONS | ASA % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 1,007 | 100.0% | 968 | 100.0% | 1,018 | 100.0% |
| Investment income (underwriting) | 82 | 8.1% | 94 | 9.7% | 109 | 10.7% |
| Reinsurers' share of expense | 121 | 12.0% | 149 | 15.4% | 202 | 19.8% |
| Total resources | 1,210 | 120.2% | 1,211 | 125.1% | 1,329 | 130.6% |
| EXPENSES | | | | | | |
| Claims paid | 592 | 58.8% | 601 | 62.1% | 628 | 61.7% |
| Change in insurance reserves | -37 | -3.7% | -53 | -5.5% | -76 | -7.5% |
| Administrative and acquisition costs | 232 | 23.0% | 240 | 24.8% | 250 | 24.6% |
| Participation in profits | 1 | 0.1% | -1 | -0.1% | -1 | -0.1% |
| Premiums ceded to reinsurers | 287 | 28.5% | 282 | 29.1% | 341 | 33.5% |
| Total expenses | 1,075 | 106.8% | 1,069 | 110.4% | 1,142 | 112.2% |
| UNDERWRITING RESULT | 135 | 13.4% | 142 | 14.7% | 187 | 18.4% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | ASA % OF PREMIUM INCOME | ASA % OF TOTAL |
|---|-----------------------|-----------------------|-----------------------|----------------------------|-------------------|
| Claims handling expense | 39 | 40 | 43 | 4.2% | 14.7% |
| Acquisition expense | 137 | 139 | 142 | 13.9% | 48.5% |
| Administrative costs and other underwriting expenses | 94 | 100 | 108 | 10.6% | 36.9% |
| TOTAL | 270 | 280 | 293 | 28.8% | 100.0% |
| TOTAL as a % of premium income | 26.8% | 28.9% | 28.8% | | |

Source ACAM

12. Construction insurance

◆ Condensed income statement

| | 2006 | | 2007 | | 2008 | |
|---|------------------|----------------------------|------------------|----------------------------|------------------|----------------------------|
| | IN € MILLIONS | ASA % OF PREMIUM INCOME | IN € MILLIONS | ASA % OF PREMIUM INCOME | IN € MILLIONS | ASA % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 2,261 | 100.0% | 2,460 | 100.0% | 2,463 | 100.0% |
| Investment income (underwriting) | 697 | 30.8% | 742 | 30.2% | 622 | 25.3% |
| Reinsurers' share of expense | 399 | 17.6% | 303 | 12.3% | 289 | 11.7% |
| Total resources | 3,357 | 148.5% | 3,505 | 142.5% | 3,374 | 137.0% |
| EXPENSES | | | | | | |
| Claims paid | 949 | 42.0% | 970 | 39.4% | 1,082 | 43.9% |
| Change in insurance reserves | 1,479 | 65.4% | 1,384 | 56.3% | 1,157 | 47.0% |
| Administrative and acquisition costs | 346 | 15.3% | 365 | 14.8% | 385 | 15.6% |
| Participation in profits | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Premiums ceded to reinsurers | 419 | 18.5% | 411 | 16.7% | 426 | 17.3% |
| Total expenses | 3,193 | 141.2% | 3,130 | 127.2% | 3,050 | 123.8% |
| UNDERWRITING RESULT | 164 | 7.3% | 375 | 15.2% | 324 | 13.2% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | ASA % OF PREMIUM INCOME | ASA % OF TOTAL |
|---|-----------------------|-----------------------|-----------------------|----------------------------|-------------------|
| Claims handling expense | 136 | 142 | 145 | 5.9% | 27.4% |
| Acquisition expense | 226 | 247 | 262 | 10.6% | 49.4% |
| Administrative costs and other underwriting expenses | 121 | 119 | 123 | 5.0% | 23.2% |
| TOTAL | 482 | 508 | 530 | 21.5% | 100.0% |
| TOTAL as a % of premium income | 21.3% | 20.7% | 21.5% | | |

Source ACAM

13. Credit insurance and surety bonding

◆ Condensed income statement

| | 2006 | | 2007 | | 2008 | |
|---|------------------|----------------------------|------------------|----------------------------|------------------|----------------------------|
| | IN € MILLIONS | ASA % OF PREMIUM INCOME | IN € MILLIONS | ASA % OF PREMIUM INCOME | IN € MILLIONS | ASA % OF PREMIUM INCOME |
| RESOURCES | | | | | | |
| Premium income | 887 | 100.0% | 878 | 100.0% | 882 | 100.0% |
| Investment income (underwriting) | 70 | 7.9% | 97 | 11.0% | 84 | 9.5% |
| Reinsurers' share of expense | 132 | 14.9% | 139 | 15.8% | 87 | 9.9% |
| Total resources | 1,089 | 122.8% | 1,114 | 126.9% | 1,053 | 119.4% |
| EXPENSES | | | | | | |
| Claims paid | 308 | 34.7% | 315 | 35.9% | 369 | 41.8% |
| Change in insurance reserves | 148 | 16.7% | 85 | 9.7% | -47 | -5.3% |
| Administrative and acquisition costs | 210 | 23.7% | 232 | 26.4% | 224 | 25.4% |
| Participation in profits | 29 | 3.3% | 12 | 1.4% | 21 | 2.4% |
| Premiums ceded to reinsurers | 205 | 23.1% | 163 | 18.6% | 175 | 19.8% |
| Total expenses | 900 | 101.5% | 807 | 91.9% | 742 | 84.1% |
| UNDERWRITING RESULT | 189 | 21.3% | 307 | 35.0% | 311 | 35.3% |

Source ACAM

| OPERATING EXPENSES | 2006 IN € MILLIONS | 2007 IN € MILLIONS | 2008 IN € MILLIONS | ASA % OF PREMIUM INCOME | ASA % OF TOTAL |
|---|-----------------------|-----------------------|-----------------------|----------------------------|-------------------|
| Claims handling expense | 52 | 56 | 47 | 5.3% | 17.3% |
| Acquisition expense | 172 | 174 | 174 | 19.7% | 64.2% |
| Administrative costs and other underwriting expenses | 56 | 58 | 50 | 5.7% | 18.5% |
| TOTAL | 280 | 288 | 271 | 30.7% | 100.0% |
| TOTAL as a % of premium income | 31.6% | 32.8% | 30.7% | | |

Source ACAM



61, rue Taitbout - 75009 Paris
Téléphone : 01 55 50 41 41
Télécopie : 01 55 50 41 50
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www.acam-france.fr