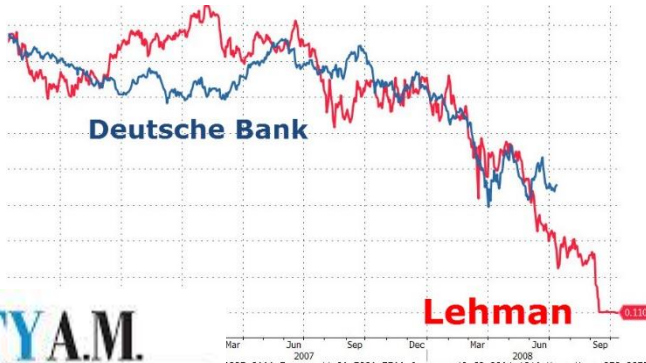


A macroeconomic outlook and a snapshot of the investment trends in life insurance

Anna Pettersson Westerberg, Insurance Sweden

10 years ago...



CITY A.M.
BUSINESS WITH PERSONALITY

WALL STREET IN CRISIS

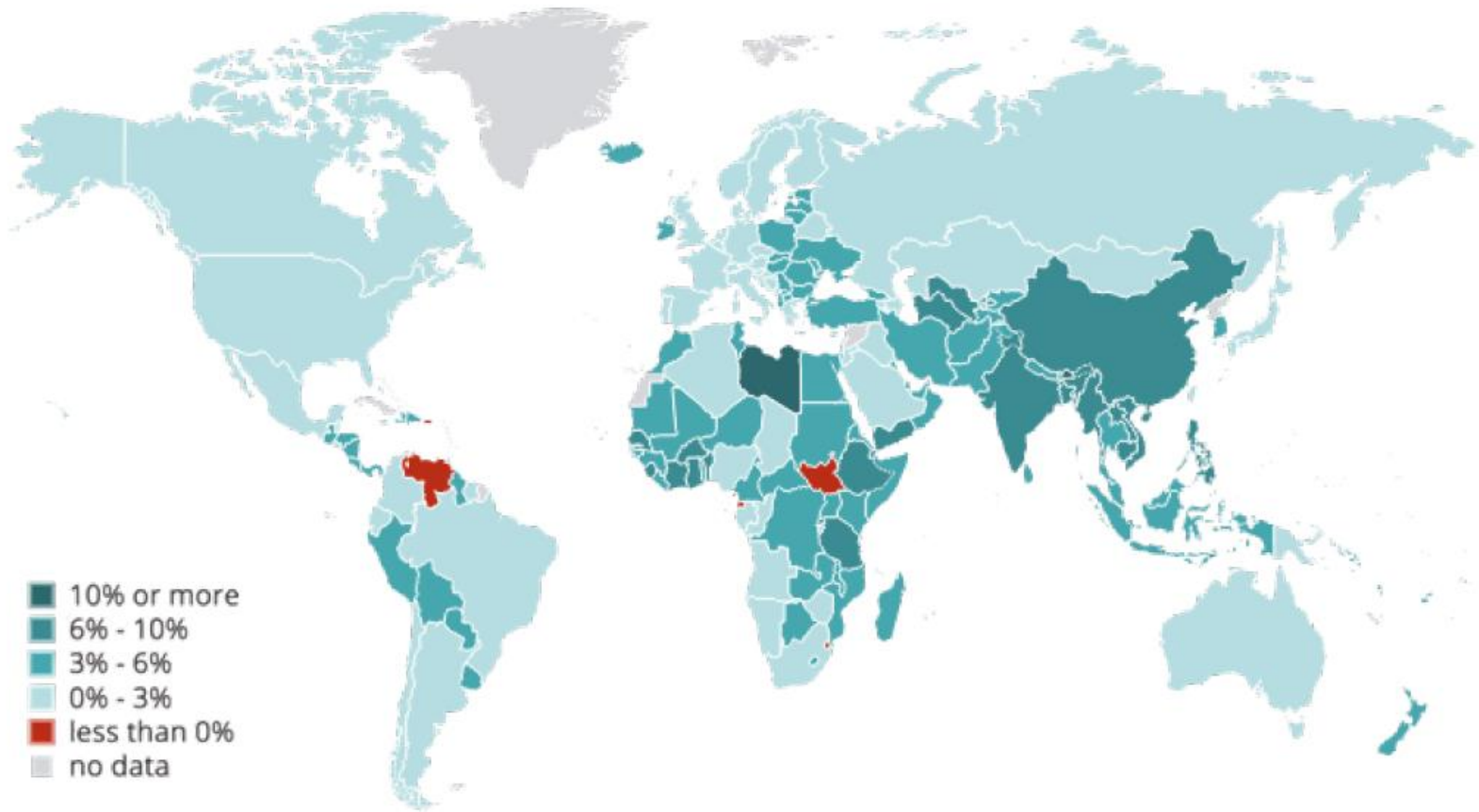
- Lehman Bros faces liquidation
- BofA seeks to buy Merrill Lynch
- AIG in emergency asset sell-off

THE WEEK THAT CHANGED A DECADE

- Sep 10** Lehman Brothers announces a \$3.9bn loss
- Sep 13** Federal Reserve moots liquidation option
- Sep 14** UK regulators veto rescue bid from Barclays
- Sep 15** Lehman Brothers files for bankruptcy protection



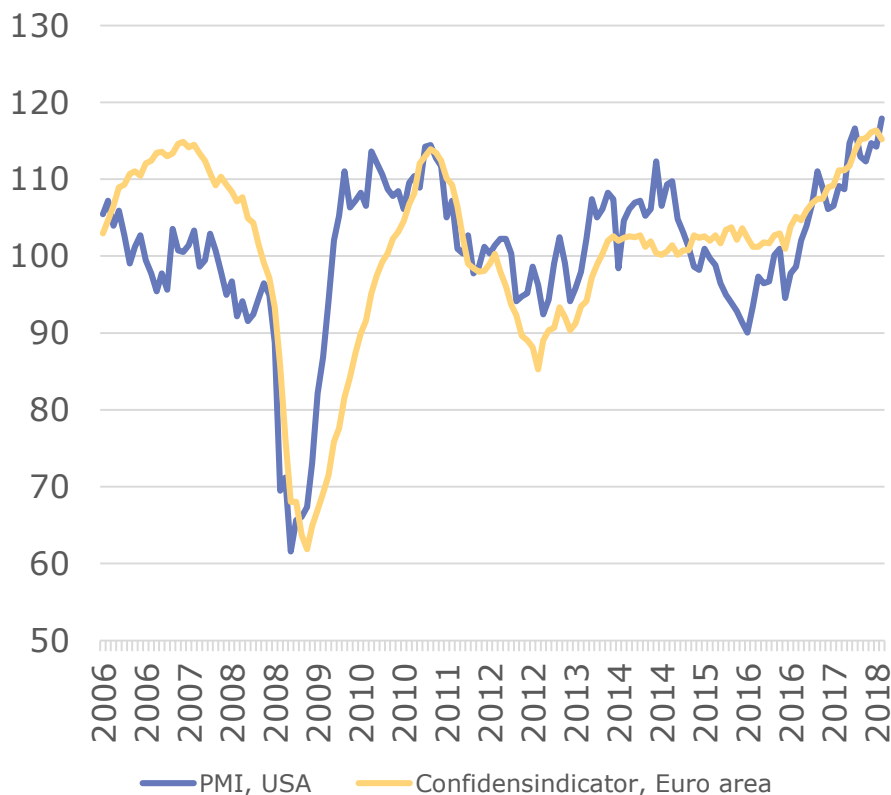
Economic growth in all countries at the same time



Source: IMF

Confidence Indicators Manufacturing Industry

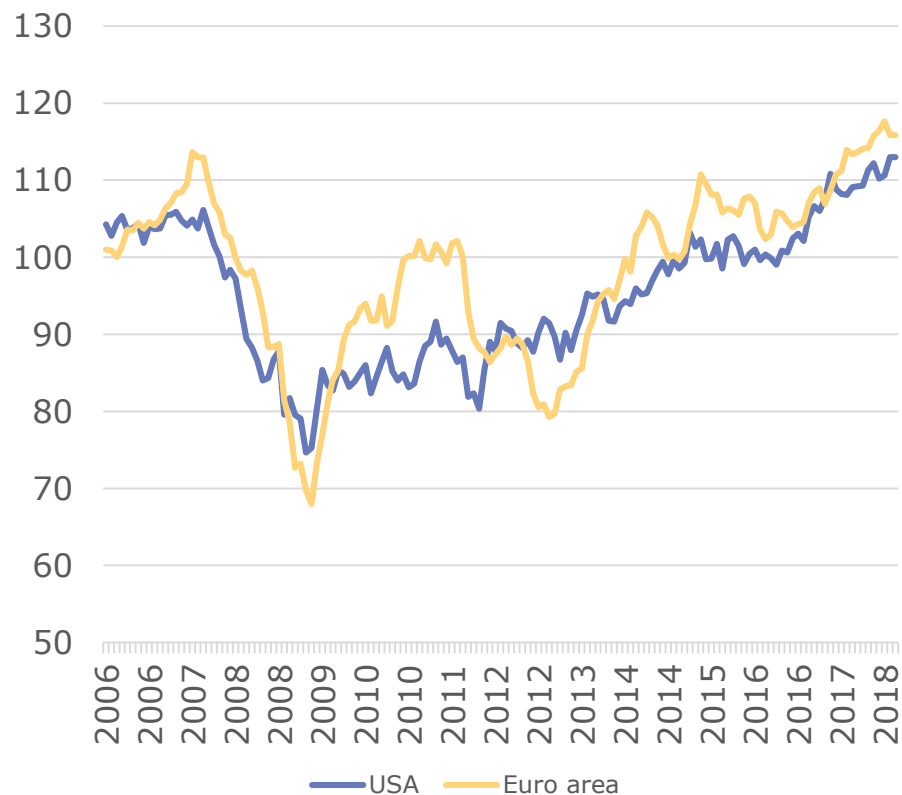
Index=100, Monthly data



Source: IMF, OECD, Macrobond and Konjunkturinstitutet.

Consumer Confidence Indicators

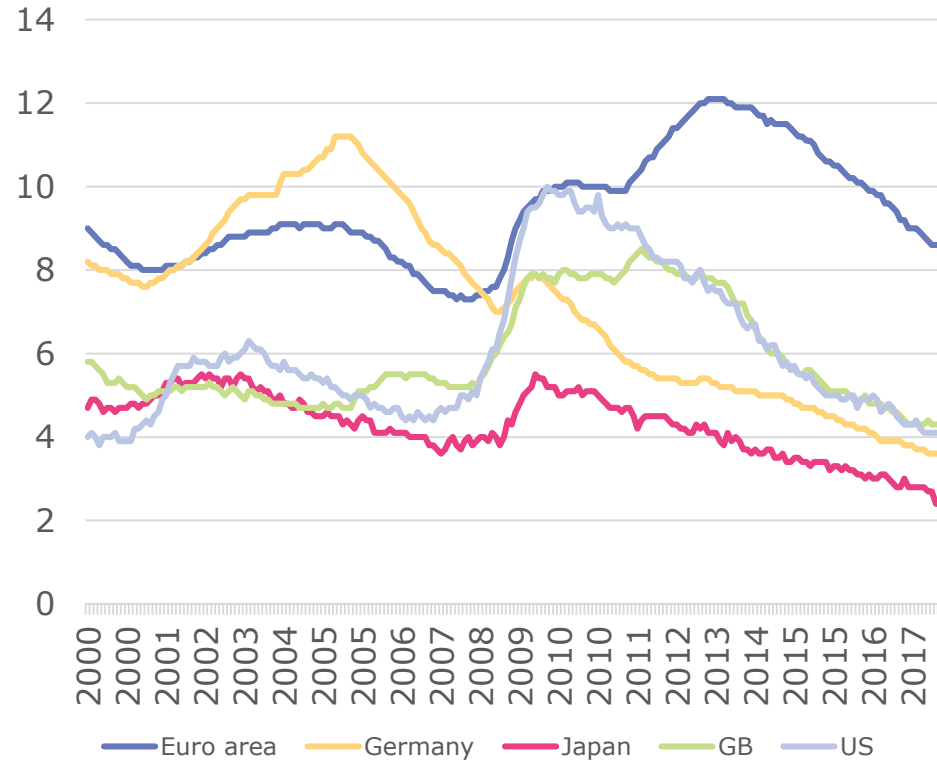
Index=100, Monthly data



Source: Konjunkturinstitutet, Conference Board, Europeiska kommissionen and Macrobond.

Unemployment

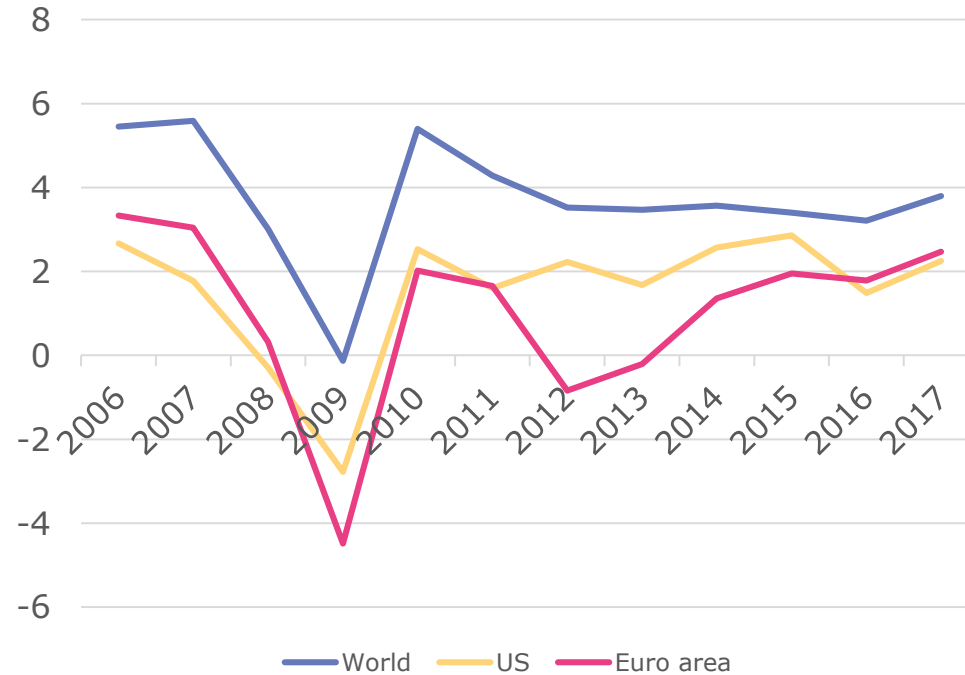
Per cent of labour force,
Seasonally adjusted data



Source: Konjunkturinstitutet and
Macrobond.

GDP Growth

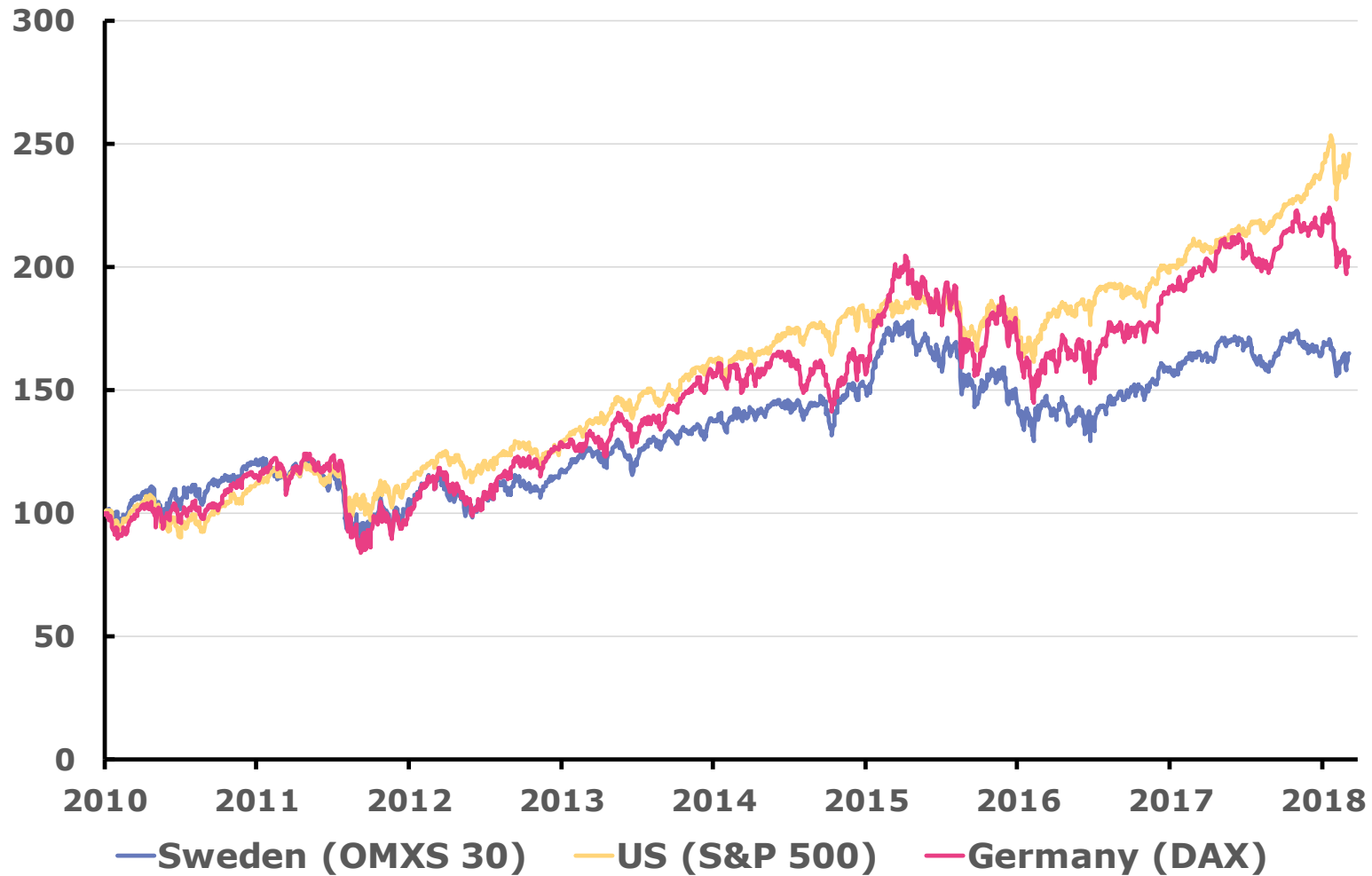
Percentual change,
Annual data



Source: IMF, OECD, Macrobond and
Konjunkturinstitutet.

Increased optimism about growth has been reflected in higher equity prices

Stock market indices 100 = 2010-01-01

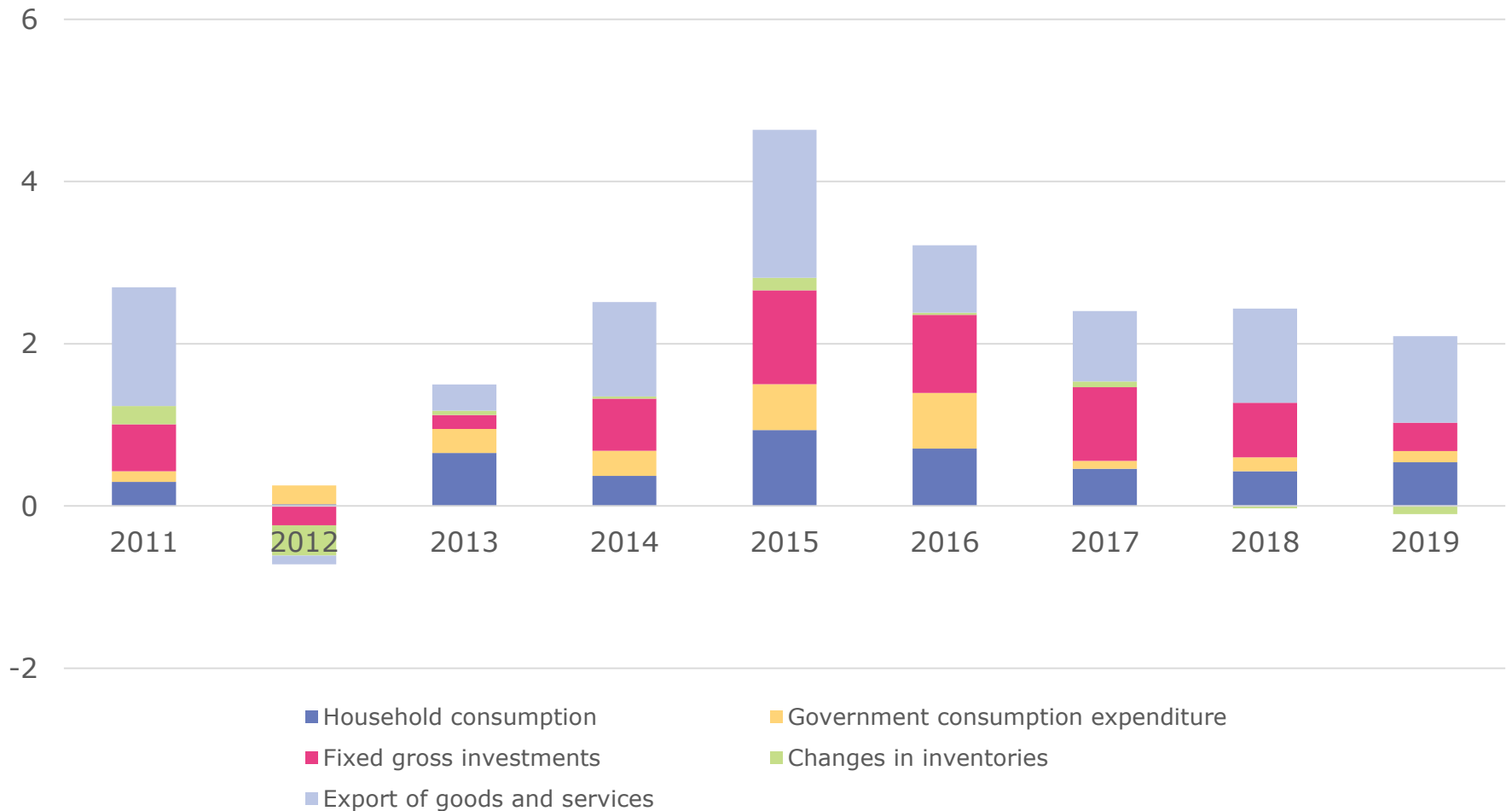


Sources: Nasdaq OMX Nordic, Börse Frankfurt and S&P.



GDP growth

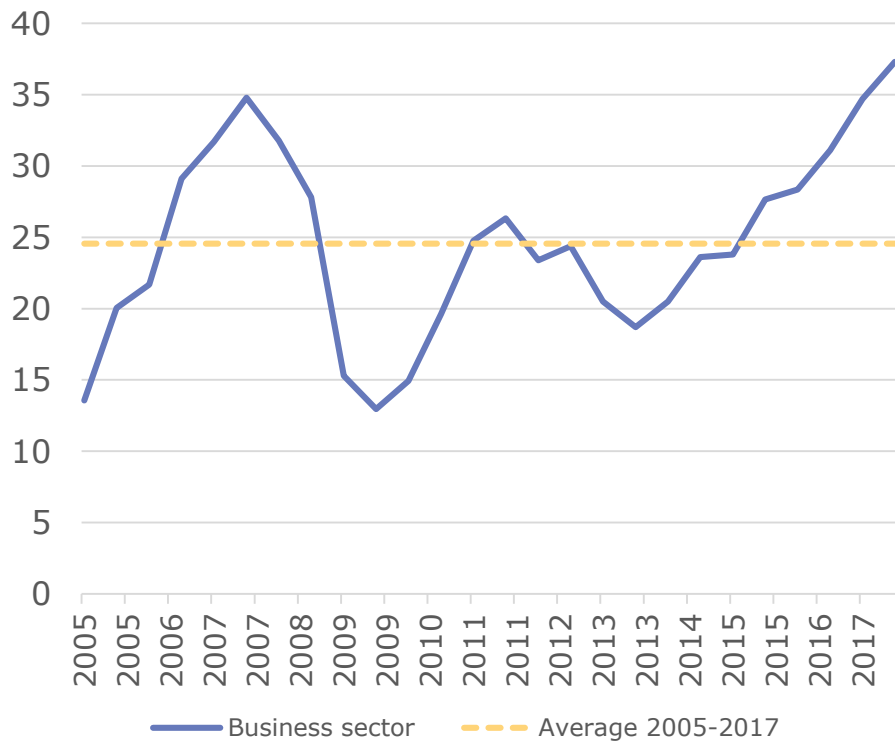
Import-adjusted contribution to GDP growth
Percentual change and per cent units



Source: Konjunkturinstitutet.

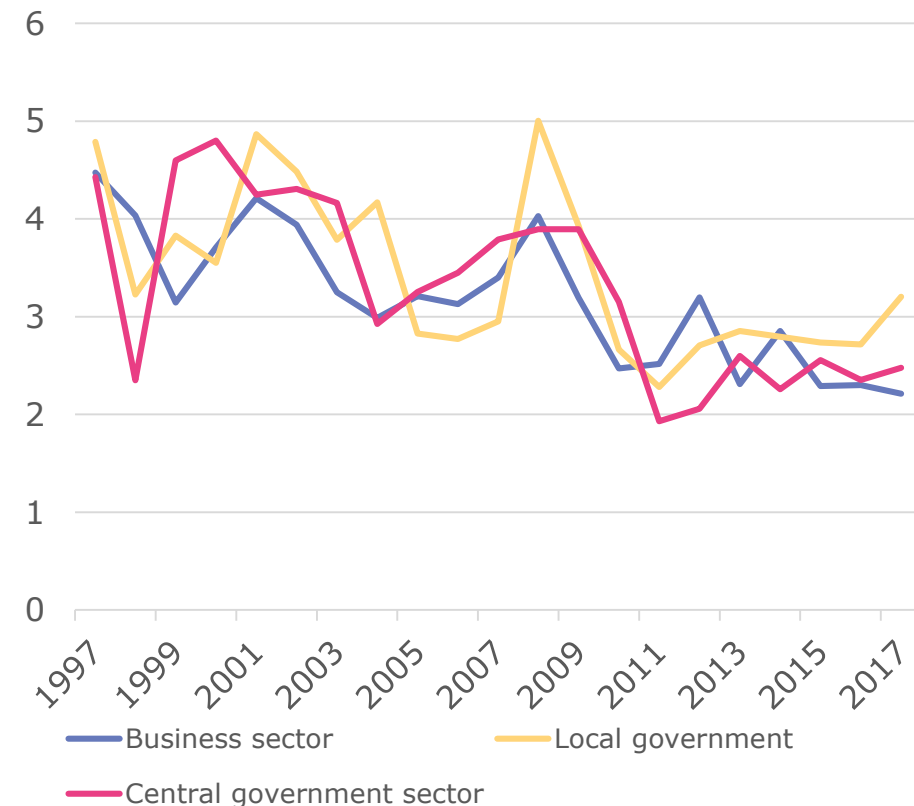
Lack of labour in the business sector

Share of yes-answers, Seasonally adjusted halfyear-values



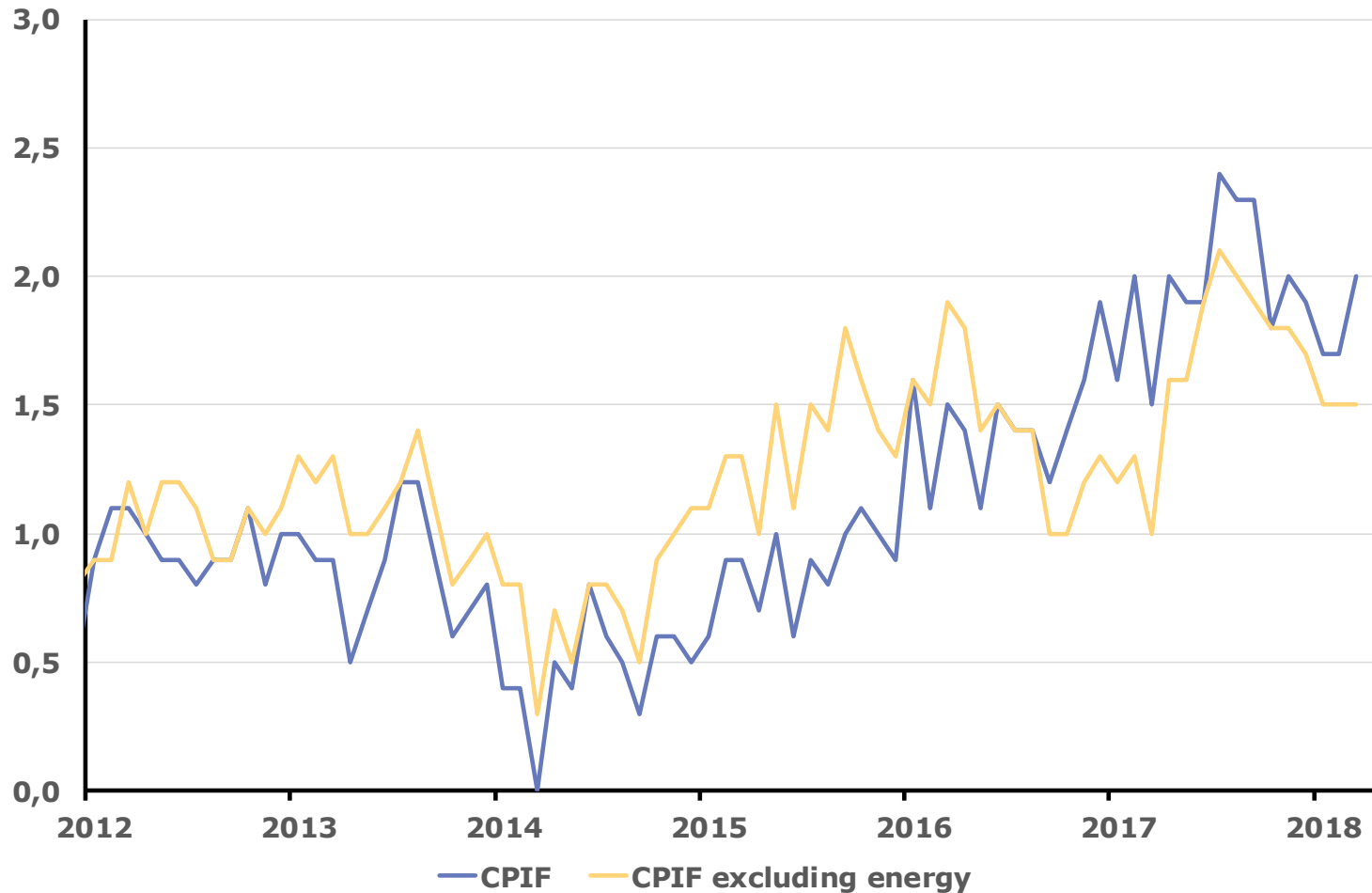
Hourly earnings in business sector, local and central government

Percental change, seasonally adjusted values



The Swedish inflation is still below the target

Annual percentage change

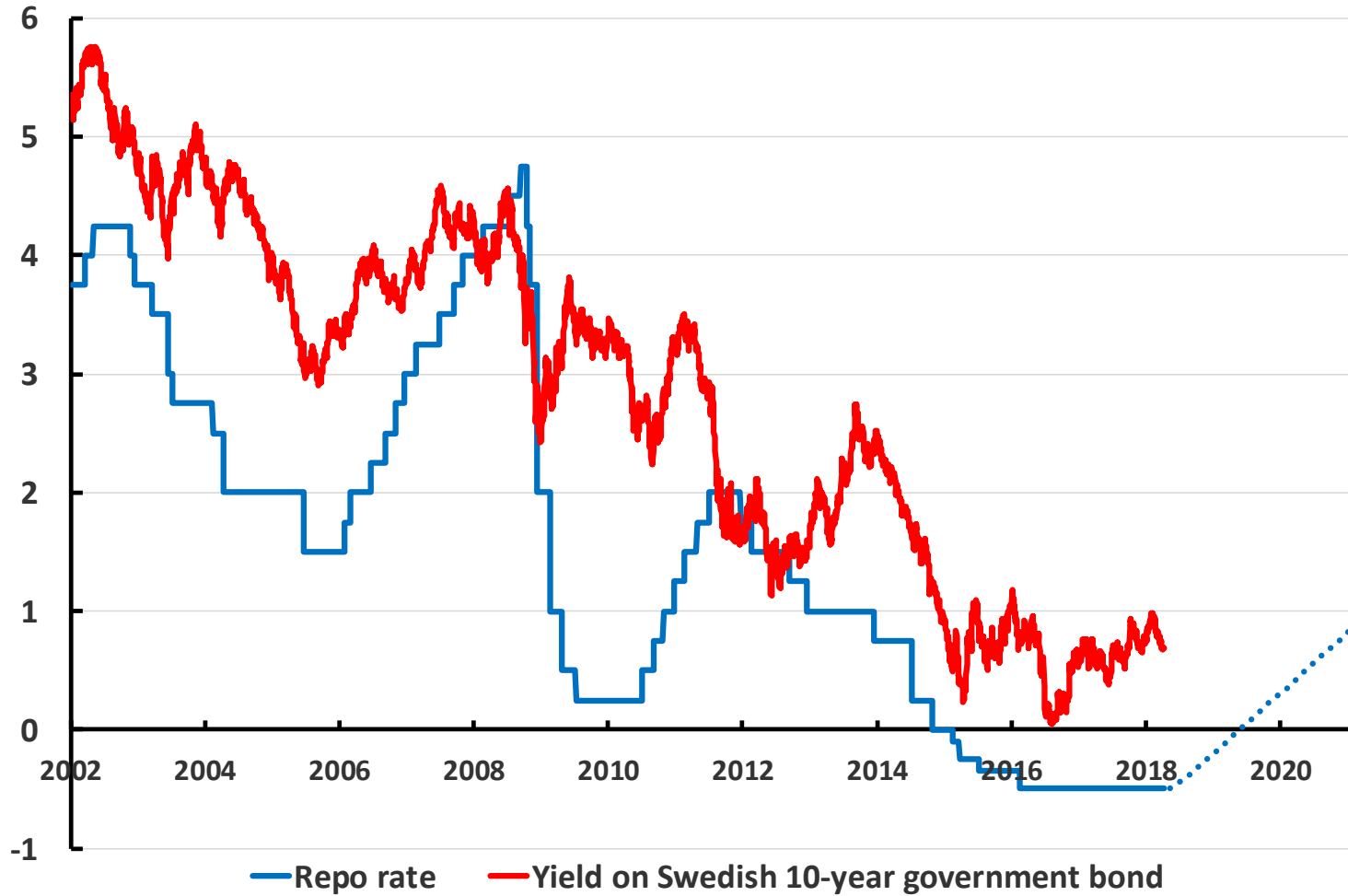


Source: Statistics Sweden.

Note: CPIF is the consumer price index with a fixed interest rate.

Low interest rates forever?

Per cent

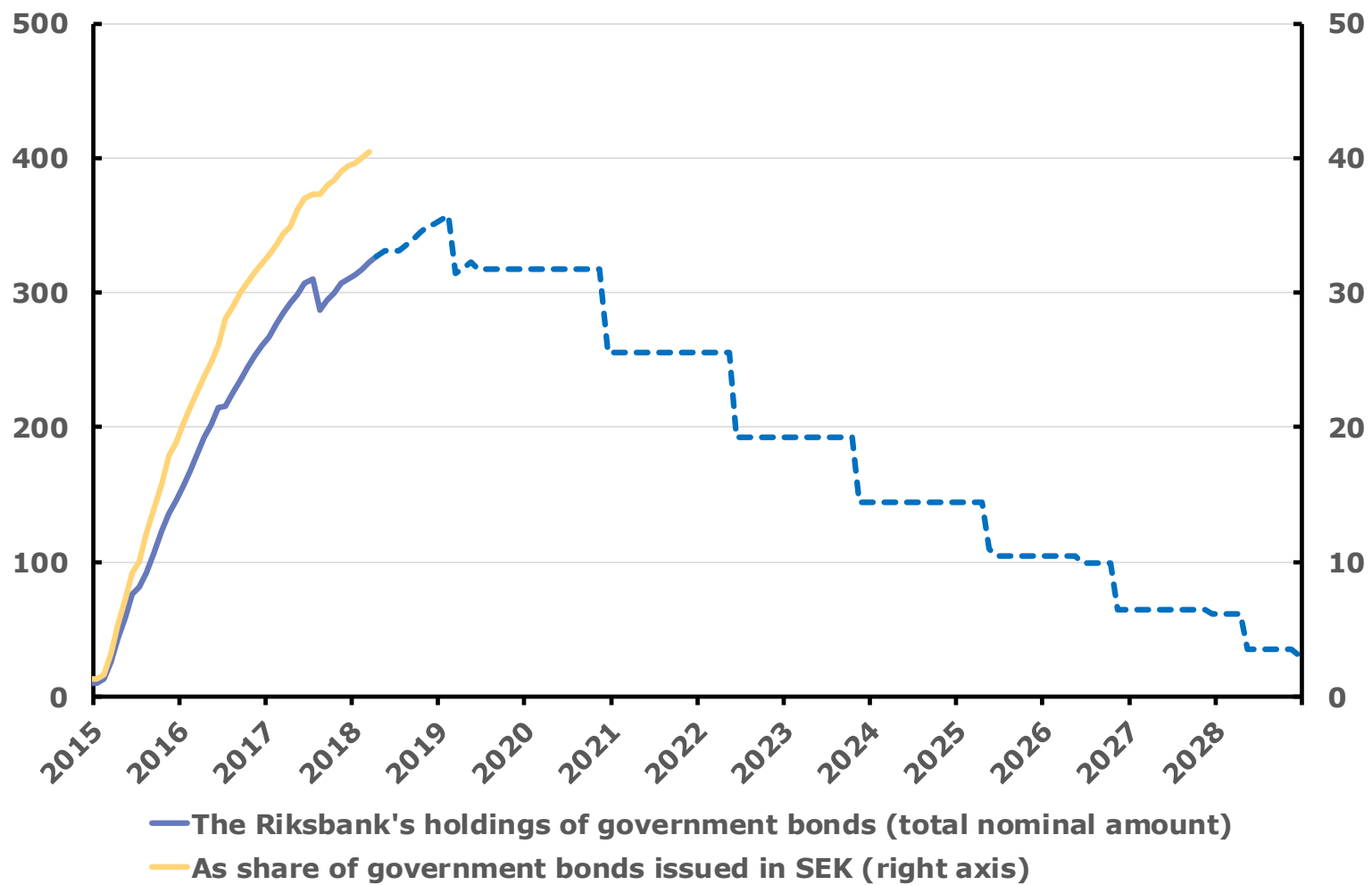


Source: The Riksbank.

Note: The dotted line is the Riksbank's forecast of the repo rate (*Monetary policy report February 2018*).

And then there is the Riksbank's holdings of government bonds

Billion SEK (left axis) and percentage (right axis)



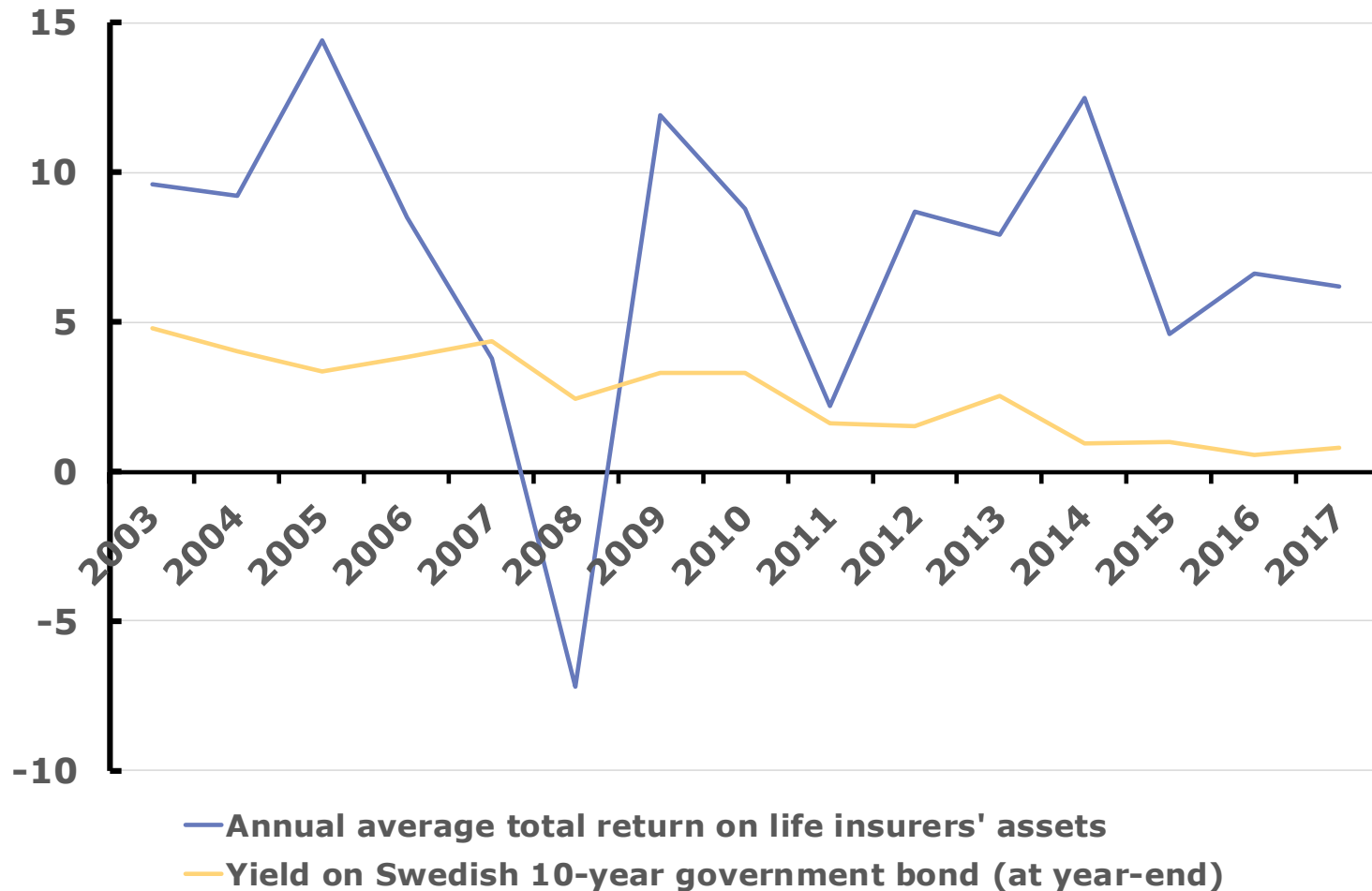
Sources: The Riksbank and Riksgälden.

Note: Both nominal and inflation-linked are included in the government bonds. The dotted line is the Riksbank's forecast of its holdings (*Monetary policy report February 2018*).



Good return on life insurance companies' assets despite low interest rates

Per cent

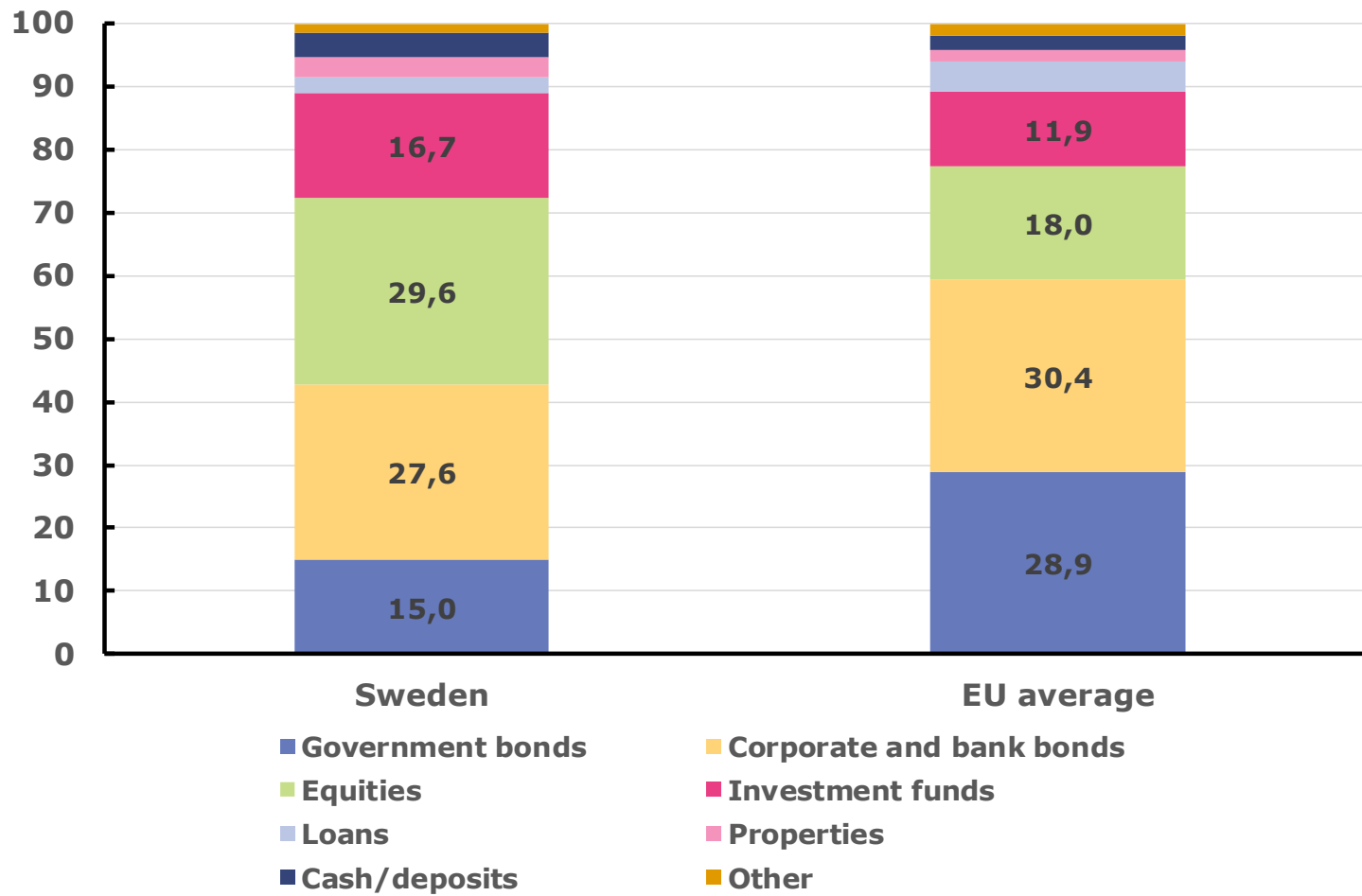


Sources: Insurance Sweden and the Riksbank.

Note: The annual average total return is weighted with the market value of the assets on which the total return is based on.

A relatively large share of Swedish insurers' assets are equities

Insurance companies holdings of assets December 2016, per cent

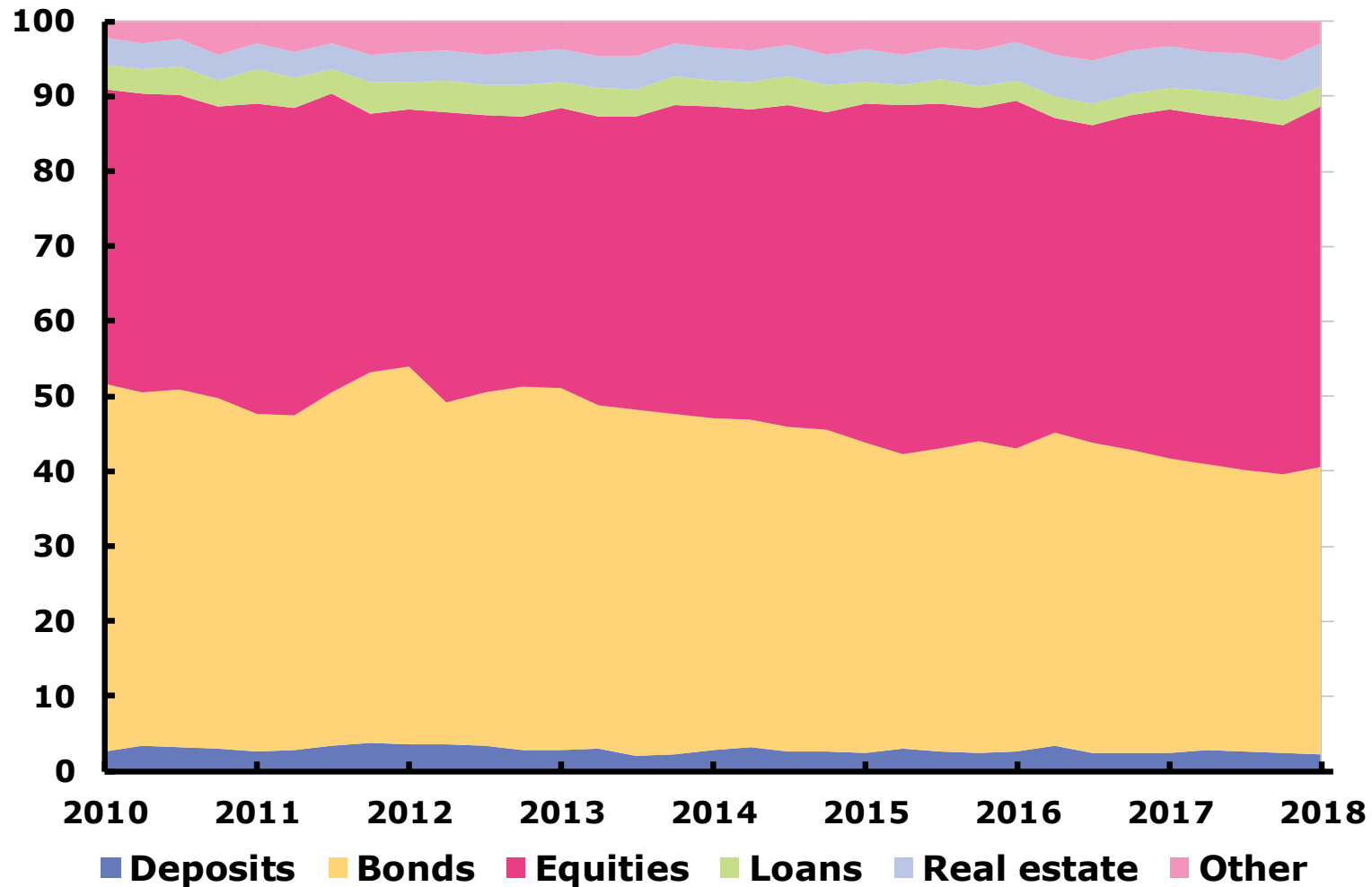


Source: EIOPA.

Note: Refers to insurance companies reporting under Solvency II. Unit-linked is excluded.

Life insurance companies have not actively increased their risk taking

Share of Swedish life insurance companies' assets, percent

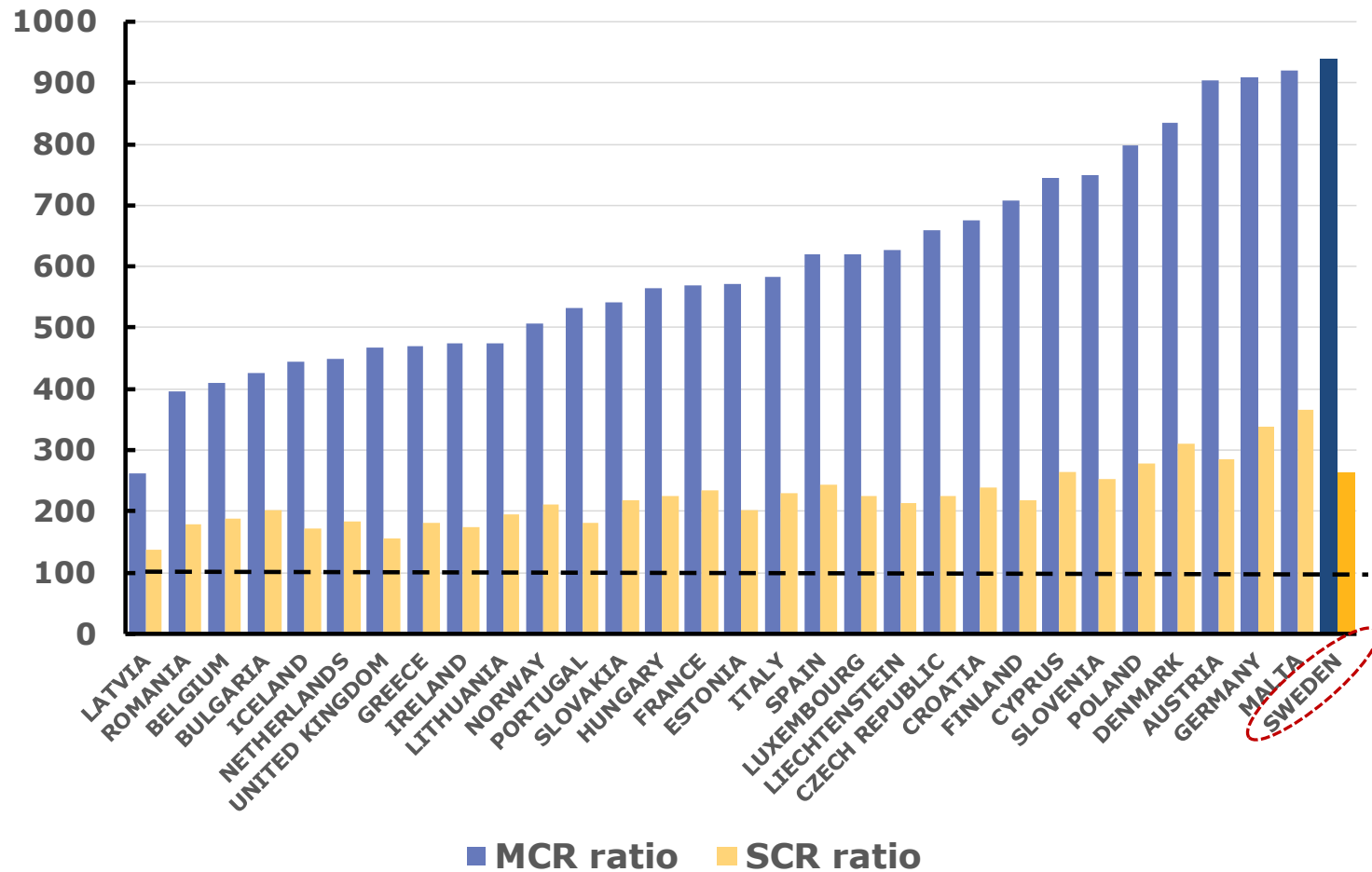


Source: Statistics Sweden.

Note: Assets that belong to unit linked are excluded. Equities also include investment funds. Real estate refers to buildings and wholly owned property companies. Other includes e.g. repo and derivatives.

Swedish insurance companies have a strong financial position

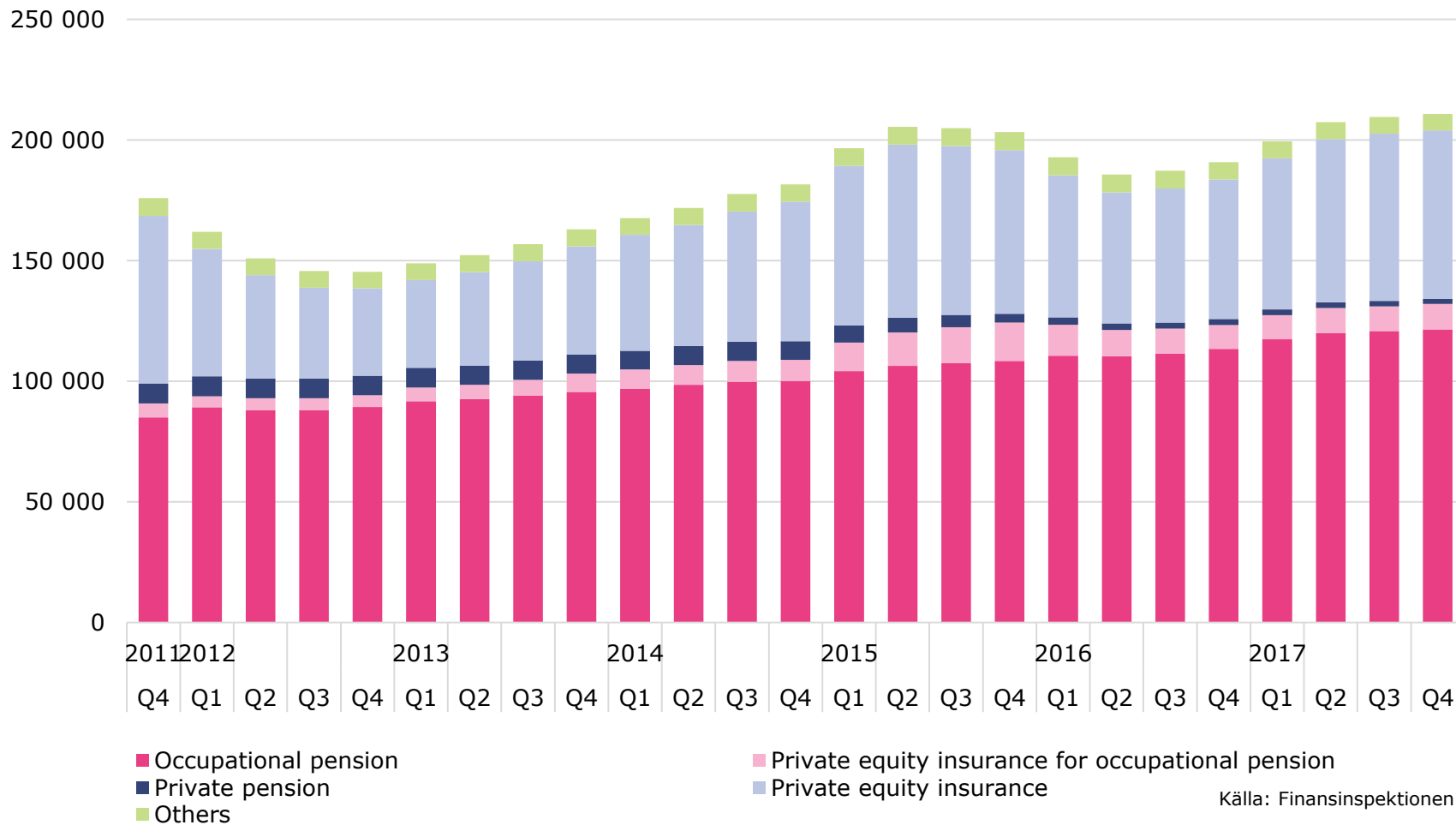
Solvency ratios in Solvency II, Q2 2017, per cent



Source: EIOPA.

Note: The ratios are a weighted average for the countries' insurance companies. The dashed line is the requirement of these ratios in Solvency 2 (100 %)

Premium payments life insurance – a growing market



Risks and uncertainties



Thank you for your attention!

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