

Insurance in Sweden

2012



Security for the individual – growth for the economy

We are all exposed to risk. It might be the risk of being in a traffic accident or of a fire in your home. It could be theft or long-term illness. Without insurance these events could entail financial disaster. But with insurance you can be financially protected.

The idea of insurance is simple: you share the risks. Through insurance a household or a company pays a premium in exchange for compensation by the insurance company if disaster should strike. A private individual can also take out a pension insurance that pays a given future income in exchange for premium payments made in the present.

Insurance makes it possible for private individuals and companies to live and work in economically stable conditions.

Through this brochure we want to provide an overall view of the insurance industry and describe its importance for the national economy.

The insurance industry

The insurance industry is an important part of the national economy. Through insurance individuals and companies can obtain financial protection at a low cost against different types of risk. Swedish insurance companies generated premium income of slightly less than SEK 250 billion in 2012, they employed over 20,000 people and invested SEK 3,165 billion in the global economy.

There are about 410 registered insurance companies in Sweden. Most of them are small local non-life insurance companies. The market is concentrated into a few large companies and company groups. In non-life insurance the five largest insurance companies/groups have 83 per cent of the market. In life insurance the five largest insurance companies/groups have 53 per cent of the market.

The international presence has increased in the past ten years. At present there are 38 foreign insurance companies represented via branches or agencies.

Number of insurance companies, 2012

National insurance companies, of which	138
Unit-linked insurance companies	10
Other life insurance companies	32
Non-life insurance companies	96
Local insurance companies, of which	161
Large local companies	42
Small local companies	119
Friendly societies	79
Foreign companies, branches and agencies	38
Total	416

Source: Swedish Financial Supervisory Authority

The insurance industry employs about 20,000 people. This is equivalent to a half percent of all gainfully employed people in Sweden. Slightly more women than men work in the insurance industry.

There are many different jobs in the insurance industry. Common occupations are actuary, claims adjuster, economist and lawyer. The level of education has increased steadily in the past ten years.

Number employed, 2012

	Women	Men	Total
Number of employees	11 098	9 453	20 551

Source: Statistics Sweden (SNI code 66). Own calculations of gender distribution based on statistics from FAO (Swedish Insurance Employers' Association) and KFO (employers' organisation for cooperative business).

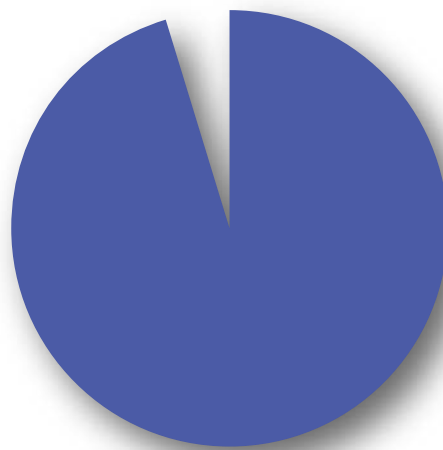
Insurance in Sweden

In Sweden 95 per cent of all households have home insurance. Most employees have occupational pension insurance and a large proportion of the population also have private insurance policies. In recent years the number of private health care insurance policies also increased substantially. In 2012 non-life insurance companies paid out over SEK 49 billion in compensation for various claims. Life insurance companies paid out over SEK 77 billion in pensions and death benefit.

In Sweden about 95 per cent of all individuals aged 16-84 are covered by home insurance. In the group “cohabiting adults with children” the figure is over 99 per cent. The percentages have been relatively constant since the start of the 1990s.

Home insurance consists of a package of various non-life insurance policies that protect the policyholder’s belongings in the event of theft or fire, for example. The policies also provides travel insurance, insurance against assault or liability to pay damages.

Percentage of households with home insurance, 16-84 years, 2006/2007



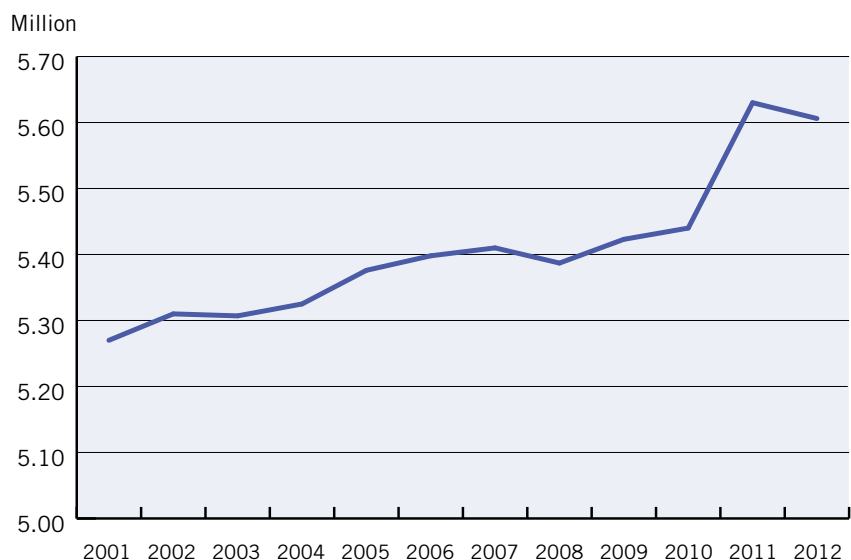
■ 16-84 years with home insurance

Source: Statistics Sweden Living Conditions Survey 2006/2007

The most common insurance policies in the group householder and homeowner insurance, holiday home insurance and boat insurance are householder and homeowner insurance. More than 4.7 million householder and homeowner insurance policies were written in 2012.

Since 2000 the number of insurance policies in this group has increased steadily. This is mainly because the number of home insurance policies has increased. The number of boat and holiday home insurance policies has remained relatively constant at 285,000 boats and about 580,000 holiday homes per year.

Number of non-life insurance policies written (home, holiday home, boat), 2001–2012

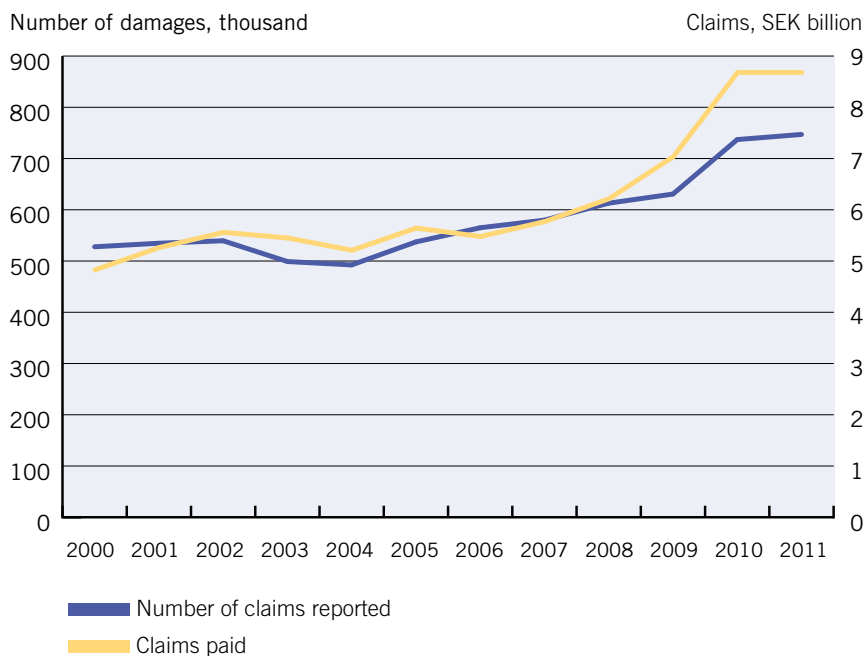


Note: From 2011 Vesta is included in the reporting

The number of claims for householder and homeowner, holiday home and boat insurance policies reported to the non-life companies in 2011 amounted to over 747,000. Insurance companies paid claims of almost SEK 8,7 billion. The most common type of claim was on all-risk policies, while the largest type of claim in terms of value was fire damage.

The numbers of claims reported and claims paid have increased since 2004. The increase was mainly within householder and homeowner insurance.

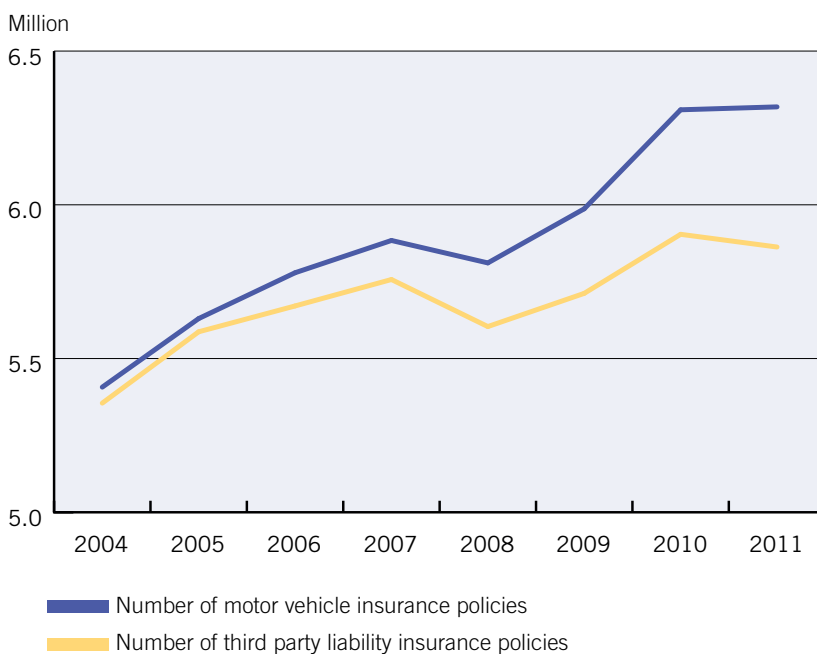
Number of claims reported and claims paid in non-life insurance (home, holiday home, boat), 2000–2011



Motor third-party liability insurance is a compulsory policy that among other things covers personal injury. In 2011 it covered just under 5.9 million vehicles. Motor vehicle insurance covers damage to the vehicle itself, among other things.

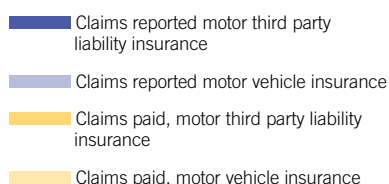
The number of vehicle and third party liability insurance policies has increased during the 2000s, with the exception of the period 2007–2008, when a premium tax was introduced for motor third party liability insurance. This led to a reduction in the number of policies written in both motor third party liability and motor vehicle insurance.

Number of motor vehicle and motor third party liability insurance policies written, 2004–2011

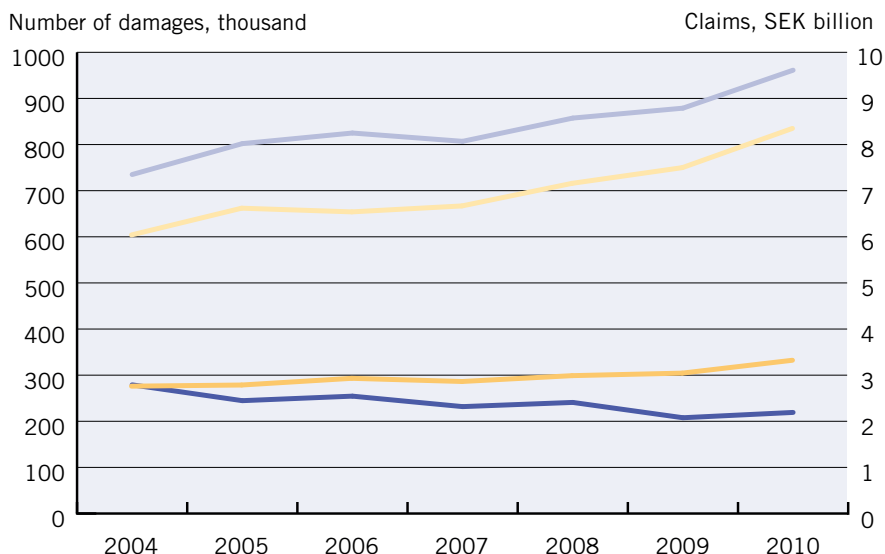


Between 2004 and 2010 both the number of claims reported and claims paid from motor vehicle insurance increased. However, for motor third party liability insurance we see a decrease in the number of claims reported.

In 2010 the number of claims reported was just over 1,100,000. Insurance companies paid out compensation of more than SEK 11 billion.

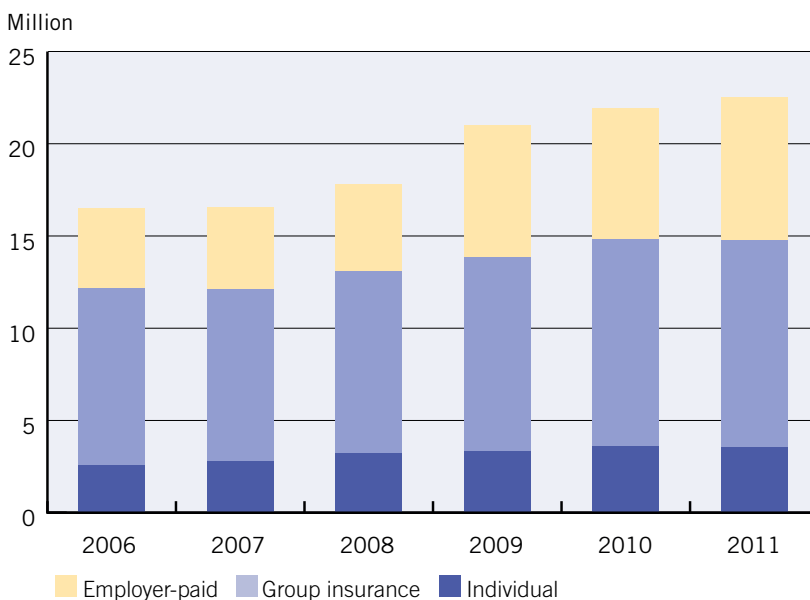


The number of claims reported and claims paid in motor vehicle and motor third party liability insurance, 2004–2010



Sickness and accident insurance consists of several different types of policy. It includes child insurance, rehabilitation insurance, health care insurance, accident insurance and various forms of sickness insurance. Group insurance is normally written via a trade union.

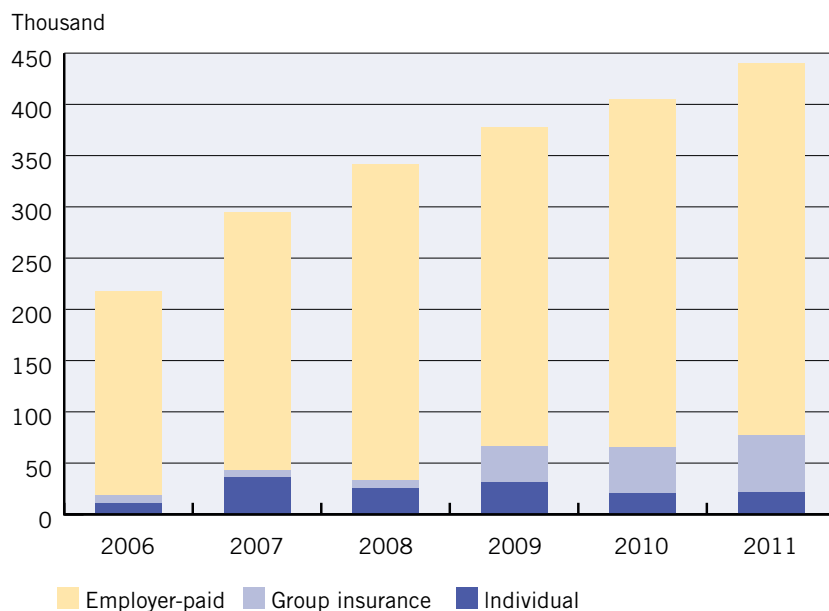
Number of sickness and accident policies written, 2006–2011



The number of private health care insurance policies has increased in recent years. In 2011 about 440,000 people had private health care insurance. Most of these people have their policy paid by their employer.

Private health care insurance complements public welfare and social protection systems. Health care insurance gives faster care and can also help towards covering some costs that arise in connection with health care.

Number of private health care insurance policies, 2006–2011



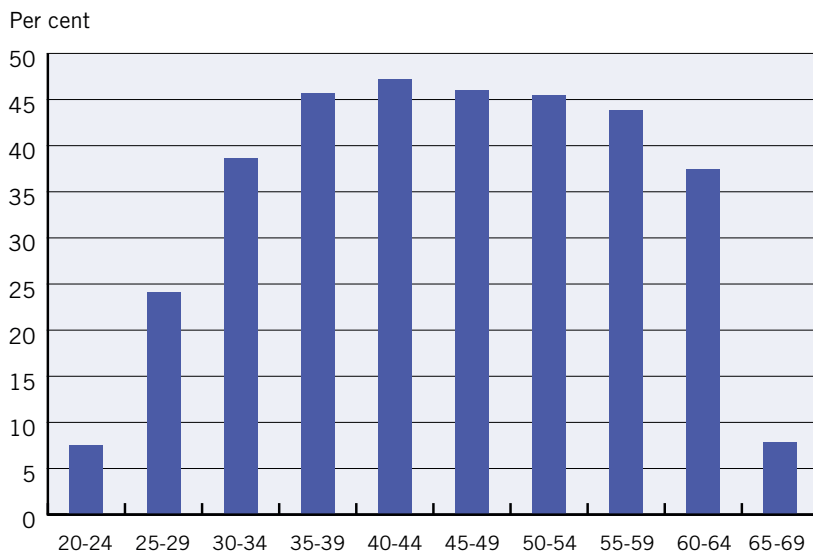
Note: Includes Insurance Sweden's member companies



The Swedish pension system has three parts: national pension, occupational pension and private pension.

About 2 million people had private pension savings in 2011. In the age group 35-59 about 45 per cent had a private pension policy. Average savings for these were SEK 5,700 per person.

Percentage of people who save in a private pension scheme by age category, 2011



Note: Only includes pension insurance, not endowment insurance

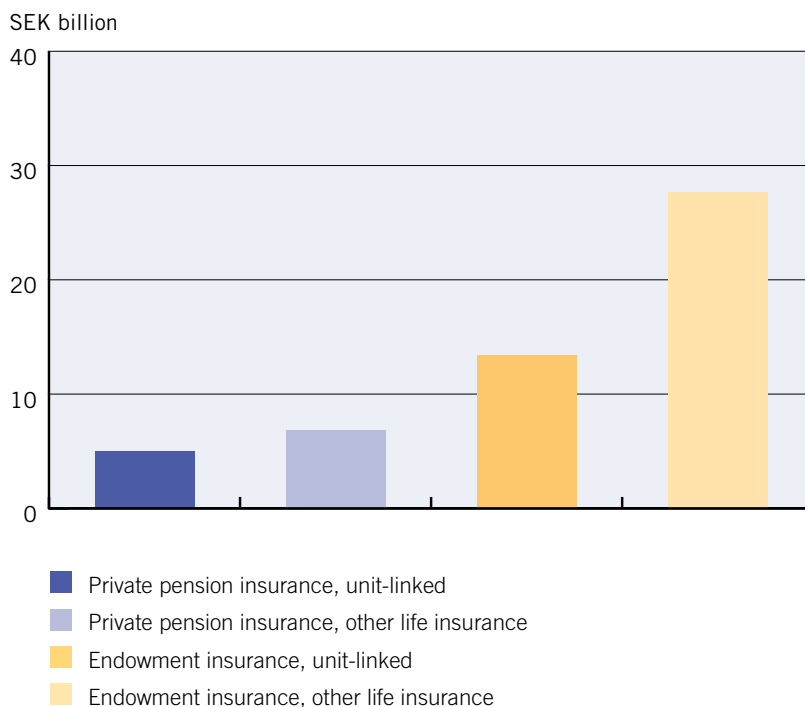
Source: Statistics Sweden

Private pension insurance is classified for taxation purposes either as pension insurance or endowment insurance. Premium income for private pension and endowment insurance was more than SEK 53 billion in 2012. The policies classified as endowment insurance constitute over 77 per cent of all private pension insurance.

Private pension insurance can be divided into unit-linked insurance and other life insurance. Of these, other life insurance is greatest by volume. Other life insurance includes traditional life insurance and deposit insurance.

During the latest year, savings in endowment insurance has decreased, probably due to people choosing investments savings accounts to a greater extent.

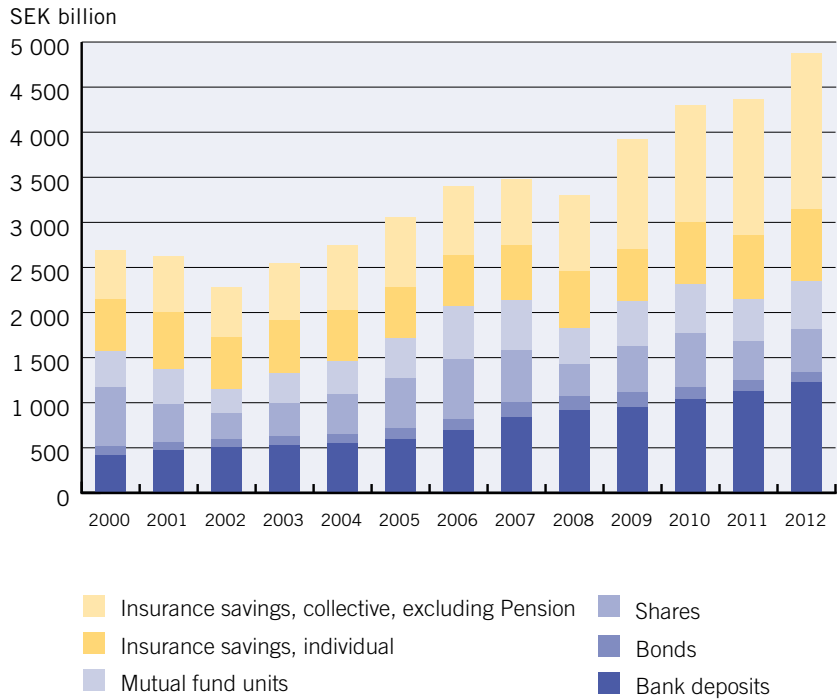
Premium income for private pension and endowment insurance, broken down into unit-linked insurance and other insurance, 2012



The most common form of saving for Swedish households is insurance. The share of insurance was almost 52 per cent of total household saving 2012. Other types of savings are bank accounts, shares or mutual funds.

The financial crisis in 2008 meant that almost all forms of savings fell in value. The decline for insurance savings was, however, less than for shares and funds, for example.

Household financial saving by type of saving, 2000–2012



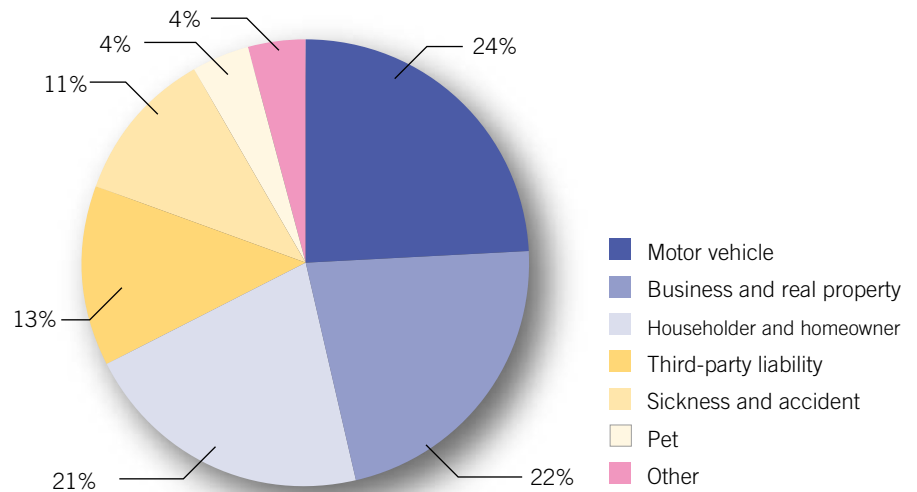
Insurance companies

The insurance industry can be divided into non-life and life insurance. In non-life insurance there are a number of different products that cover a lot of different risks, such as property insurance, third-party insurance, legal expenses insurance, assault insurance, and travel insurance. In life insurance the risk is associated with the life and health of the person insured. Many life insurance products are also a form of saving.

Non-life insurance compensates for loss suffered to property and pays damages to third parties. Life insurance companies' sickness and accident insurance is also classified as non-life insurance.

2012 premium income for non-life insurance companies was SEK 64 billion. The most common non-life insurance is motor vehicle insurance closely followed by business and real property insurance, and householder and homeowner insurance.

Premium income for non-life insurance by class of business, 2012

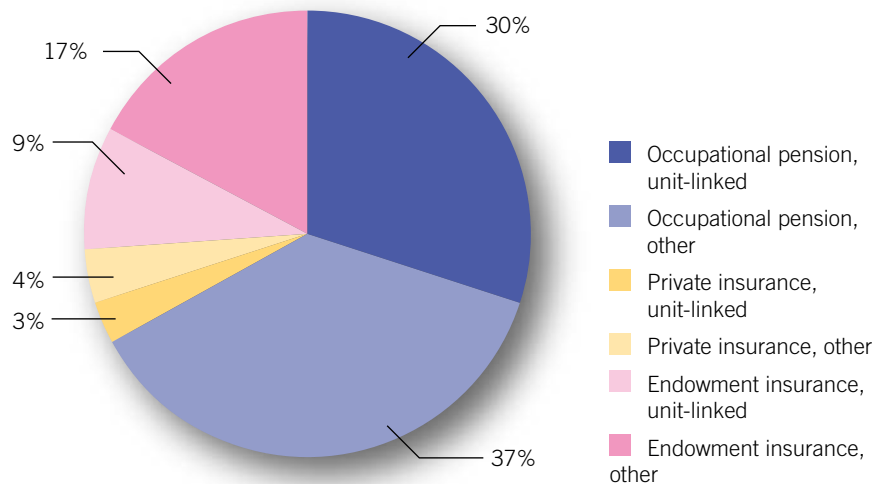


Life insurance pays compensation when the person insured is injured or dies, and when the insured person reaches pensionable age.

Insurance products that contain both insurance and savings components are called pension insurance. In 2012 premium income for pension insurance policies amounted to SEK 185 billion.

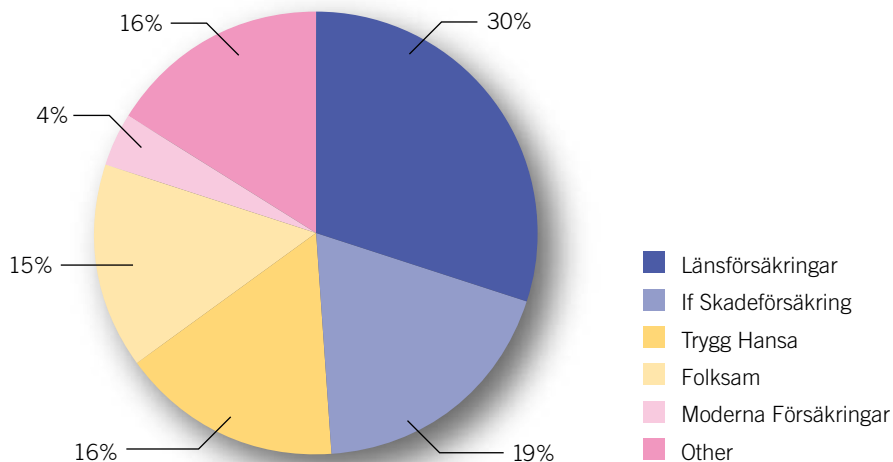
Pension insurance can be divided into *occupational pension* and *private pension insurance*. There are two basic taxation categories for the latter: *pension insurance* or *endowment insurance*.

Gross Written Premium for life insurance broken down into occupational pension, private pension and endowment insurance, 2012



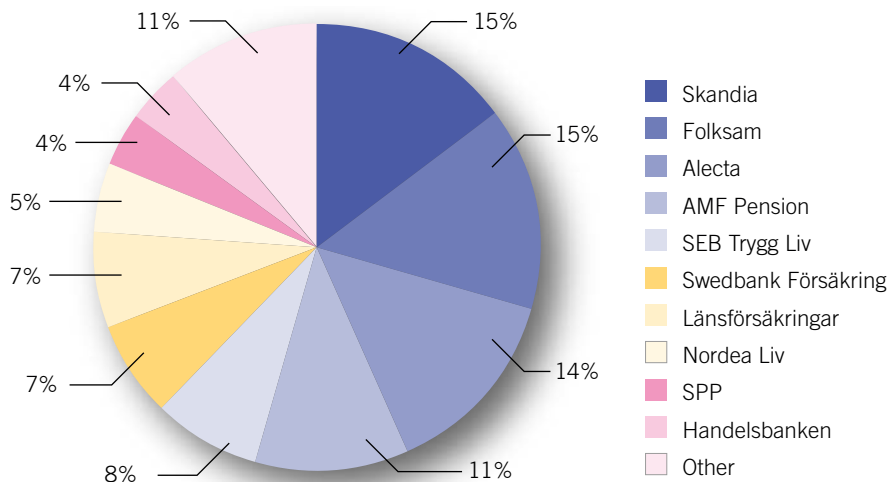
Premium income for non-life insurance companies amounted to SEK 64 billion in 2012. The five largest insurance companies are Länsförsäkringar, If Skadeförsäkring, Trygg Hansa, Folksam and Moderna Försäkringar.

Premium income for non-life insurance by company, 2012



Gross Written Premium for life insurance was SEK 185 billion in 2012. The five largest life insurance companies are Skandia, Folksam, Alecta, AMF Pension and SEB Trygg Liv.

Premium income for life insurance by company, 2012

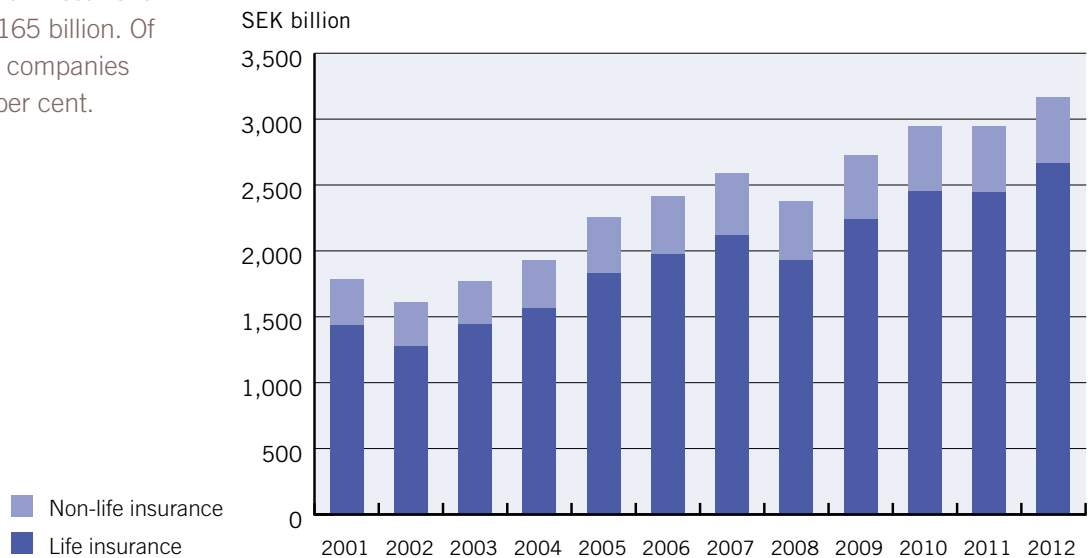


Insurance companies' investments

Insurance companies are major investors in the global economy. They manage a lot of money for the benefit of their customers. At the end of 2012 insurance companies investment assets amounted to more than SEK 3,165 billion. That corresponds to about 89 per cent of Sweden's GDP. The capital is mainly invested in shares, mutual funds and debt securities, as well as real property and infrastructure.

At the end of 2012 the value of the insurance industry's investment assets was SEK 3,165 billion. Of this, life insurance companies accounted for 84 per cent.

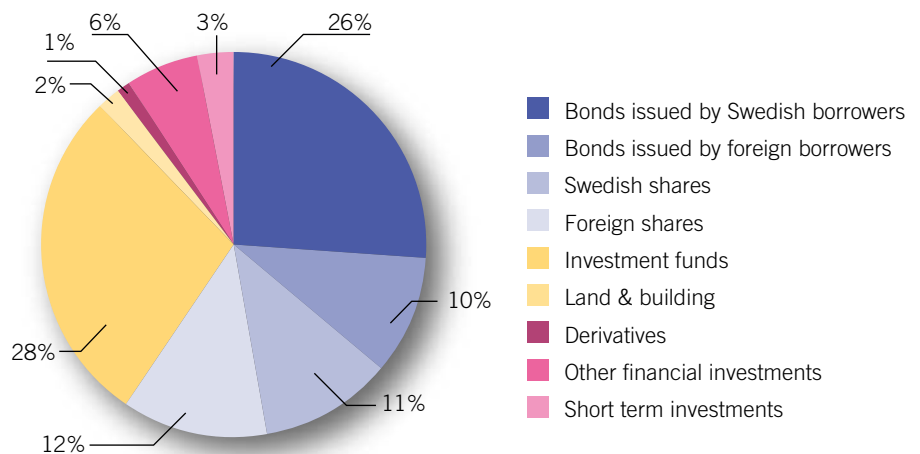
Insurance companies' investment assets, 2001-2012



Life insurance companies manage pension capital on behalf of their customers. They therefore have a long investment horizon that corresponds to these commitments.

The value of life insurance companies' investment assets was SEK 2,665 billion at the close of 2012.

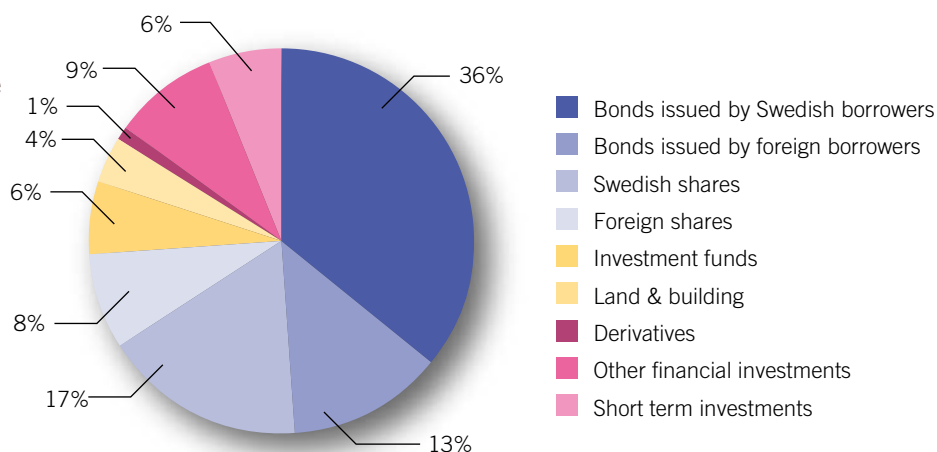
Life insurance companies' investment assets, 2012



Non-life insurance companies manage premiums paid in to enable them to meet future claims payments. They therefore have a shorter investment horizon. Non-life insurance companies mainly invest in bonds issued by Swedish borrowers.

The value of non-life insurance companies investment assets was SEK 500 billion at the end of 2012.

Non-life insurance companies' investment assets, 2012





Insurance Sweden PO Box 24043, SE-104 50 Stockholm Tel +46 8 522 785 00
www.svenskforsakring.se