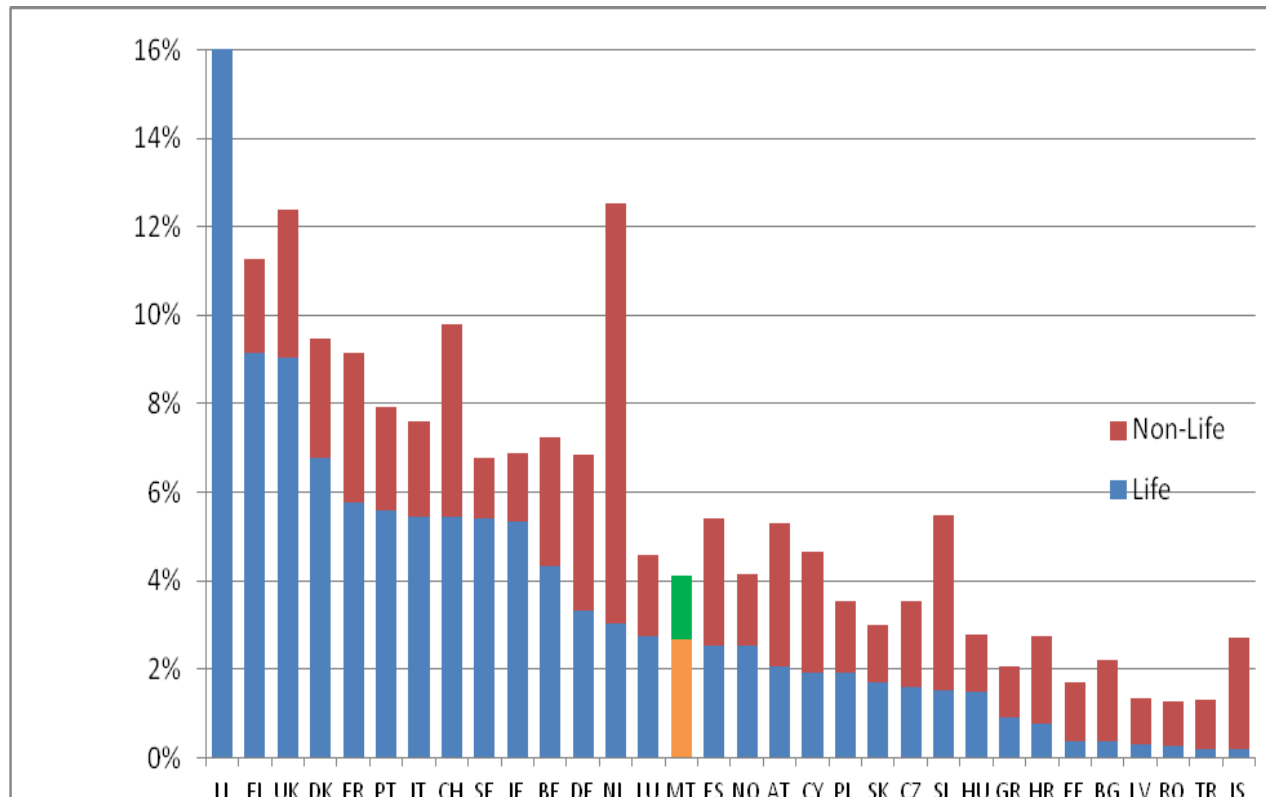


STATISTICAL OVERVIEW – MIA AGA 2015

Insurance penetration¹ in Malta rose from 4.59% in 2013 to 5.09% in 2014 compared with an EU average of 7.68% in 2013.

Table 1: Ratio of European Premiums to GDP – 2013



Average insurance penetration in Europe grew slightly from 7.61% in 2012 to 7.68% in 2013. This increase is mainly due to the life insurance penetration, which, in 2013, grew to 4.58% from 4.52% in 2012. At the same time, non-life penetration dropped slightly to 3.10%, from 3.12% in 2012.

Table 1 above depicts the Insurance Penetration Rate of Malta compared to that of each of the Eurozone countries in 2013. Malta's non-life insurance penetration rate in 2013 amounted to 1.91% when compared to 3.1% in the EU. Premium derived from life insurance products in

¹ Insurance penetration is conventionally measured as a percentage of premium volume with regards to risk and commitments situated in Malta to the country's GDP.

Malta amounted to 2.68% of GDP in 2013 compared to a penetration rate of 4.58% in the same year in the EU.

The insurance premium per capita in Malta shot up from €783 in 2013 to €910 in 2014. The EU average stands at an average of €1,883 per capita in 2013.

In Malta, a per capita average of €346 was spent on non-life business insurance in 2014, compared with €326 in 2013. The insurance density in the long-term business increased in 2014 where on a per capita basis, an average of €563 was spent compared to an average of €458 in 2013.

The technical results and ratios produced below are mainly based on the statistical returns submitted by members of MIA for Maltese risks, compared where possible with equivalent statistics that are published by MFSA. Even though MIA figures are fairly representative of Maltese risks, they do not show the totality of Lloyds' activities in Malta, the business generated by run-off companies or the results for business placed in Malta under freedom of services.

MFSA figures for year 2013, for non-life insurance indicate that 77.98% of the gross premium income derived from Maltese risks was earned by Maltese insurance companies, whereas these companies represented 76.78% of gross claim payments in respect of Maltese risks. On the other hand, life insurance business is underwritten in its totality by insurance companies with head office in Malta.

MFSA figures also show that in 2013, 76% of premium income for non-life insurance of Maltese risks was intermediated, in equal proportions, by insurance agents and insurance brokers. On the other hand, insurance brokers generated just 2% of the gross premium income for life insurance of Maltese risks in the same year.

LATEST MARKET TRENDS

Malta's GDP in 2014 increased by 5.41% over that registered in 2013.

In 2014, total insurance premiums in Malta amounted to €385.8 million, increasing by a sharp 16.92% over the total insurance business of €330 million which had been generated in 2013. This in turn, had reflected an 8.41% increase on 2012 figures which stood at €304.4 million.

The increase in total insurance premium in 2014 was mainly due to a hefty 23.97% in life insurance. Recovering from a sharp decrease of 18.9% over 2011 figures in 2012, life insurance had increased by 13.53% in 2013.

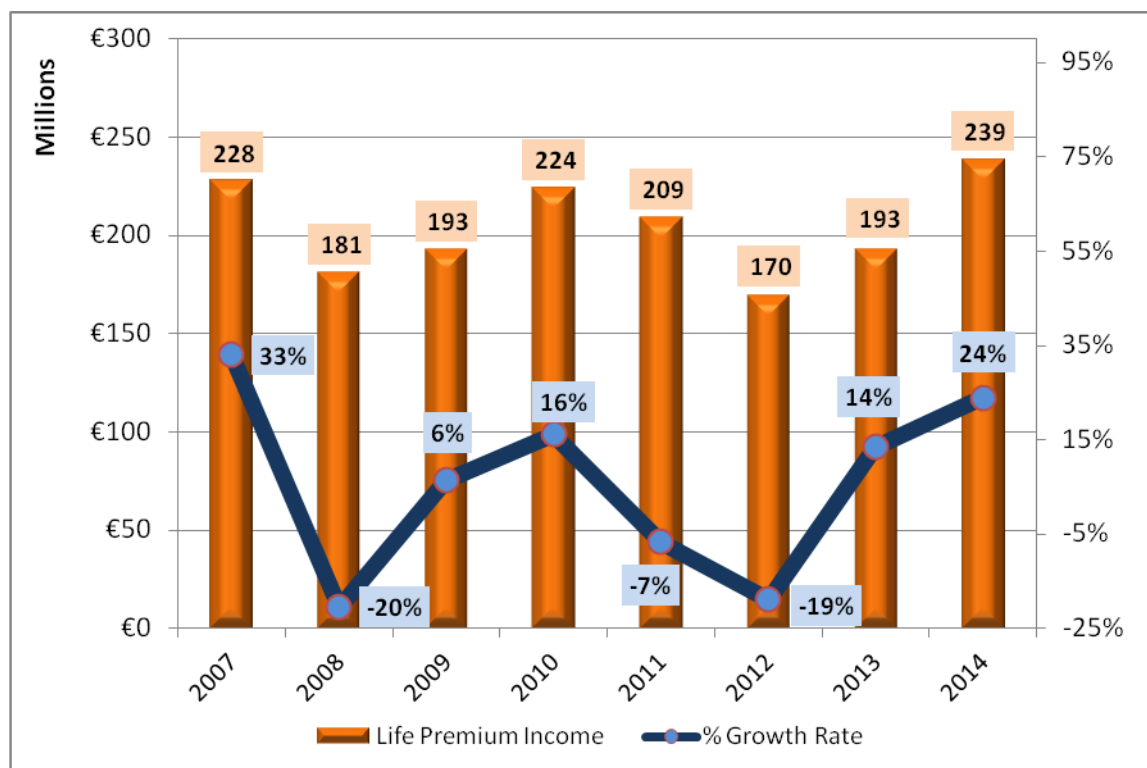
Non-Life insurance business in 2014 reflected a steep rise of 7.01% increase over 2013 figures which in turn, had increased by a slight 1.95% over 2012 statistics.

Health insurance grew by 6.13% in 2014 following an increase of 3.96% in 2013. Motor insurance experienced a growth of 3.47% in 2014 after a minimal increase of 0.52% in 2013 when compared to 2012 figures. General business shot up by 12.75% in 2014 following a trivial increase of 2.84% in 2013.

LIFE INSURANCE

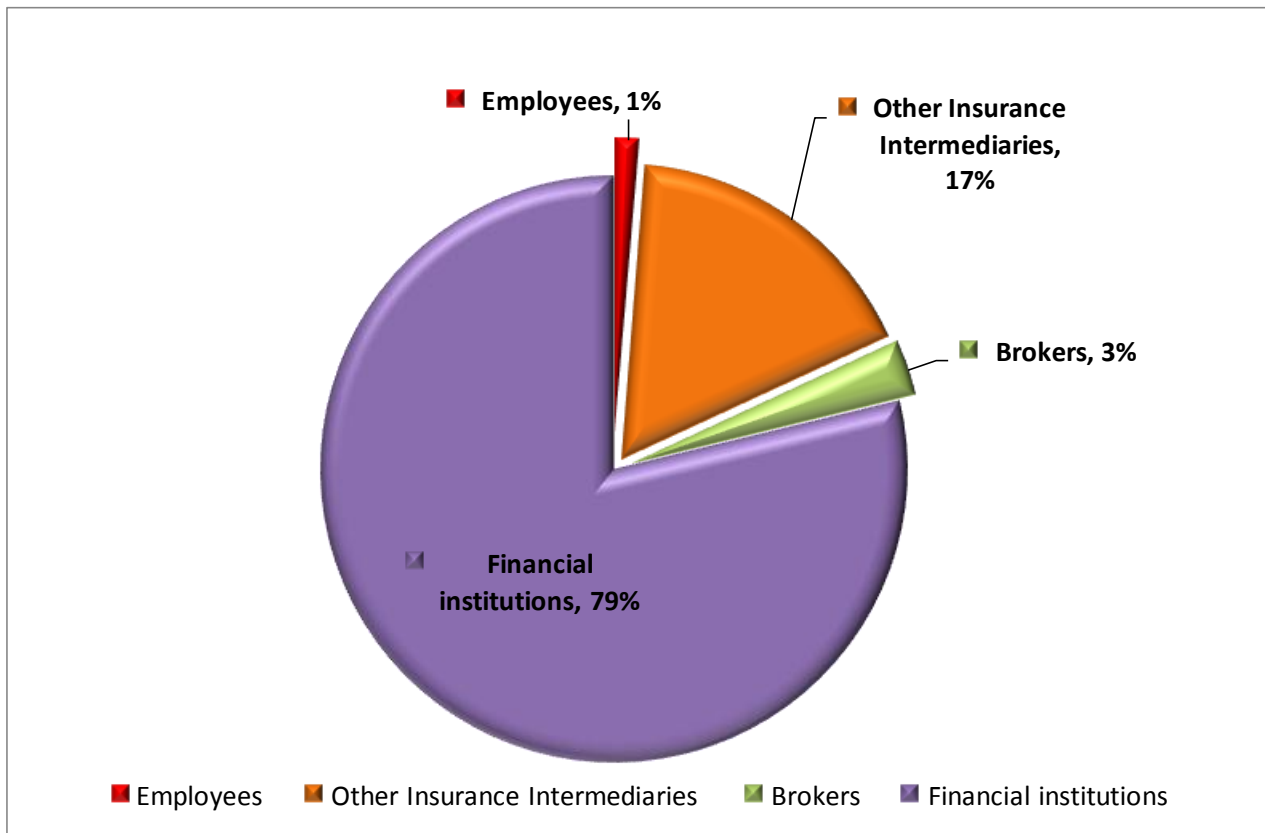
Life insurance premium is transacted by five local insurance companies with demand for life products having gradually increased from a premium of €75 million in 2001 to €228 million in 2007. In 2008, as a consequence of the financial crisis, a 20.5% drop in growth brought premium down to a low of €181 million. However since 2009, business started to recover gradually, with premiums climbing from €193 million to €224 million in 2009 and 2010 respectively. A decrease to €209 million was then experienced in 2011 and a further drop to €169.8 million followed in 2012. In 2013, life insurance premium once again climbed to €193 million and shot up to €238.98 million in 2014. In terms of its market share, life premium for 2014 increased by a hefty 23.97% over the previous year and represented 61.94% of the total life and non-life premium.

Table 2: Life Insurance Gross Premium and % Growth Rate in 2013



In 2014, the number of single premium policies increased by 8.4% over 2013, after experiencing a decrease of 1.8% in the previous year. The number of periodic premium policies had experienced a 1.5% decrease in 2013 but rose by a staggering 68.3% in 2014.

Table 3: Life Insurance – Distribution Channels in 2013



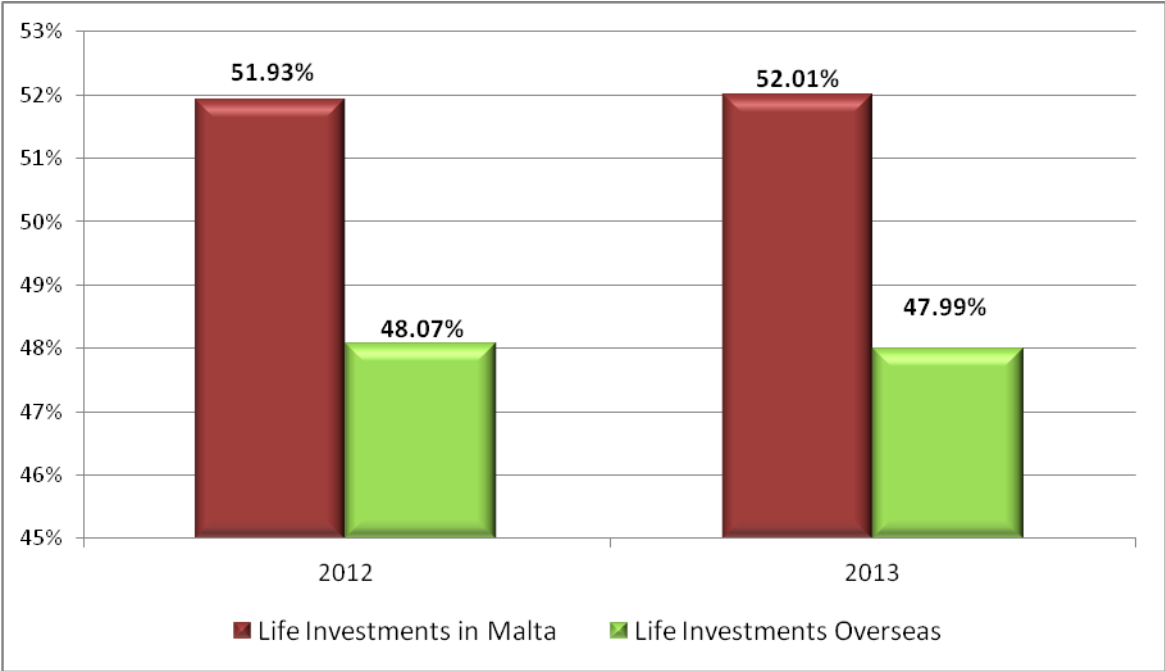
In 2013, 78.8% of life premium originated from financial institutions, 3.1% came from brokers whilst 16.9% has its source from other insurance intermediation. Direct employees are responsible for 1.3% of this business.

Benefits paid under life policies increased by 12.5% from €139.8 million in 2013 to €157.3 million in 2014. The proportion of policy surrenders decreased in 2014 from 42.3% of all benefits. It had represented 46.8% of all benefits in 2013. Maturity payments, representing 48.7% of all benefits, amounted to €76.6 million in 2014 compared to €59.8 million in 2013. Death benefits dropped slightly to €14.1 million in 2014 from €14.6 million in 2013. In 2014, their proportion of all benefits stood at 9%.

Reserves to cover life insurance liabilities increased from €1.66 billion in 2012 to €1.79 billion in 2013.

Total life investments grew from €1.75 billion in 2012 to €1.9 billion in 2013. The proportion of investments held in Malta has increased from 51.93% in 2012 to 52.01% in 2013.

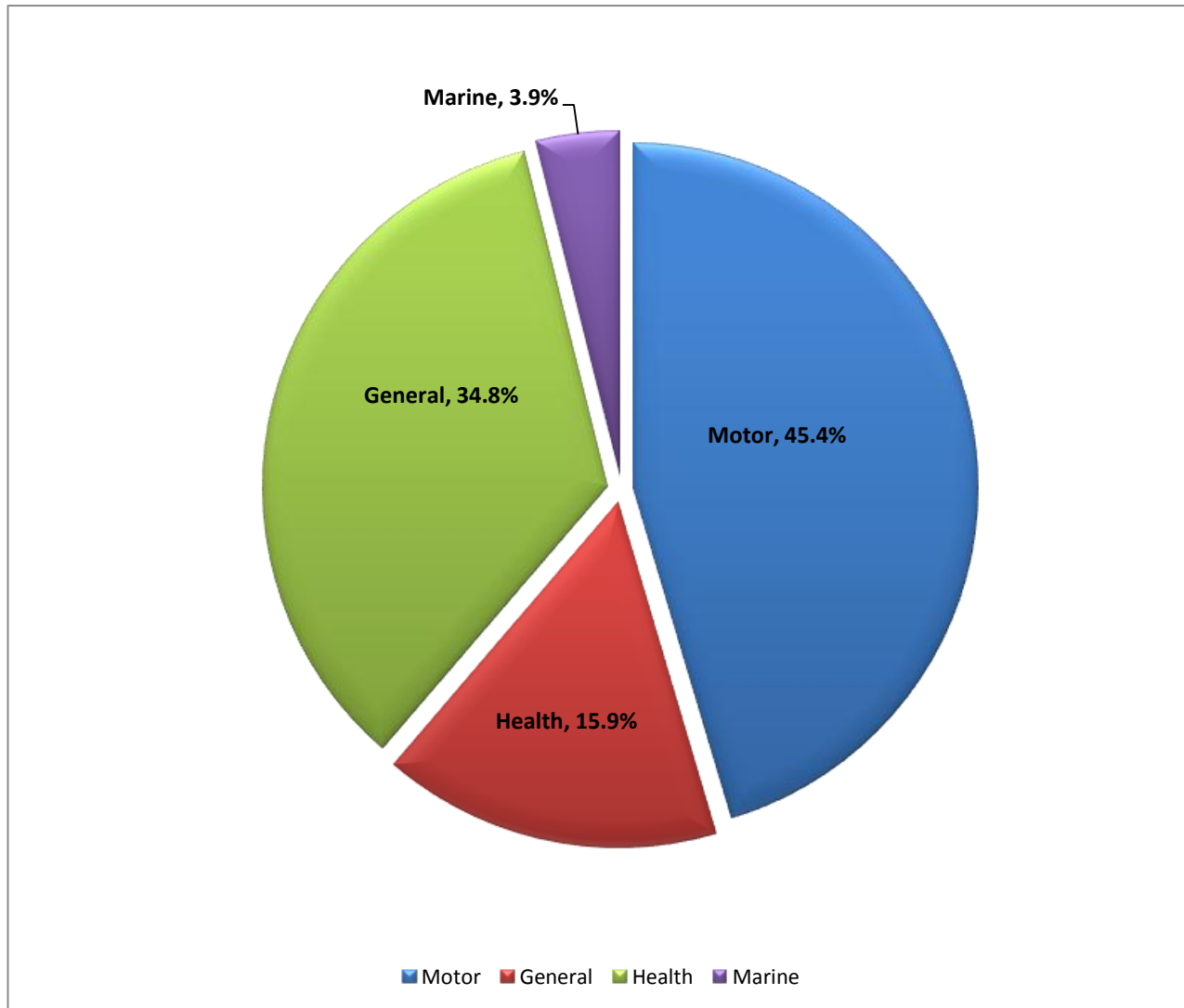
Table 4: Life Insurance Investments in Malta and Overseas in 2012 & 2013



NON-LIFE INSURANCE

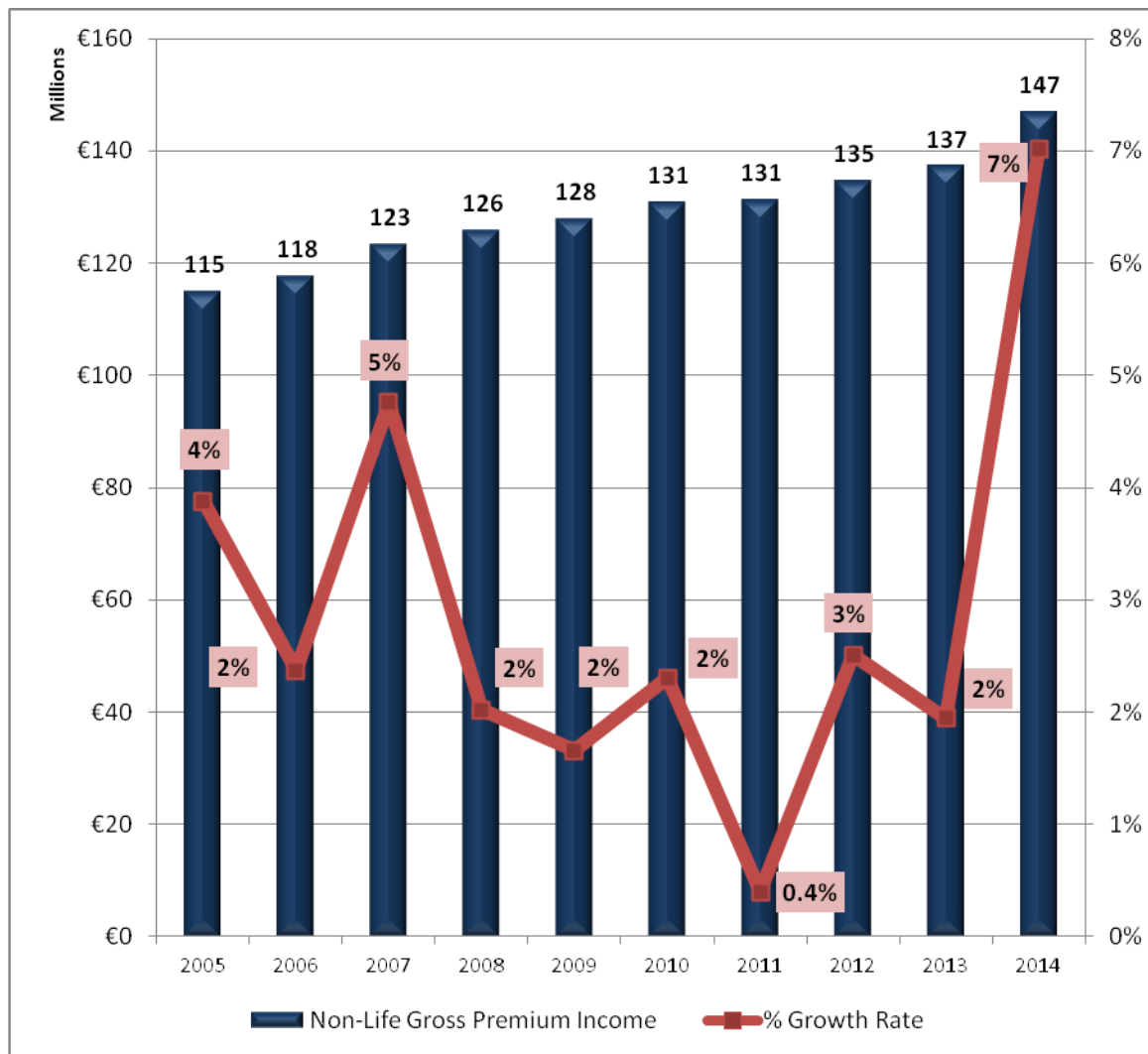
Non-life gross written premiums have experienced a 7.01% growth in 2014, with total premium amounting to €146.8 million compared to €137.2 million in 2013.

Table 5: Non-Life Business in 2014



In terms of relative size, non-life gross premiums represented 38.06% of the total life and non-life business after it stood at 41.58% in 2013.

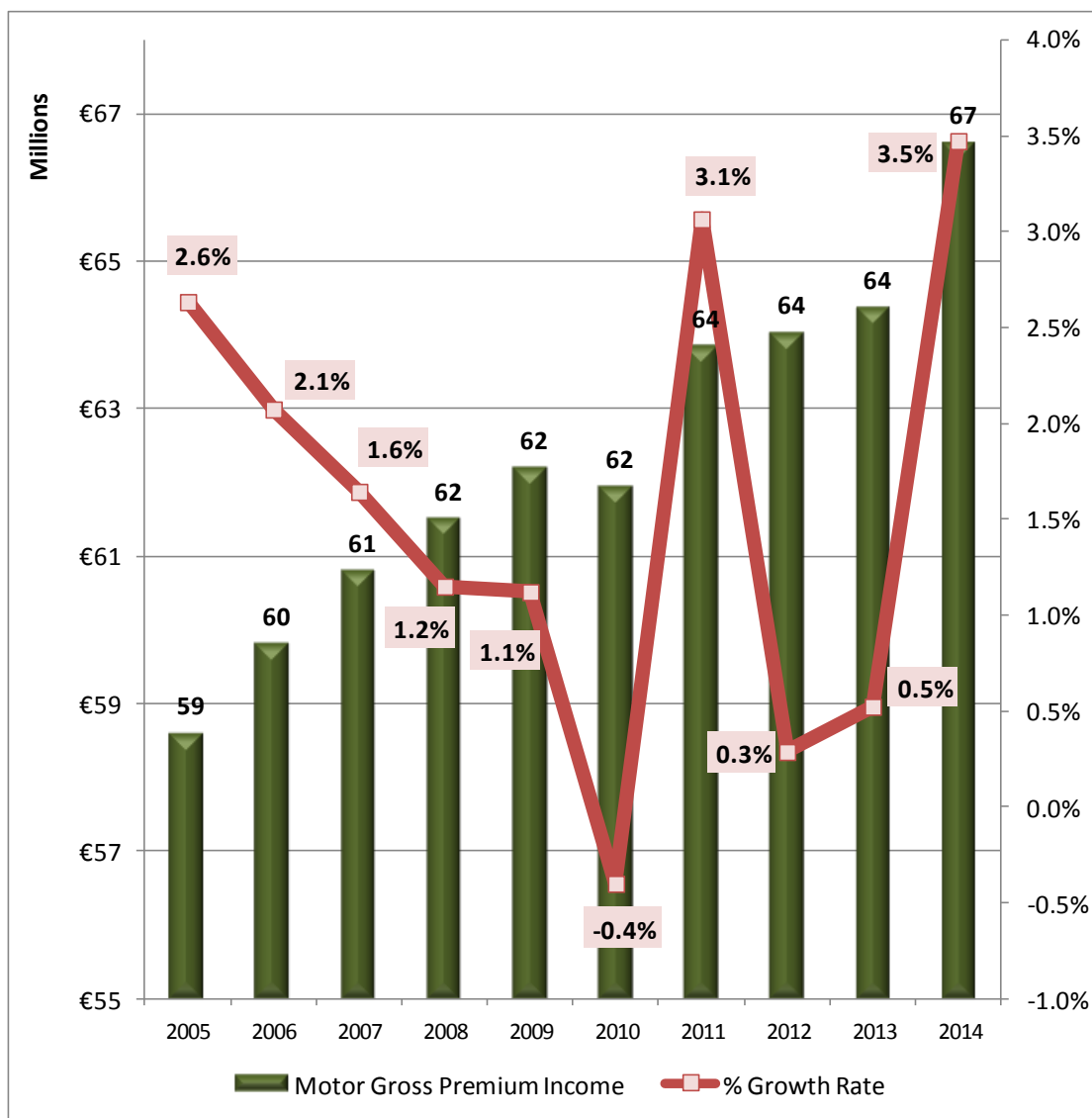
Table 6: Non-Life Insurance Gross Written Premium and % Growth Rate 2005-2014



MOTOR INSURANCE

Motor insurance remains the most important class of non-life business in terms of premium volume accounting for 45.4% of the non-life market in 2014. Its proportion has remained rather stable since 2000 when it stood at 49%.

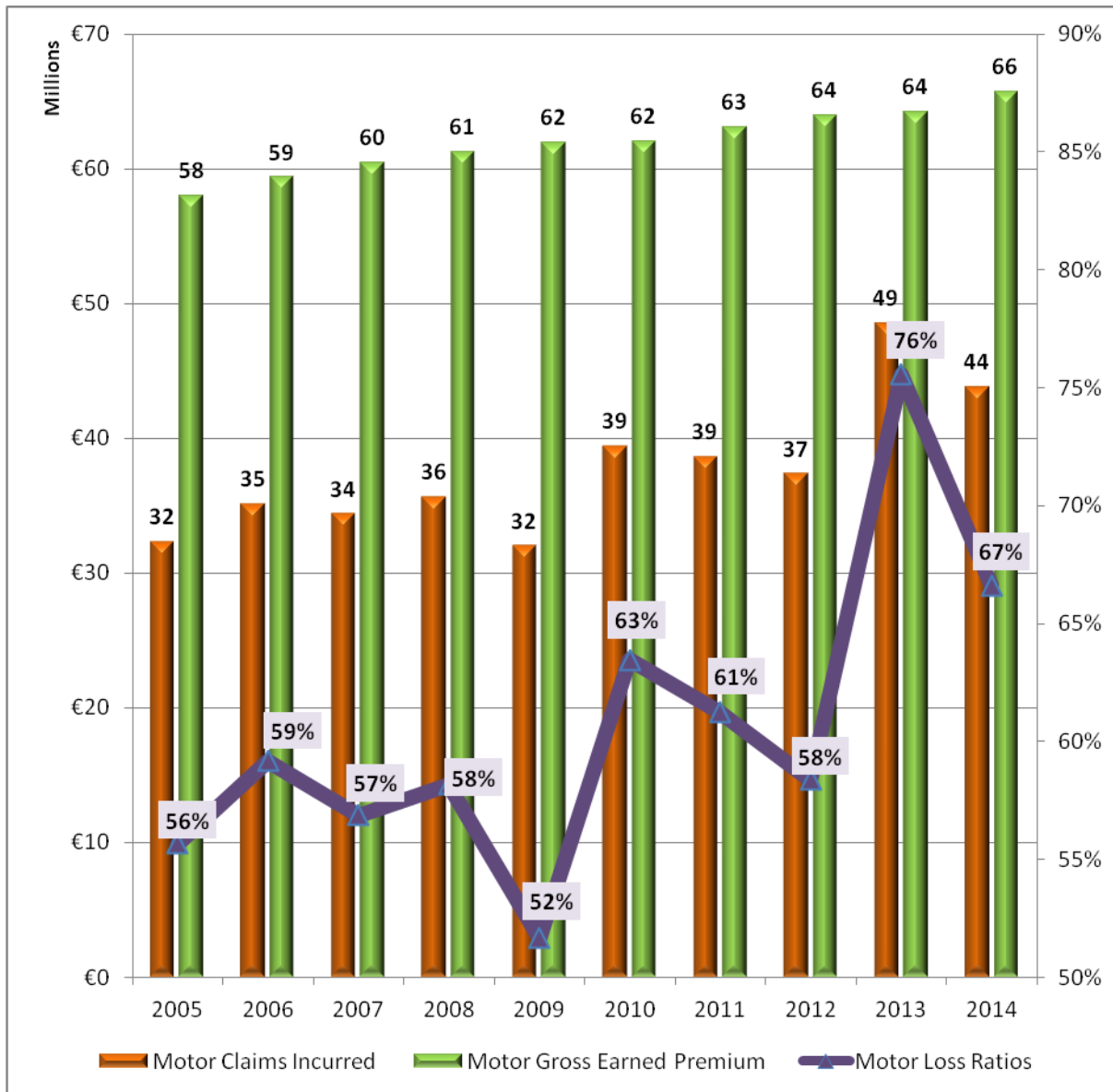
Table 7: Motor Gross Written Premium and % Growth Rate 2005-2014



The gross written premium for motor insurance has increased to €66.6 million in 2014. There was an increase of 3.47% when compared to 2013.

MFSAs figures for 2013 indicate that insurance companies with head office in Malta have earned 83.9% of the gross premium income for Maltese motor risks. These companies represent 82.7% of gross claim payments.

Table 8: Motor Claims Incurred, Motor Gross Earned Premium & Motor Loss Ratios - 2005-2014

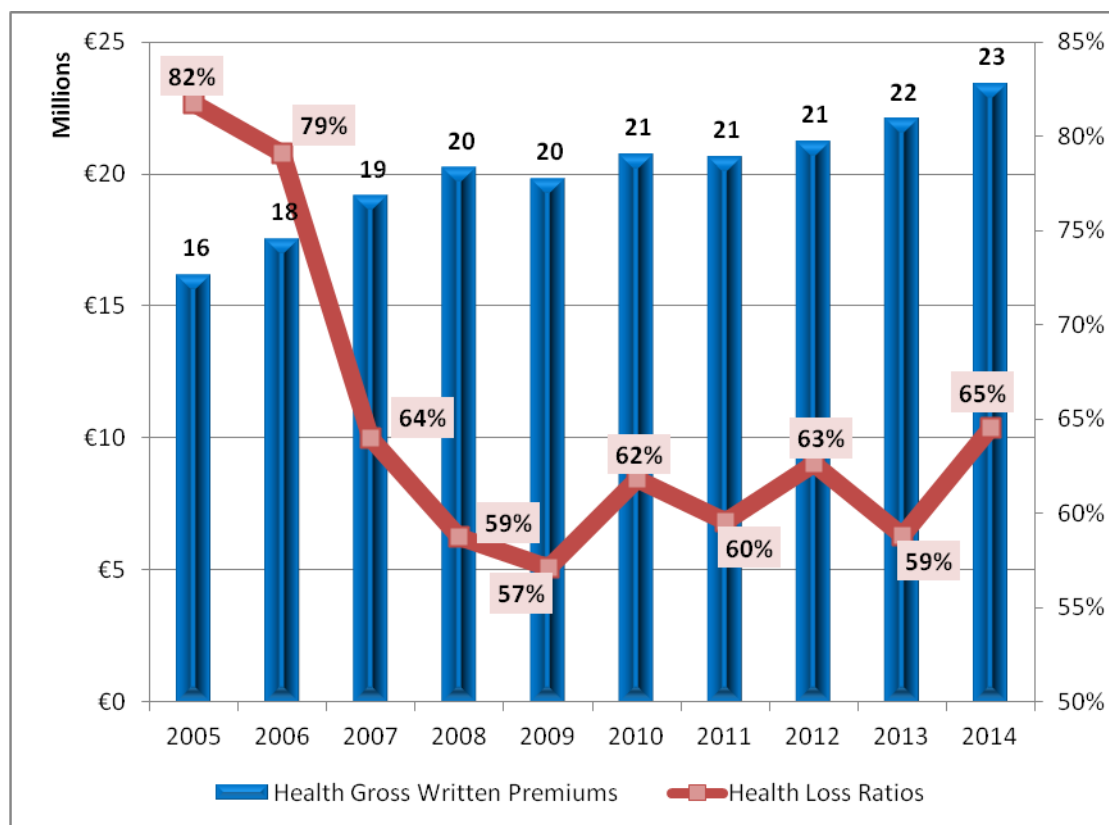


The motor gross incurred claims amounted to €43.8 million in 2014 compared to €48.5 million in 2013. The ratio of gross incurred claims to gross earned premium dropped to 66.6% after having stood at 75.6% in 2013.

HEALTH INSURANCE

The gross written premium for private health insurance reached €22.1 million in 2013 compared with €21.3 million in 2012, and €20.6 million in 2011.

Table 9: Health Insurance Gross Written Premium and Loss Ratios 2005-2014



In 2014, claims incurred amounted to €14.8 million, compared with €12.8 million the previous year. The loss ratio moved from 58.8% in 2013 to 64.55% in 2014.

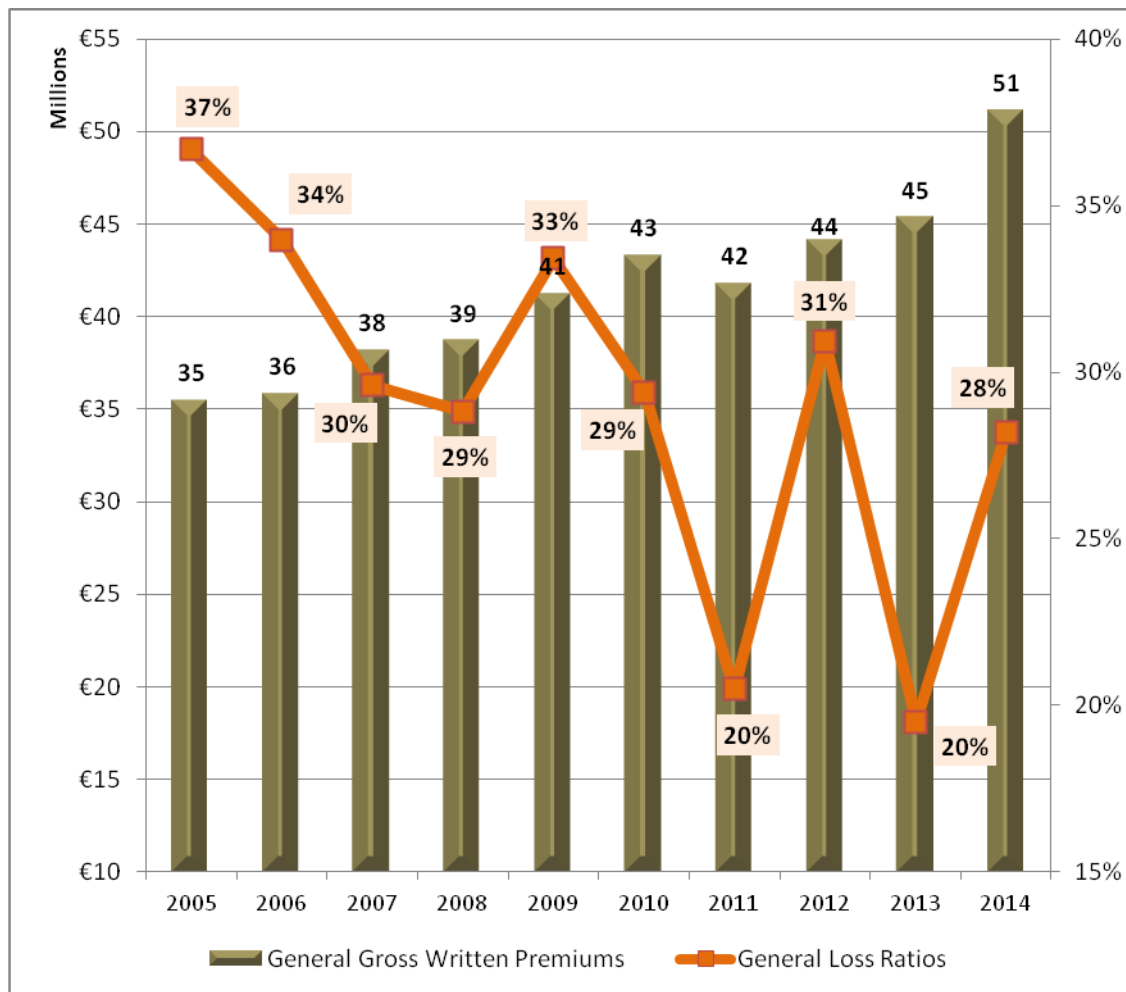
The number of individuals covered by private health insurance rose from 91,156 in 2012 to 97,491 in 2013. In 2013, the number of lives insured under individual contracts accounted for 12,847 whilst 84,644 lives were insured under group policies.

In 2014, the share of this class to total non-life written gross premiums decreased to 15.95% when compared to 16.08% in 2013.

GENERAL NON-LIFE INSURANCE

The two largest components of non-life insurance are health and motor insurance. Because of their substantial importance (their premium represents about 62% of the total premium collected by non-life insurers), these two classes of business have been described separately above.

Table 10: General Insurance Gross Written Premium and Loss Ratios 2005-2014



Other non-life insurance classes include Accident Commercial, Personal Accident, Travel, Engineering, Electronic Equipment, Home, Property, Industrial All Risks and Liability. The gross written premium for these classes amounted to €51.1 million in 2014 compared to €45.4 million in 2013.

Claims incurred increased from €8.8 million in 2013 to €13.8 million in 2014. The gross loss ratio rose to 28.2% in 2014 compared to the previous year's results when the loss ratio stood at 19.5%.

General non-life insurance business also includes Aviation and Commercial Hull, Marine Cargo insurance, as well as Yacht and Pleasure Craft insurance. The demand for these classes has shown a decline in real terms with premium remaining rather static on or about €5 million since 2000. Claims incurred amounted to €1.37 million in 2014 and the gross loss ratio decreased to 24.6% in the same year after it stood at 31.3% in 2013.

Table 11: Marine Insurance Gross Written Premium and Loss Ratios 2005-2014

