

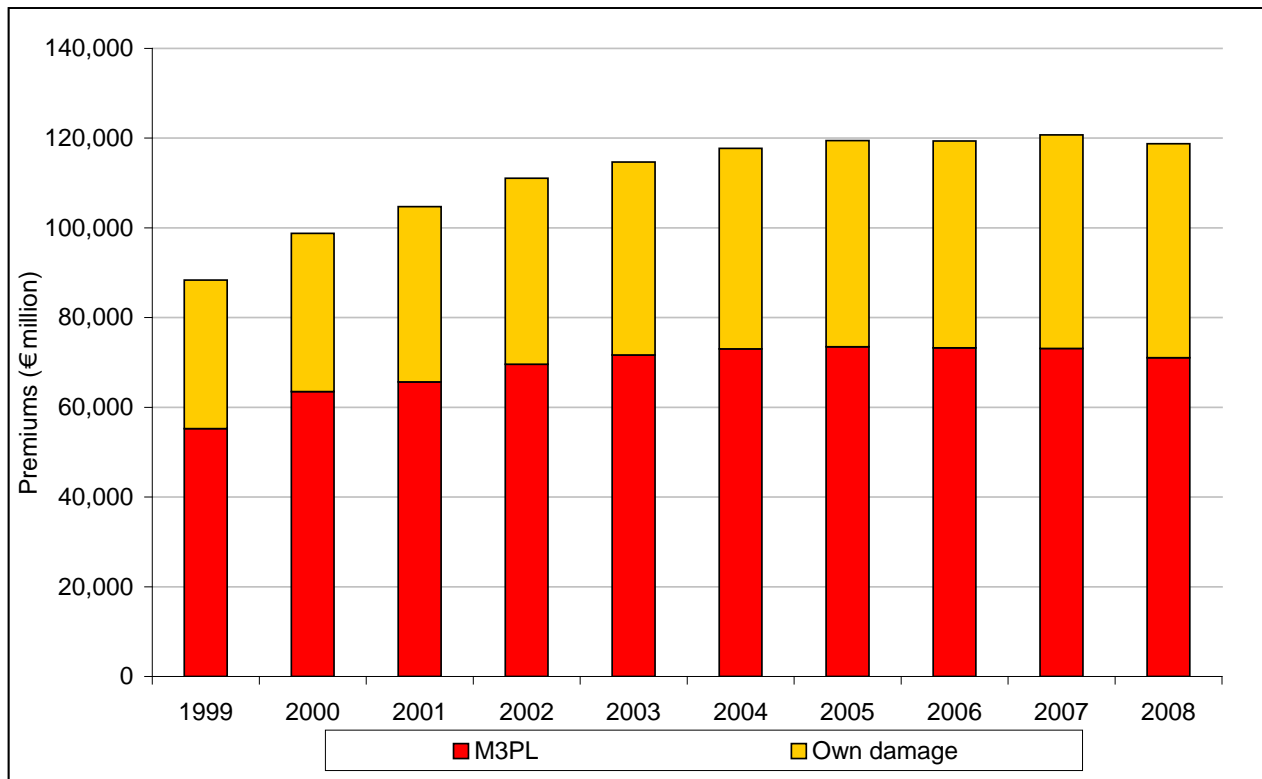
Ross Dawkins
Managing consultant, Europe Economics



Keynote speech

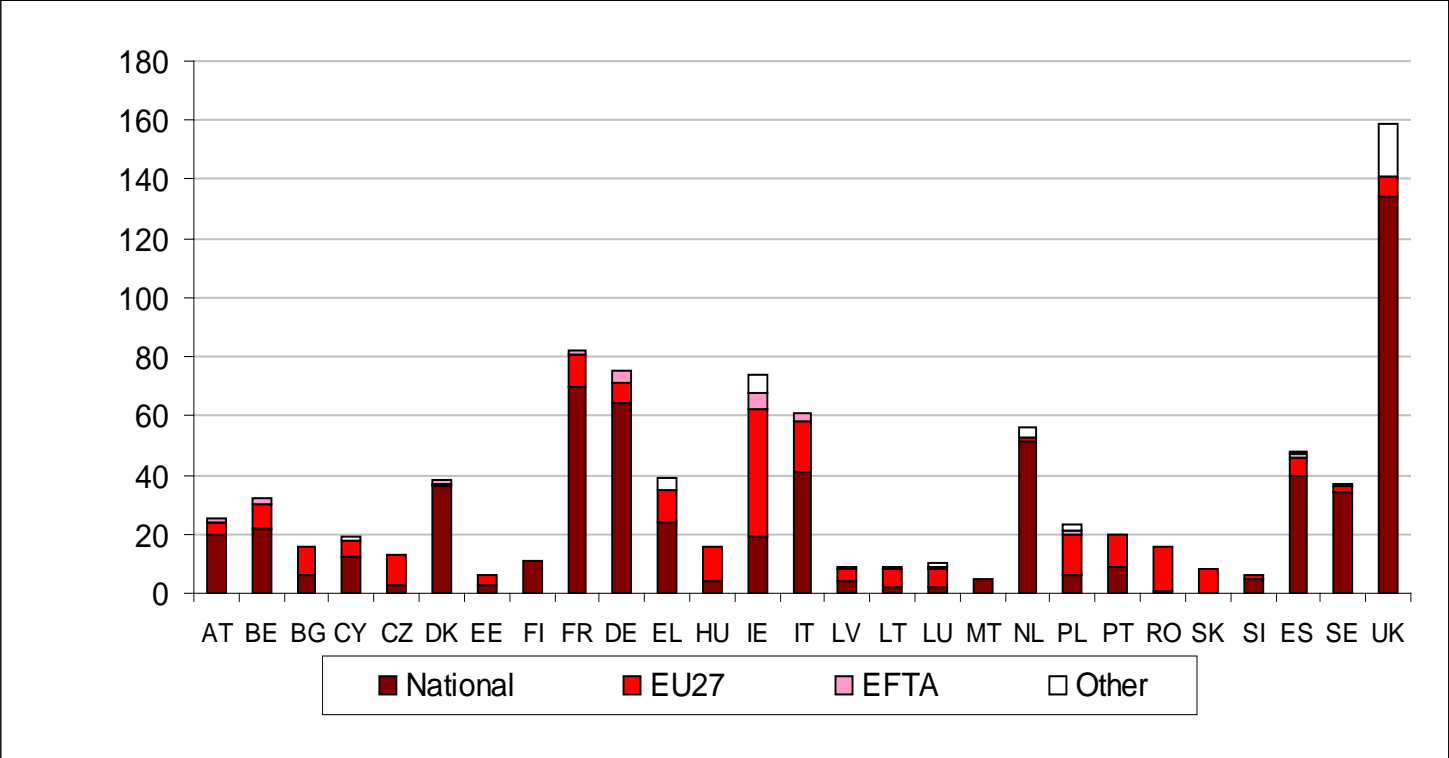
CEA Motor Insurance Conference, 4 March 2010

Industry has been struggling with growth in the EU

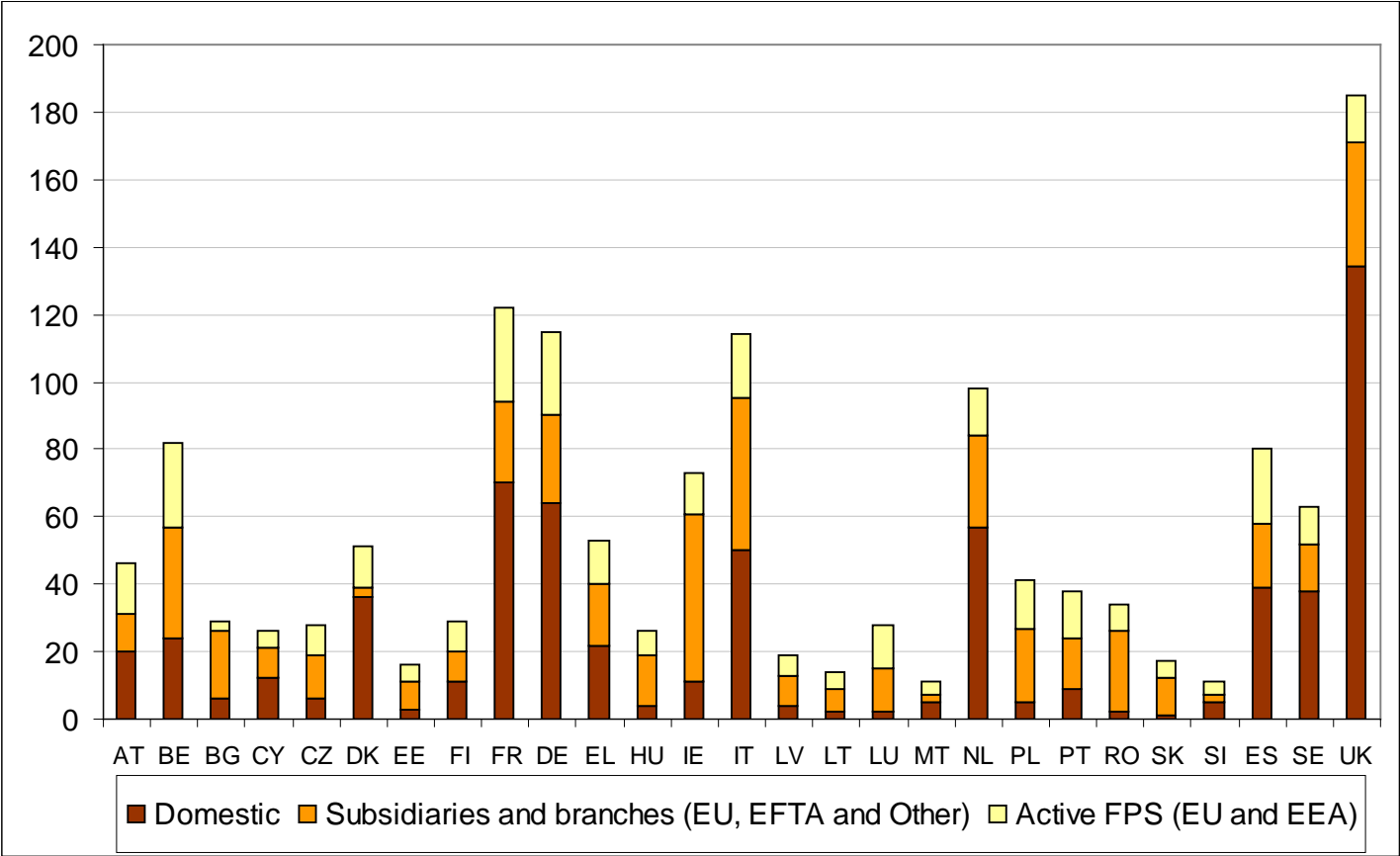


Source: Comité Européen des Assurances (CEA), Europe Economics (EE) analysis

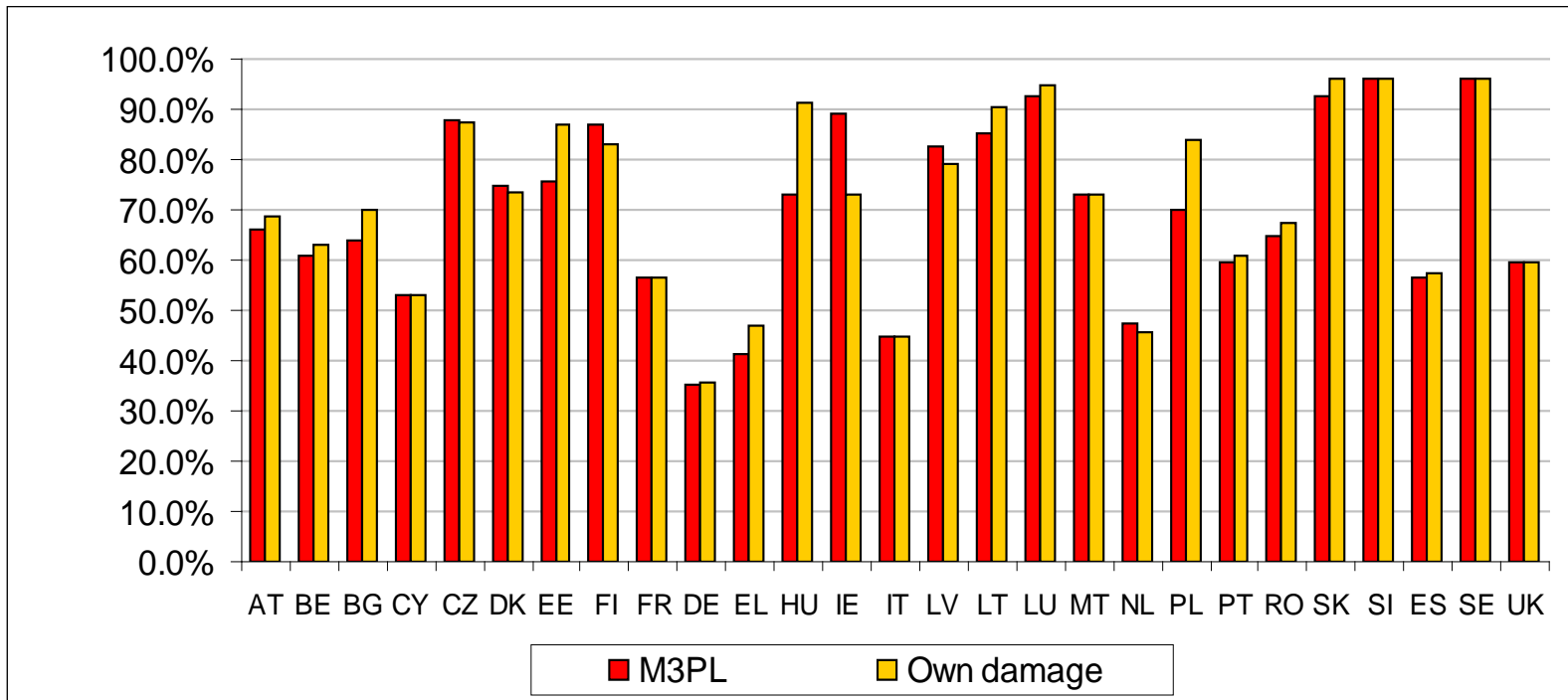
National operators (in M3PL) correlated to volumes with few exceptions, such as UK and Ireland



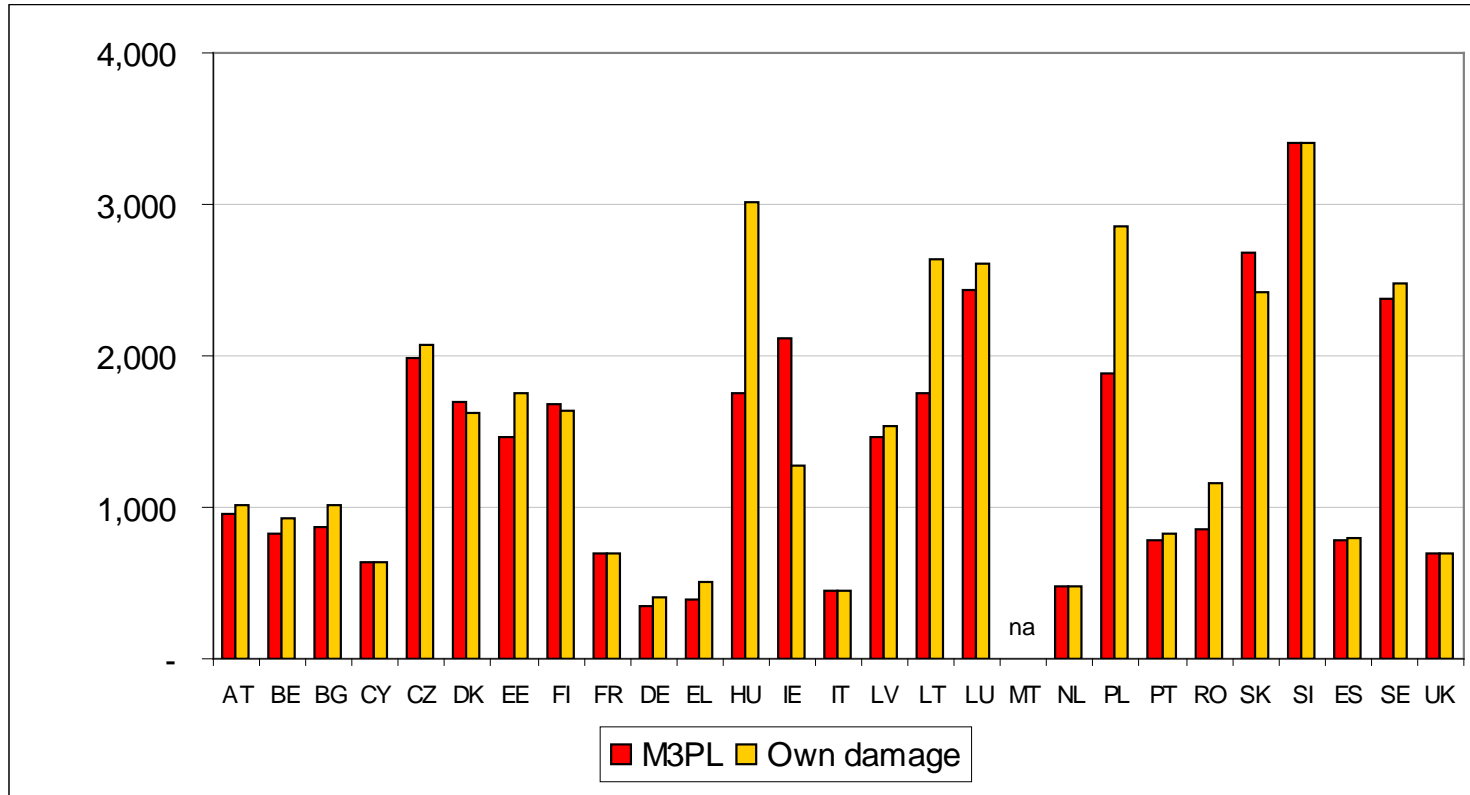
Operators in the own damage segment highlight apparent scope of cross-border influence



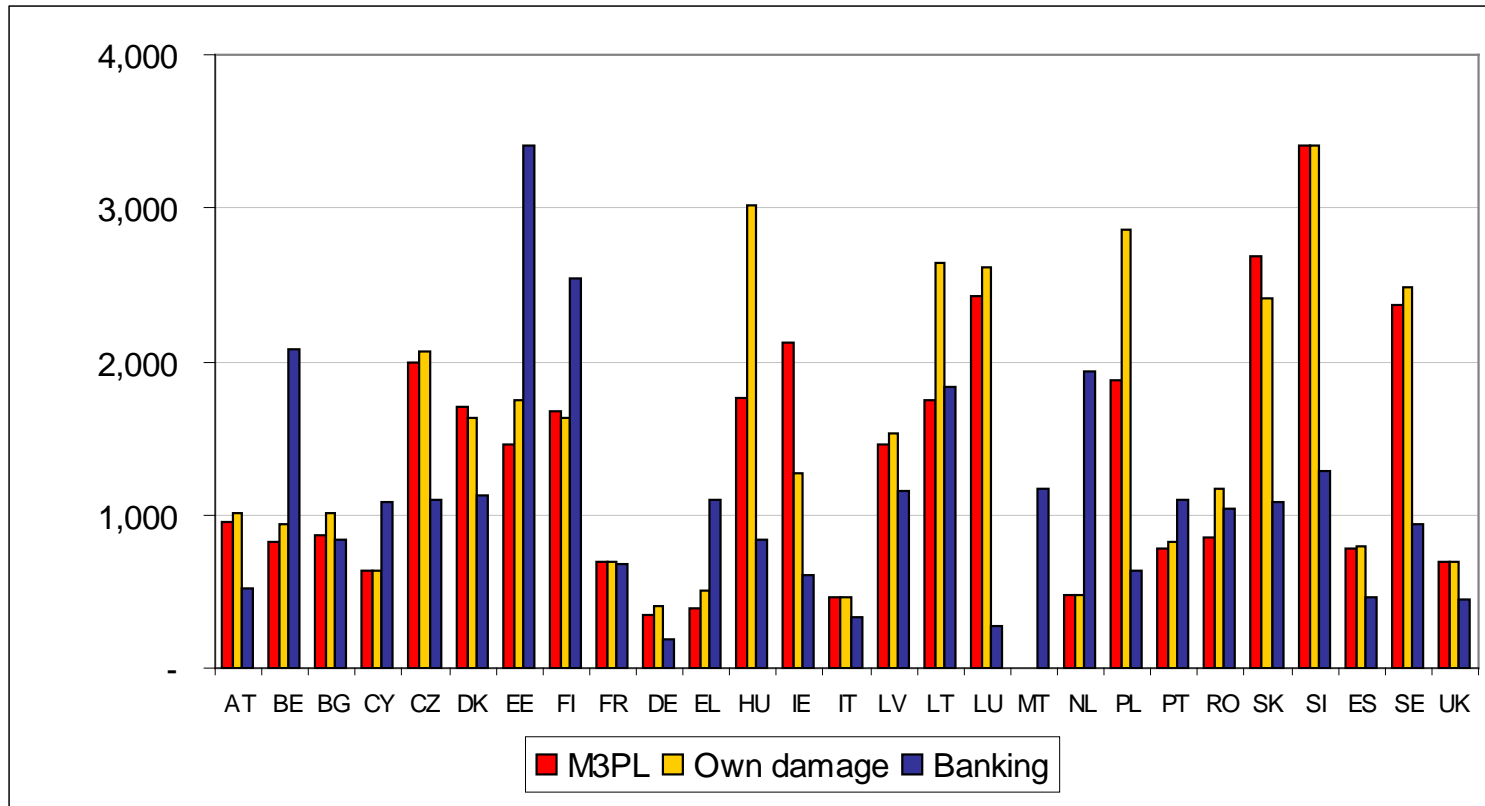
Highly concentrated industry outside a few Member States



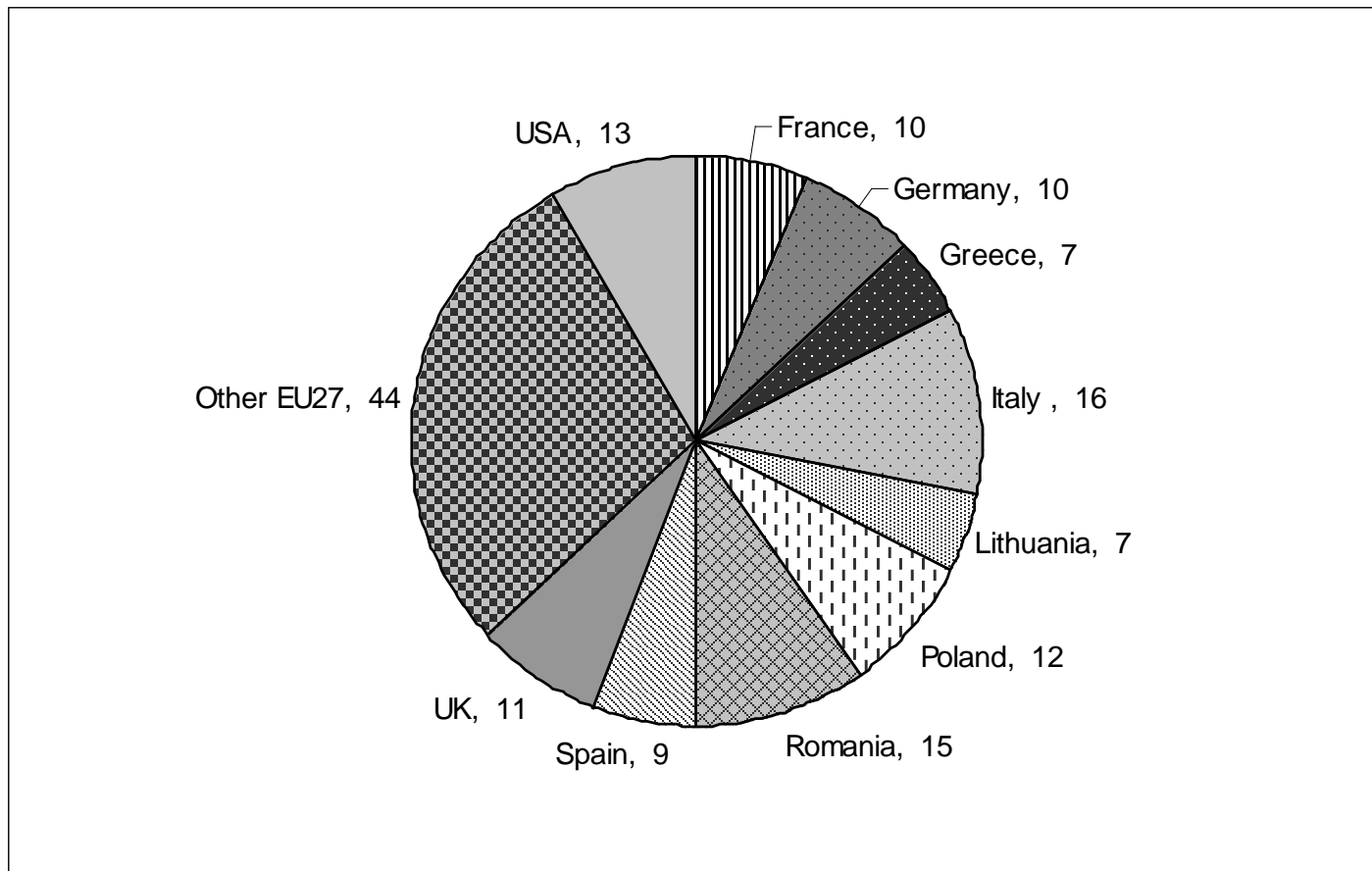
Herfindahl-Hirschman Index confirms high degree of concentration in much of CEE and Scandinavia



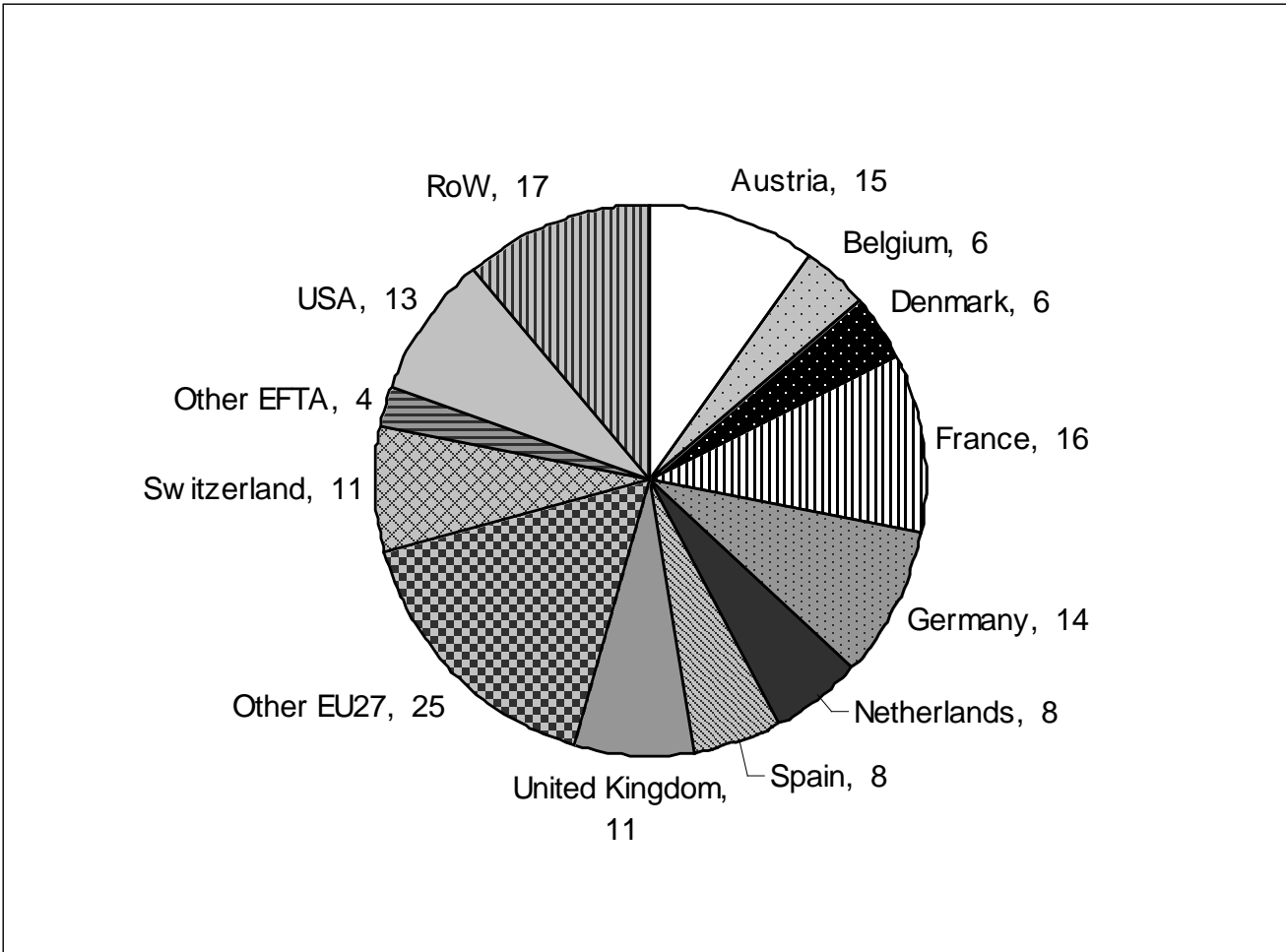
Concentration in motor insurance is notably at variance to concentration in banking outside of the largest countries



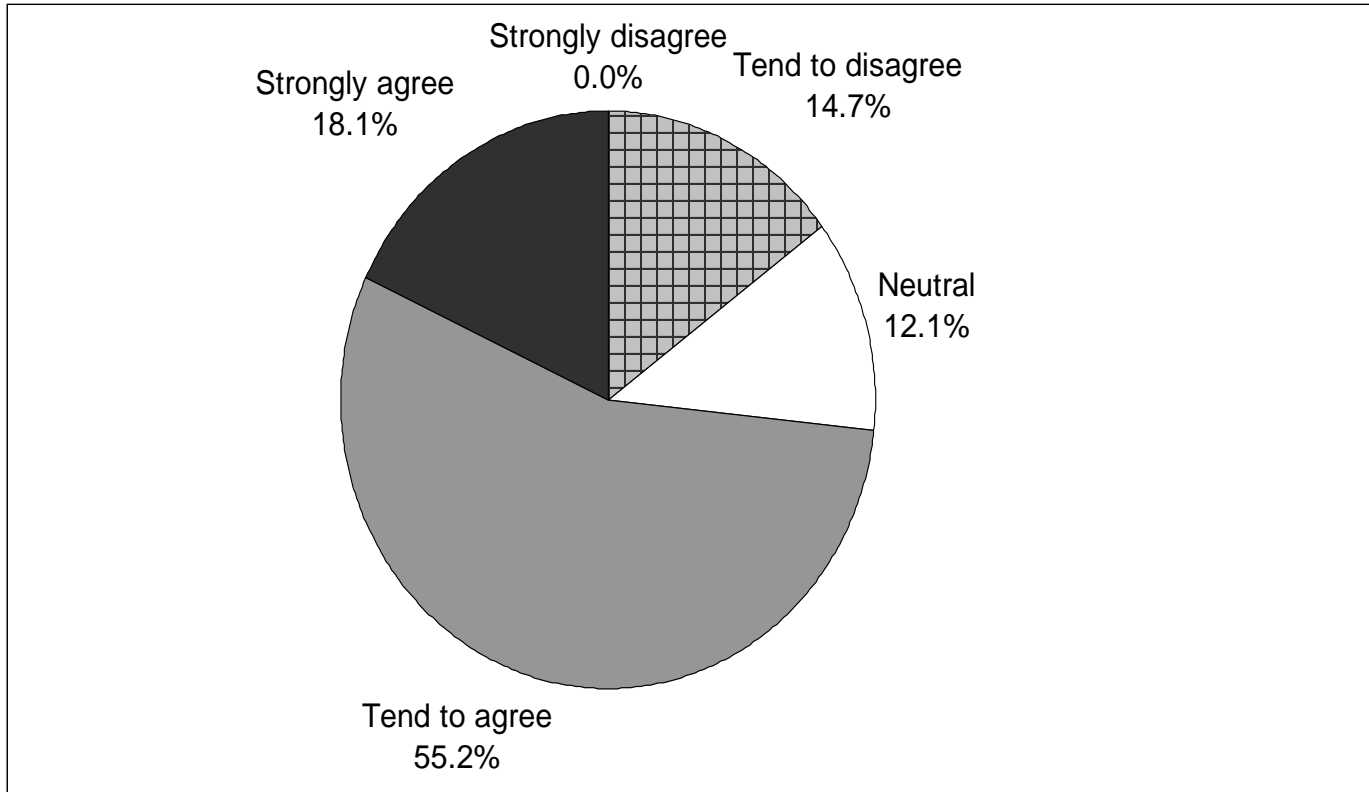
Cross-border M&A 1999–2008 in EU and USA, by Destination – CEE has been most attractive destination in terms of number of deals



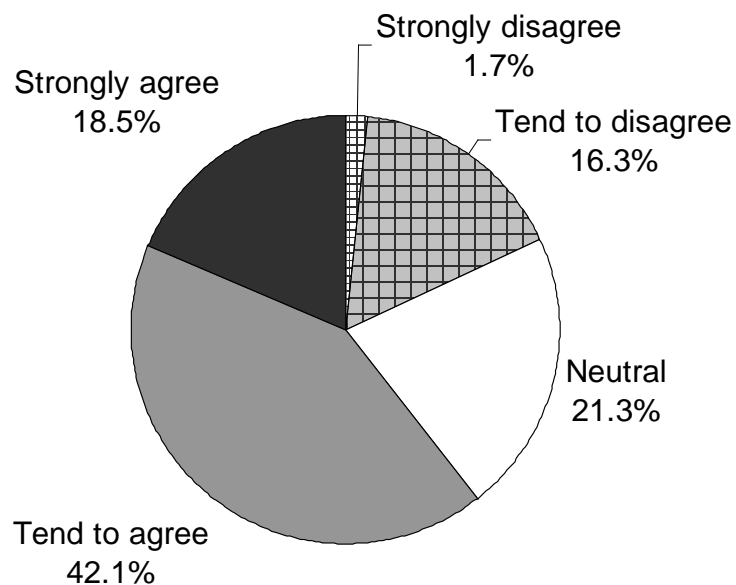
Cross-border M&A 1999–2008, by Source



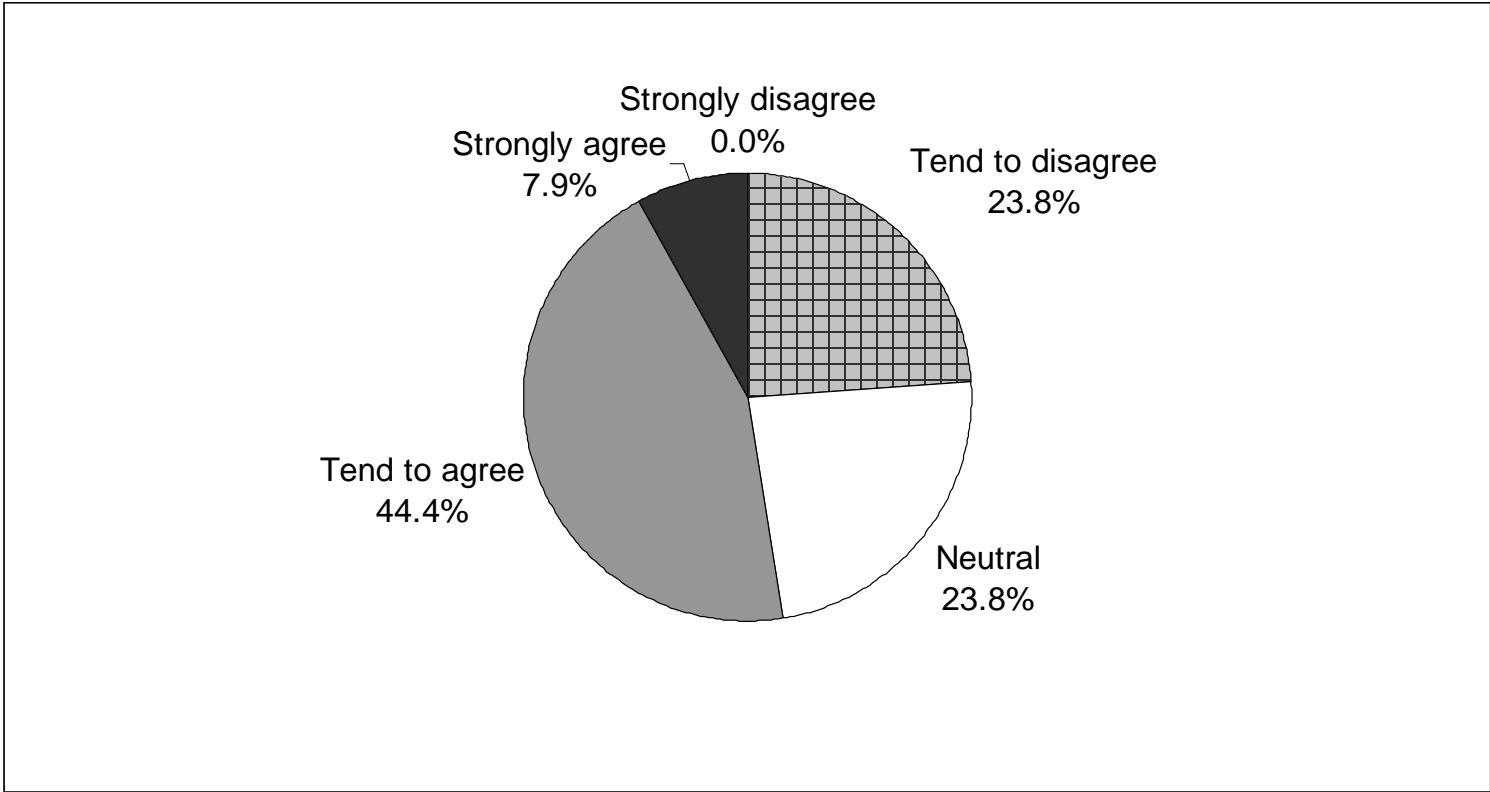
Barriers to cross-border trade: Large majority agree that “Low consumer demand for products sold across borders due to concerns about difficulties in cross-border claims management”



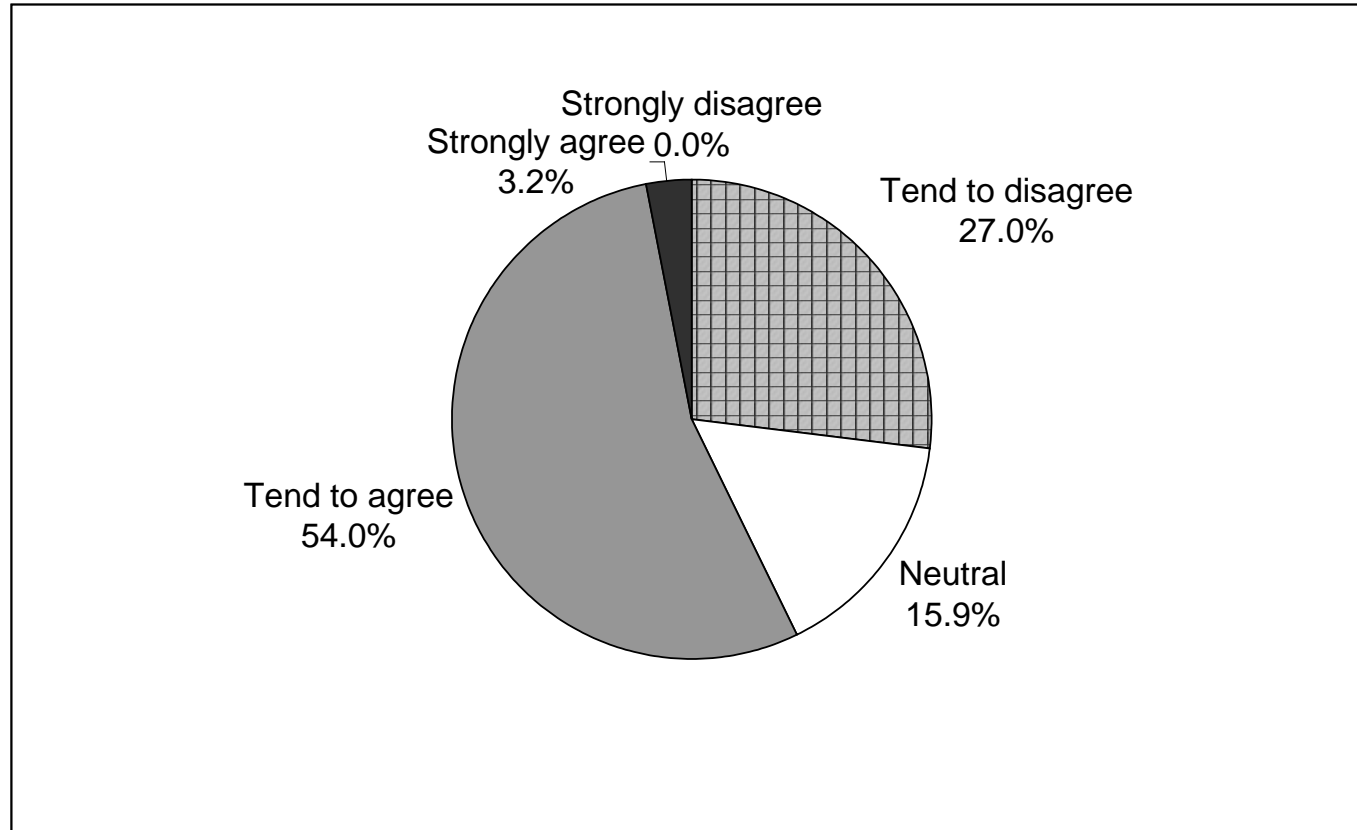
Barriers to cross-border trade: Large majority agree that “Differences in insurance contract law limit the market opportunity and/or expose the insurer to unacceptable risks”



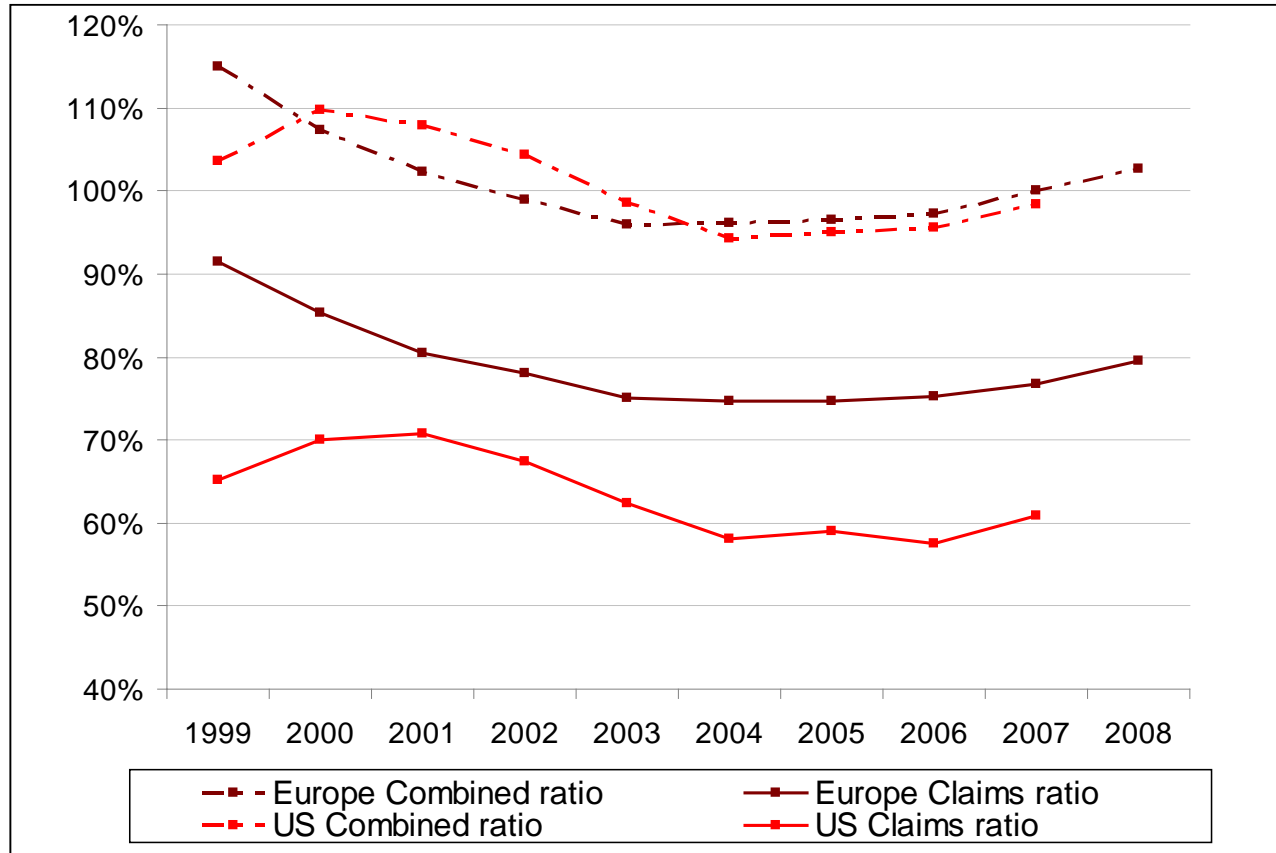
Barriers to cross-border trade: Majority agree that “Adequate statistical data are not available”



Barriers to cross-border trade: Majority agree that “Increased complexity and cost of claims management makes FPS economically unattractive for the insurer”



Profitability rates in Europe versus USA appear to have converged



Source: Comité Européen des Assurances (CEA), NAIC, EE analysis