

Europe Insurance

FY12 Sovereign Exposures of Large Insurers - ALERT

We show in this Alert the FY12 exposure to government bonds of peripheral and other sovereigns for some of the large insurers under our coverage. We do this as a result of a number of investor requests. This is in advance of our quarterly 'Here are the numbers' note which Ashik Musaddi is leading.

The total FY12 peripheral gross exposure of these specific large insurance companies was around €160bn. The exposure to Italy government bonds was around €125bn whereas exposure to the Spanish govies remained at around €25bn at the end of FY12. Exposure to Greece has been further reduced to now less than €100mn at FY12 and most have marked to market their Greece exposure.

We show in the following tables the gross and the net sovereign government bonds exposures as well as the assumptions used

European Insurance

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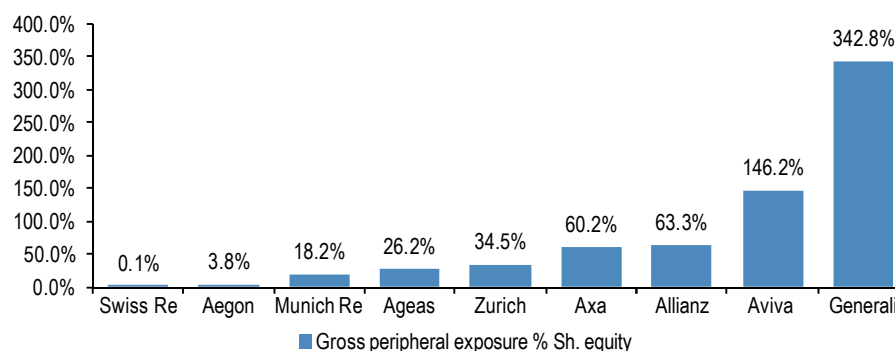
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Table 1: Gross government bond exposure (gross of minorities, tax and policyholder) In Eur mn unless stated otherwise

FY12	Portugal	Italy	Ireland	Greece	Spain	UK	Germany	France	US	Benelux	Others	Total	Periph./ Sh eq
Aegon	4	43	20	-	875	3,122	na	na	17,069	11,861	1,301	34,295	3.8%
Ageas	700	1,200	400	-	300		1,400	4,800		19,100	6,800	34,700	26.2%
Allianz	241	31,097	57	11	2,482	1,742	27,872	34,840	8,710		67,148	174,200	63.3%
Aviva - £m	257	9,397	423	-	2,207	18,366	3,563	11,205	4,566	3,045	11,713	64,742	146.2%
Axa	900	16,400	2,700	-	7,600	na	26,280	52,560	13,140	32,850	66,570	219,000	60.2%
Generali	1,200	59,700	1,600	77	5,400	na	10,100	26,400	na	na	32,023	136,500	342.8%
Munich Re		2,607	1,117		1,210	4,841	31,654	3,165	21,413	na	27,092	93,100	18.2%
Swiss Re \$m	18	1	-	-	-	16,129	6,229	3,468	18,403	1,715	12,049	58,012	0.1%
Zurich -\$m	680	6,800	340	-	4,080	9,880	9,120	4,560	16,720	5,320	18,500	76,000	34.5%

Source: Company reports and J.P. Morgan estimates. Periph. refers to Portugal, Ireland, Italy, Greece and Spain. For notes and assumptions please refer [Table 3](#)

Figure 1: Gross peripheral* government bond exposure as % shareholder's equity



Source: Company reports and J.P. Morgan estimates. *Peripheral refers to Portugal, Ireland, Italy, Greece and Spain. For notes and assumptions please refer [Table 3](#)

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Table 2: Net government bond exposure (net of policyholders, minorities and tax)

FY12													
LCm	Portugal	Italy	Ireland	Greece	Spain	UK	Germany	France	US	Benelux	Others	Total	Periph./ Sh eq
Aegon	2	24	11	-	490	1,748	na	na	9,559	6,642	729	19,205	2.1%
Ageas	188	475	245	-	119	-	621	1,901	-	7,563	2,423	13,535	10.4%
Allianz	76	10,884	20	3	660	1,219	7,414	9,267	6,097	-	47,004	82,644	21.7%
Aviva - £m	-	500	-	-	400	1,813	668	1,229	2,916	232	1,643	9,609	10.7%
Axa	240	5,083	900	-	3,055	na	14,717	29,434	7,358	18,396	37,279	116,462	20.2%
Generali	200	8,358	282	13	2,084	na	1,414	3,696	na	na	4,483	20,531	55.2%
Munich Re	-	1,359	450	-	365	3,389	8,032	1,588	14,989	na	9,561	39,733	8.0%
Swiss Re \$m	14	1	-	-	-	12,097	4,672	2,601	13,802	1,286	9,037	43,509	0.0%
Zurich -\$m	383	3,825	191	-	2,142	4,446	5,130	3,420	12,540	na	17,865	49,942	19.0%

Source: Company reports and J.P. Morgan estimates Periph. refers to Portugal, Ireland, Italy, Greece and Spain. For notes and assumptions please refer [Table 3](#)

Table 3: Assumptions and notes to sovereign government bond exposure split

ASSUMPTIONS AND NOTES FOR GROSS EXPOSURE

Ageas - Ireland as of 9M 12

Aegon - exposure is total cash, agencies, and treasuries

Zurich In addition Germany exposure as above, the balance sheet item "Other loans" includes USD 5bn of "Schuldscheindarlehen"

ASSUMPTIONS AND NOTES FOR NET EXPOSURE

Ageas - Net as % of Gross is as of FY 10

Munich Re is 30% tax and 44% sh share based on 80% p/h share in life business which has 70% of Greek bond exposure

AXA Net Peripheral Exposure is based on 1H11 Net/Gross %, others are JPMe based on netting assumption

Aviva peripheral exposure as of 9M 12

Source: J.P. Morgan estimates

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