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Insurance risks

Risks arising from the non-life underwriting are classified as pricing risk (or subscription) and reserve risk. The (Pricing risk

The pricing risk derives from the possibility that premiums are not sufficient to cover future claims, contracts exp In order to quantify this risk, the Group assesses its exposure to attritional claims, large claims and catastrophe Regarding this risk, the Group:

- has developed stochastic or deterministic bottom-up simulation models, which are validated by sensitivity determines for frequency risks, large risks and catastrophe risks (such as earthquake, flood, windstorm
- adopts, also for evaluating reinsurance cessions, models that are consistent with Value Based Manag

Reinsurance structures are based on a detailed risk analysis that allows identifying, for each class of business, Treaty reinsurance provides a risk transfer mechanism for the greatest portion of each portfolio, while facultativ

Regarding treaty reinsurance, the most important lines of business are best covered by excess of loss contracts In this field, the Group has significantly changed its strategy and business model for the purchase of the contra

As a result, the new model expects that the Parent Company subscribes ? at market conditions ? all the major r The placement of facultative reinsurance is instead managed by the individual companies, as it is a type of prot

Reinsurance counterparties are chosen in accordance to the criteria defined by the Corporate Centre (as descr With specific reference to the Parent Company, these principles have been confirmed by the Board of Directors

Reserving risk Reserving risk relates to the uncertainty in reserves run-off and considers the possibility that insurance provisio

The assessment is closely related to the valuation of technical provisions, in particular to the uncertainty of the The following table shows the cumulative claim payments and the ultimate cost of claims by accident year and

The difference between the ultimate cost of claims and the cumulative paid losses for calendar year 2012 const The observed trend in the ultimate cost for generations 2003-2012 indicates the adequate level of prudence ad

Claims development

Claim payments by accident year

Ultimate cumulative claims costs:

Ultimate cumulative claims costs at reporting date

Payments included in the balance sheet

Total provisions included in the balance sheet

The differences with the amounts published in previous reporting periods are mainly due to changes in exchange The underwriting policy

In the non-life branches, the Group underwriting embraces all lines of business, while targeting the developmen The focus is mainly on products characterized by low or medium volatility, with only a minor and selective prese

The underwriting guidelines are particularly prudent with reference to emerging risks (electromagnetic fields, ge The underwriting activity is geographically diversified, although mainly concentrated in continental Europe, whic
