Figure 3.4. Changing Insurance Business Models and Systemic Risk Factors

1. Size
(Percent; top 10 insurers’ assets relative to top 10 banks’ assets)

2. Market Concentration
(Herfindahl index)

3. Liquidity and Runs
(Lapse rate experience [2004–14])

4. Debt-Equity Ratios
(Percent; life [solid lines] and nonlife insurers [dashed lines])

5. Complexity: Nontraditional Non-Insurance Assets
(Percent of total assets, left scale; investments, right scale)

6. Shifts in Business Model: Life Insurers’ Unit-Linked Products
(Percent of assets)

Sources: A.M. Best, Global Statement File; BVD Bankscope; GDV Statistical Year Books; and IMF staff calculations.

Note: Concentration is measured as the median of the Herfindahl indices for countries in North America, Europe, and advanced Asia. A Herfindahl index between 1,500 and 2,500 indicates moderate concentration and an index above 2,500 a high level of concentration. Advanced Asia = Japan, Korea, Hong Kong SAR, Singapore, Taiwan Province of China, Australia, and New Zealand; Europe = Austria, Belgium, Denmark, Finland, France, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, and United Kingdom; North America = United States and Canada; Scandinavian countries = Denmark, Finland, Norway, and Sweden.