

INSURANCE STOCKS IN 2017

Global insurance stocks performed in line with overall world equity markets in 2017, with the IIS aggregate's 25.2% gain falling just short of the MSCI index's 25.5% advance. There were significant variances, however, with respect to regional, size and industry sector performance.

Large Market Capitalization insurance issues soared 33% last year, while Small Cap stocks added just 7%. Investors have shown a marked preference for the highly liquid shares of larger companies, including insurance companies. Investors also showed favor toward international insurers last year. The leading regions of the world for insurance stocks were Africa (+43%), Middle East (+38%) and Europe (+35%), while US issues gained just 9%.



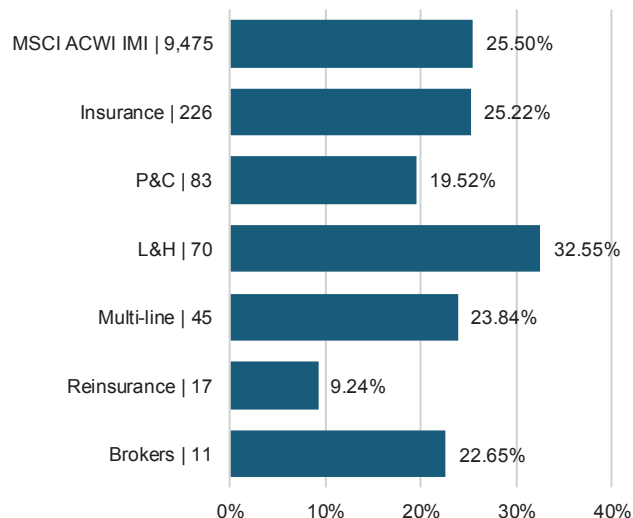
In terms of industry sectors, the top performing areas of the industry were Life & Health, which gained 33% and Multi Line, up 24%. Nonlife related issues had lower returns, with Property & Casualty up 20% and catastrophe-plagued Reinsurers up only 9%.

Also exhibiting the variation between different types of insurance stocks was the sharp disparity between Market Types. Developed Market insurers gained 31% and Emerging Market issues advanced 29%, while, as mentioned earlier, US based insurers were up just 9%.

RETURNS BY SECTOR

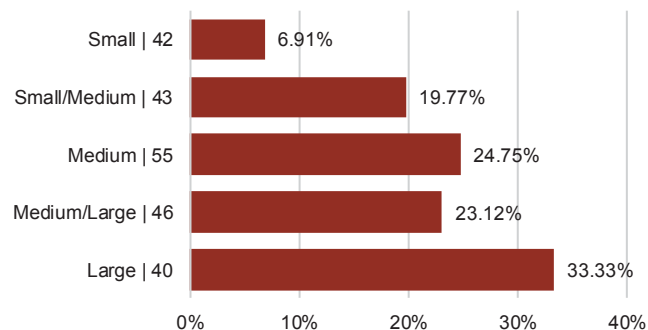
Index / Sector | # of Companies

* Weighted Return



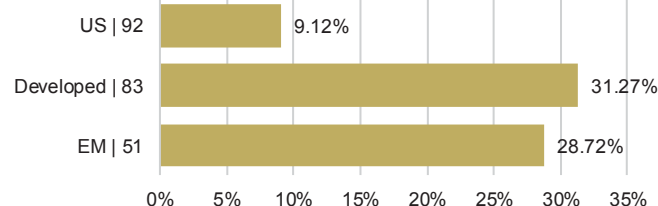
RETURNS BY MARKET CAP

Market Cap | # of Companies



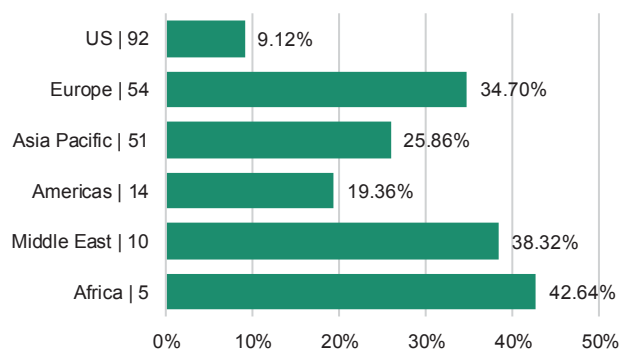
RETURNS BY MARKET TYPE

Market Type | # of Companies



RETURNS BY REGION

Region | # of Companies



Industry leaders and laggards for 2017 tended to be event driven. Among the leaders, Life & Health #1 performer Ping An of China (up 113%) earned the Forbes Magazine title of “Growth Champion” in part because of its massive technology investments. It now boasts the world’s largest market cap of any insurer.

Bajaj Finserv Ltd of India, a Multi Line insurer within a nonbank financial corporation, gained 92% as its joint efforts with Allianz were highly profitable.

At the other end of the performance spectrum, the sector laggards all had different problems. P&C insurer AmTrust of the US revealed massive loss reserve shortages and requires a total restructuring. It declined 61% for the year. Among Life & Health insurers, Tong Yang Life of Korea fell 33%, due to severe troubles at Chinese parent company Anbang Insurance. Reinsurer Maiden Holdings of the US plummeted 60%, as a consequence of suffering more than its share of property catastrophe losses. Multi Line insurer Saga plc of the United Kingdom dropped 26%, due to heightened competition in its core over-50 age market.

Multi-line	LEADERS		
	BAJAJ FINSERV LTD	Asia Pacific	92.4%
	ASR NEDERLAND NV	Europe	80.8%
	HAREL INSURANCE INVESTMENTS & FINA	Middle East	76.9%
	TOPDANMARK A/S	Europe	70.2%
	KEMPER CORP	US	58.7%
	LAGGARDS		
	SAGA PLC	Europe	-26.1%
	NATIONAL GENERAL HOLDINGS CORP	US	-20.8%
	TUNE PROTECT GRP	Asia Pacific	-15.2%
	AMERICAN INTERNATIONAL GROUP INC	US	-6.9%
	SYARIKAT TAKAFUL MALAYSIA BHD	Asia Pacific	3.2%

Property & Casualty	LEADERS		
	ALM BRAND	Europe	85.9%
	EULER HERMES GROUP SA	Europe	74.6%
	MERITZ FIRE & MARINE INSURANCE LTD	Asia Pacific	73.0%
	HYUNDAI MARINE & FIRE INSURANCE	Asia Pacific	68.1%
	COFACE SA	Europe	66.9%
	LAGGARDS		
	AMTRUST FINANCIAL SERVICES INC	US	-61.4%
	MBIA INC	US	-31.6%
	AMBAC FINANCIAL GROUP INC	US	-29.0%
	QATAR INSURANCE CO.	Middle East	-26.5%
	ASPEN INSURANCE HOLDINGS LTD	US	-24.7%

Life & Health	LEADERS		
	PING AN INSURANCE (GROUP) CO OF CH	Asia Pacific	112.5%
	CATTOLICA ASS	Europe	93.6%
	TRUPANION INC	US	88.6%
	CHINA TAIPING INSURANCE HLDGS LTD	Asia Pacific	82.7%
	DISCOVERY LTD	Africa	82.5%
	LAGGARDS		
	TONG YANG LIFE INSURANCE LTD	Asia Pacific	-32.6%
	CITIZENS INC CLASS A	US	-25.2%
	GENWORTH FINANCIAL A INC	US	-18.4%
	AVIVASA EMEKLILIK VE HAYAT AS	Middle East	-11.4%
	INTER GEN INSUR LTD	Asia Pacific	-10.1%

Reinsurance	LEADERS		
	THIRD POINT REINSURANCE LTD	US	26.8%
	REINSURANCE GROUP OF AMERICA INC	US	25.6%
	SCOR SE	Europe	22.0%
	LAGGARDS		
	MAIDEN HOLDINGS LTD	US	-59.6%
	WMIH CORP	US	-45.2%
	VALIDUS HOLDINGS LTD	US	-12.1%