Triple-I—Top Insurance Markets to See 4.5% GDP Decrease In 2020

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NEW YORK, Nov. 16, 2020—The world's 10 largest insurance markets are cumulatively expected to see their Gross Domestic Product (GDP) decrease by 4.5 percent in 2020 compared to 2019 because of COVID-19, according to a new Insurance Information Institute (Triple-I) report.

"All things being equal, higher economic activity drives premium growth higher while lower economic activity drags premium growth down. Going into Q4, economic activity, expressed as year-over-year change in GDP for the world's 10 largest insurance markets, is expected to decrease by -4.5% in 2020," writes Dr. Michel Léonard, CBE, Vice President & Senior Economist, Triple-I, in his just-released *Global Macro and Insurance Outlook: Q4 2020*.

The world's 10 largest insurance markets, in order, as defined by total premium written in 2018-2019, are: the United States, China, Japan, the United Kingdom, France, Germany, South Korea, Italy, Canada, and Taiwan. The Triple-I's projection of a 4.5 percent GDP decrease in the world's

10 largest insurance markets in 2020 as compared to 2019 was weighted based on the total premium written in each one.

"The extent of new lockdowns, the success of vaccine trials and the efficacy of vaccine distribution will determine the pace of economic recovery in 2021, with consensus pointing to Q3 or Q4 2020 as rounding the corner out of the pandemic part of the recession. However, economic activity will not heal and recover until well into 2021 and early 2022," Dr. Léonard states, adding, "Under best scenarios, economic growth will not start to fully recover until Q2 and Q3 2021 in advanced economies and Q3 and Q4 in developing economies."

Global GDP is expected to contract between -5.5 percent and -6.5 percent in 2020, the Triple-I's report said, citing benchmark forecasts such as the ones issued recently by the International Monetary Fund (IMF) and the Organisation of Economic Co-operation and Development (OECD).

GDP represents the value of the total goods and services an economy produces in a single year whereas premium is the price paid for an insurance policy. Beyond premiums, insurers also generate revenue through investment income.

The Triple-I, an affiliate of The Institutes, has a full library of educational videos on its YouTube Channel. Information about Triple-I mobile apps can be found here.

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