

Our Insight, Your Advantage<sup>®</sup>

May 11, 2026

## Market Segment Outlook: Italy Non-Life Insurance

**AM Best expects strong demand for non-motor coverages to continue in 2026, amid price pressures.**

AM Best is maintaining its Stable outlook on Italy's non-life insurance segment. The outlook reflects the following factors:

- Top line growth although repricing actions expected to decelerate.
- Additional fiscal burden from the 2026 Budget Law expected to be manageable.
- Non-motor lines of business are gaining relevance.
- Stable regulatory environment.

### Top Line Growth Although Repricing Actions Expected to Decelerate

AM Best expects gross written premium (GWP) in Italy's non-life insurance segment to continue on a steady growth trend during 2026 across all lines of business, although at a slower pace than in recent years as rate adjustments are expected to decelerate, most notably in the motor line of business.

Additionally, AM Best expects the segment to continue to exhibit solid profitability over the next 12 months, benefiting from previous years' price increases earning into premiums.

Based on statistics from Associazione Nazionale fra le Imprese Assicuratrici (ANIA), in the three year period 2023-2025 the average premium for motor third-party liability coverage increased by a compound annual growth rate of 4.7%, boosted by repricing actions put in place by insurers to offset claims inflation. Considering that the segment remains highly competitive despite being highly concentrated—the three largest groups account for roughly half of the market in terms of GWP—price adjustments are expected to moderate as inflation cools and competition intensifies.

However, the current geopolitical tensions have the potential to trigger new inflationary pressures and challenge rate adequacy once again.

### Additional Fiscal Burden from the 2026 Budget Law Expected to be Manageable

The 2026 Budget Law introduces a permanent contribution from Italian banks and, to a lesser extent, insurance companies. Provisions in the law include the suspension of Deferred Tax Asset (DTA) deductions, and a 2% increase in the regional tax on production activities (IRAP). Additionally, the law revises the Insurance Premium Tax to a flat 12.5% rate on all car-related covers that were previously subject to a lower tax rate.

AM Best expects these measures will not place significant pressure on profit margins for non-life insurers, with the impact largely manageable as additional costs will likely be passed on to policyholders.

#### Analytical Contacts:

Andrea Porta, Amsterdam  
+31 20 808 1700  
andrea.porta@ambest.com

Eli Sanchez, Amsterdam  
+31 20 808 3190  
eli.sanchez@ambest.com

#### Contributor:

Ann Modica, Oldwick

#### Editorial Manager:

Richard Hayes, London  
+44 20 7397 0326  
richard.hayes@ambest.com

2026-056

### Non-Motor Lines of Business are Gaining Relevance

Motor continues to dominate Italy's non-life segment, accounting for approximately 40% of total GWP. However, non-motor lines out-grew motor in 2025 with a GWP growth rate of 7.1% compared to 5.6%, according to ANIA, benefiting risk diversification for Italy's non-life insurers.

AM Best expects strong demand for non-motor coverages to continue in 2026, further supported by the law requiring corporate entities to buy coverage against earthquakes, floods, inundations and landslides. This law became fully effective on March 31, 2026.

### Stable Regulatory Environment

The Italian regulatory environment is expected to remain consistent and in line with the rest of the European Union (EU).

The review of Solvency II, to be implemented by January 2027, will bring some capital relief to the sector, primarily driven by the use of a lower cost of capital ratio in the calculation of the risk margin. In addition, the review includes a number of refinements of measures aimed at stabilising the solvency ratio against short-term volatility.

### Economic Overview

According to the International Monetary Fund's (IMF) April 2026 projections, Italy's real gross domestic product (GDP) growth is expected to remain at 0.5% in 2026 and 2027. Growth will be supported by the EU's Next Generation transfers and the country's services sector. While economic growth has remained positive, it lags the Euro Area which is projected to grow by 1.1% and 1.2% in 2026 and 2027, respectively. Short-term risks to the downside include higher US tariffs, a stronger euro and ongoing global uncertainty. Longer-term structural challenges include an aging population and a shrinking workforce, though recent immigration inflows should somewhat mitigate the issue.

Inflation is projected to rise from 1.6% in 2025 to 2.6% in 2026 and 2.4% in 2027, which is above the European Central Bank's (ECB) target of 2.0%. The ECB last lowered its policy rate in June 2025 to 2.0% and has kept rates unchanged since then. A renewed rise in energy-driven inflation would likely complicate the monetary policy outlook by delaying further easing and requiring the ECB to maintain a restrictive stance for longer.

## GUIDE TO BEST'S MARKET SEGMENT OUTLOOKS

A market segment outlook reflects AM Best's forward-looking assessment of the expected operating environment and conditions within a segment over the next 12 months. It is based on factors such as economic conditions, the regulatory environment, the competitive landscape, as well as performance trends and other considerations. The outlook provides context for how these factors collectively shape the segment's trajectory.

A Best's Market Segment Outlook, like a Best's Credit Rating Outlook for a company, can be Positive, Negative, or Stable.

### Best's Market Segment Outlook

Positive	A <b>Positive outlook</b> indicates that market conditions are expected to improve or support operations and strong performance within the segment over the next 12 months.
Stable	A <b>Stable outlook</b> suggests that market conditions are expected to remain broadly consistent with the current environment, with no material positive or negative shifts anticipated with the segment over the next 12 months.
Negative	A <b>Negative outlook</b> signifies that market conditions are expected to deteriorate or present challenges to operations and performance within the segment over the next 12 months..

**Copyright © 2026 A.M. Best Company, Inc. and/or its affiliates.** All rights reserved. No portion of the content may be reproduced, distributed, or stored in a database or retrieval system, or transmitted, or uploaded into any external applications, algorithms, bots or websites, including those using artificial intelligence or machine learning technologies such as large language models (LLM), generative AI (Gen-AI) or retrieval-augmented generation (RAG) in any form or by any means without the prior written permission of AM Best. AM Best does not warrant the accuracy, completeness, or timeliness of the AM Best content. While the content was obtained from sources believed to be reliable, its accuracy is not guaranteed. You specifically acknowledge that neither AM Best nor the content gives any investment, financial, tax, insurance, or legal advice. You are solely responsible for seeking competent professional advice before making any investment, financial, tax or insurance decision. For additional details, refer to our Terms of Use available at the AM Best website: <https://web.ambest.com/about/terms-of-use>.

Published by AM Best

**BEST'S MARKET SEGMENT REPORT****A.M. Best Company Inc.**

Oldwick, NJ

**CHAIRMAN, PRESIDENT & CEO Arthur Snyder III**  
**SENIOR VICE PRESIDENT & TREASURER Cynthia Young**  
**SENIOR VICE PRESIDENT Lee McDonald**

**A.M. Best Rating Services Inc.**

Oldwick, NJ

**PRESIDENT James Gillard**  
**EXECUTIVE VICE PRESIDENT & COO Stefan W. Holzberger**  
**EXECUTIVE VICE PRESIDENT & CSO Andrea Keenan**  
**EXECUTIVE VICE PRESIDENT & CIO James F. Snee**  
**SENIOR MANAGING DIRECTOR & CRO Kenneth Johnson**  
**SENIOR MANAGING DIRECTOR & CCO Edward H. Easop**

**AMERICAS****WORLD HEADQUARTERS**

A.M. Best Company, Inc.

A.M. Best Rating Services, Inc.  
 1 Ambest Road, Oldwick, NJ 08858  
 Phone: +1 908 439 2200

**MEXICO CITY**

A.M. Best América Latina, S.A. de C.V.

Av. Paseo de la Reforma 412, Piso 23,  
 Col. Juárez, Alcadía Cuauhtémoc, C.P. 06600, México, D.F.  
 Phone: +52 55 1102 2720

**EUROPE, MIDDLE EAST & AFRICA (EMEA)****LONDON**

A.M. Best Europe - Information Services Ltd.  
 A.M. Best Europe - Rating Services Ltd.  
 12 Arthur Street, 8th Floor, London, UK EC4R 9AB  
 Phone: +44 20 7626 6264

**AMSTERDAM**

A.M. Best (EU) Rating Services B.V.

NoMA House, Gustav Mahlerlaan 1212, 1081 LA Amsterdam, Netherlands  
 Phone: +31 20 308 5420

**DUBAI\***

A.M. Best Europe - Rating Services Ltd. - DIFC Branch\*  
 Office 102, Tower 2, Currency House, DIFC  
 P.O. Box 506617, Dubai, UAE  
 Phone: +971 4375 2780

\*Regulated by the DFSA as a Credit Rating Agency

**ASIA-PACIFIC****HONG KONG**

A.M. Best Asia-Pacific Ltd  
 Unit 4004 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong  
 Phone: +852 2827 3400

**SINGAPORE**

A.M. Best Asia-Pacific (Singapore) Pte. Ltd  
 8 Cross Street, #21-03 Manulife Tower  
 Singapore 048424  
 Phone: +65 6303 5000



**Best's Financial Strength Rating (FSR):** an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts.

**Best's Issuer Credit Rating (ICR):** an independent opinion of an entity's ability to meet its ongoing financial obligations and can be issued on either a long- or short-term basis.

**Best's Issue Credit Rating (IR):** an independent opinion of credit quality assigned to issues that gauges the ability to meet the terms of the obligation and can be issued on a long- or short-term basis (obligations with original maturities generally less than one year).

**Best's National Scale Rating (NSR):** a relative measure of credit-worthiness in a specific local jurisdiction that is issued on a long-term basis and derived exclusively by mapping the NSR from a corresponding global ICR using a transition chart.

**Rating Disclosure: Use and Limitations**

A Best's Credit Rating (BCR) is a forward-looking independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness. The opinion represents a comprehensive analysis consisting of a quantitative and qualitative evaluation of balance sheet strength, operating performance, business profile, and enterprise risk management or, where appropriate, the specific nature and details of a security. Because a BCR is a forward-looking opinion as of the date it is released, it cannot be considered as a fact or guarantee of future credit quality and therefore cannot be described as accurate or inaccurate. A BCR is a relative measure of risk that implies credit quality and is assigned using a scale with a defined population of categories and notches. Entities or obligations assigned the same BCR symbol developed using the same scale, should not be viewed as completely identical in terms of credit quality. Alternatively, they are alike in category (or notches within a category), but given there is a prescribed progression of categories (and notches) used in assigning the ratings of a much larger population of entities or obligations, the categories (notches) cannot mirror the precise subtleties of risk that are inherent within similarly rated entities or obligations. While a BCR reflects the opinion of A.M. Best Rating Services, Inc. (AM Best) of relative creditworthiness, it is not an indicator or predictor of defined impairment or default probability with respect to any specific insurer, issuer or financial obligation. A BCR is not investment advice, nor should it be construed as a consulting or advisory service, as such; it is not intended to be utilized as a recommendation to purchase, hold or terminate any insurance policy, contract, security or any other financial obligation, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. Users of a BCR should not rely on it in making any investment decision; however, if used, the BCR must be considered as only one factor. Users must make their own evaluation of each investment decision. A BCR opinion is provided on an "as is" basis without any expressed or implied warranty. In addition, a BCR may be changed, suspended or withdrawn at any time for any reason at the sole discretion of AM Best.

Version 011624