

# A new method for measuring the volume of insurance services in the Netherlands

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## **Abstract**

This paper presents new methods for measuring the output volume of the insurance industry in the Netherlands. The new methods are intended to provide a better match between the quarterly and final annual volume growth figures. One of the main differences between the new and currently used ‘direct service methods’ is the measurement unit of production. The current methods express production volume in terms of quantities for separate activities in the insurance industry (administration of existing policies, new policies acquired, claims handled). The new methods use bundles of activities as production units for insurance policies, which are aimed at providing adequate coverage for future claims by policyholders.

Insurance policies are differentiated into a number of categories according to, amongst others, product group (life insurances, pension funds, property-casualty insurances) and level of provision reached by insurance companies. Models are developed for describing the development of the number of policies from quarter to quarter. For instance, the models for individual and collective life insurances are driven by a ‘drop-out’ probability for policies (e.g., due to expiration or pay-off by policyholders) and by the number of newly acquired policies per quarter. Drop-out probabilities are estimated from time series, while data are available on acquired policies for most types of insurances. The results of the new methods will be compared with the current direct service methods.

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