The insurance industry is a major component of the economy by virtue of the amount of premiums it collects and the scale of its investments. Interest rate risk constitutes the greatest individual source of risk for insurance companies, especially following the most recent global financial turmoil, when ECB and other Central Banks across Europe have steadily been cutting the base rate in order to cope with the deteriorated economic environment. In this paper, we examine the effect of the macroeconomic environment, notably that of the interest rates, on life and non-life European insurance companies profitability ratios by employing a dynamic panel regression with GMM to a cross-country aggregated data. Our empirical results reveal that decreasing market rates, intensifying inflationary pressure and poor equity market performance are robust indicators of a diminishing insurance rentability, especially when we model using ROE. The estimates of ROA models are inconclusive as we believe that the complexity of this ratio requiers a more in-depth analysis. Additionaly we analyse a smaller group of life insurance companies' on their Embedded Value's sensitivity to several potential negative shocks. To the author's best knowledge, those are the first implied macroeconomic estimates on insurance companies' profitability. These findings can be used as an initial reference to gauge the impact of regulators policies on insurance sector performance.