insurance europe

European Insurance in Figures

2019 data

Insurance Europe is the European insurance and reinsurance federation. Through its 37 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings that account for around 95% of total European premium income.

www.insuranceeurope.eu

Contents

Member associations and country codes

Austria (AT) — Verband der Versicherungsunternehmen Österreichs (VVO)

Belgium (BE) — Assuralia

Bulgaria (BG) — Association of Bulgarian Insurers

Croatia (HR) — Hrvatski ured za osiguranje (HUO)

Cyprus (CY) — Insurance Association of Cyprus

Czech Republic (CZ) — Česká asociace pojišťoven (ČAP)

Denmark (DK) — Insurance & Pension Denmark

Estonia (EE) — Eesti Kindlustusseltside Liit (EKsL)

Finland (FI) — Finanssiala

France (FR) — Fédération Française de l'Assurance (FFA)

Germany (DE) — Gesamtverband der Deutschen Versicherungswirtschaft (GDV)

Greece (GR) — Hellenic Association of Insurance Companies

Hungary (HU) — Magyar Biztosítók Szövetsége (MABISZ)

Iceland (IS) — Samtök Fjármálafyrirtækja (SFF)

Ireland (IE) — Insurance Ireland

Italy (IT) — Associazione Nazionale fra le Imprese Assicuratrici (ANIA)

Latvia (LV) — Latvijas Apdrošinātāju asociācija (LAA)

Liechtenstein (LI) — Liechtensteinischer Versicherungsverband

Luxembourg (LU) — Association des Compagnies d'Assurances et de Réassurances du Grand-Duché de Luxembourg (ACA)

Malta (MT) — Malta Insurance Association (MIA)

Netherlands (NL) — Verbond van Verzekeraars

Norway (NO) — Finans Norge

Poland (PL) — Polska Izba Ubezpieczeń (PIU)

Portugal (PT) — Associação Portuguesa de Seguradores (APS)

Romania (RO) — Uniunea Națională a Societăților de Asigurare și Reasigurare din Romania (UNSAR)

Slovakia (SK) — Slovenská asociácia poisťovní (SLASPO)

Slovenia (SI) — Slovensko Zavarovalno Združenje (SZZ)

Spain (ES) — Unión Española de Entidades Aseguradoras y Reaseguradoras (UNESPA)

Sweden (SE) — Svensk Försäkring

Switzerland (CH) — Schweizerischer Versicherungsband (ASA/SVV)

Turkey (TR) — Türkiye Sigorta, Reasürans ve Emeklilik Şirketleri Birliği

United Kingdom (UK) — The British Insurers' European Committee:

Association of British Insurers (ABI)

International Underwriting Association of London (IUA)

Lloyd's

Methodological note

Special note on the UK figures

The Association of British Insurers (ABI) reported significant decreases in life premiums and benefits paid in 2019, of -34.8% and -41.8% respectively. This led to sizeable decreases in the UK's total premiums and total claims and benefits paid. These drastic decreases are primarily due to the fact that the results of several UK life insurance companies are no longer included in the ABI figures. Other reasons include changes in the business structure of some of the reporting companies (including business transfers and restructurings), as well as a decrease in pension benefits paid.

Likewise, the 8.1% decrease in insurers' investments in the UK in 2019 is mainly due to a decrease in companies reporting to the ABI, as opposed to a change in the total value of UK insurance investments.

In this report, the total premiums and total claims and benefits paid and the life premiums and benefits paid include the UK, but the growth rates are shown both including and excluding the UK. The growth rates excluding the UK are marked with an asterisk. For the European investment portfolio, however, both the total volumes and the growth rates include the UK figures.

As the above-mentioned changes relate to life insurance only, all the volumes and growth rates for European health and P&C insurance include the UK figures.

Full details, as well as national deviations from Insurance Europe's methodology can be found here.

Exchange rates

Insurance Europe collects data from its member associations in their national currency. For non-eurozone countries, it is then converted into euro. All monetary values are converted with the current end-of-year exchange rates. All growth rates and ratios are calculated using constant (most recent year's) end-of-year exchange rates.

Data samples

Not all data, and in particular historical data, is available for all markets. For each indicator, samples contain only those countries for which the entire historical data series is available. Therefore, due to different sample sizes, some data in the charts depicting 10-year series differs from the figures quoted in the report text and from the charts based on two-year samples.

Scope

All data is for domestic markets, unless otherwise stated.

Representativeness

Insurance Europe represents, through its members, undertakings that account for around 95% of total European premium income.

Consolidation level

All figures are reported at solo level (non-consolidated), unless otherwise stated.

Inflation adjustment

All published figures are not adjusted for inflation, unless otherwise stated.

Reinsurance

All published figures exclude accepted reinsurance, and include ceded reinsurance, unless otherwise stated.

Solvency II reporting definitions

Since 2016, countries have been moving at different speeds to the reporting definitions in the EU's Solvency II regulatory regime. This means that, for a growing number of countries, figures are not fully comparable with earlier years, primarily for health and P&C business.

Premiums

Premiums are gross (direct) written premiums (GWP), unless otherwise stated.

Data source

All figures are provided by member associations, unless otherwise stated.

Abbreviations

bps	basis points
ECB	European Central Bank
EEA	European Economic Area
EIOPA	European Insurance & Occupational Pensions Authority
EU	European Union
GDP	gross domestic product
GWP	gross written premiums
P&C	property & casualty
pp	percentage point

Foreword

2019: a year of steady growth

The statistics in this booklet show the importance of insurance to Europe's economies and societies. Indeed, without the secure underpinning of insurance, many business and private activities would not be possible. The estimated €2.7bn that the Europe's insurance industry paid out daily in claims in 2019 shows the extent of the protection that insurers provide. And the more than €10.4trn that Europe's insurers had invested in the economy in 2019 clearly demonstrates the industry's value as a provider of stable, long-term funding.

This booklet sets out the life, P&C and health premiums written and the benefits and claims paid by Europe's insurers, together with statistics on the industry's investment portfolio and information on the structure of the European insurance sector. A more extensive dataset is available free of charge on Insurance Europe's website.

Gross premiums written in Insurance Europe's 32 member countries totalled over €1.2trn. Overall growth excluding the UK (see note on p6) was up 4.5%, slightly higher than the average growth of 3.9% over the seven years to 2019. Across all member countries, there was steady growth of 2.2% in P&C insurance and stronger growth in health insurance at 6.8%. Life premiums excluding the UK grew 4.7%.

These results were against the background of decelerating economic growth, both globally and in Europe, and falling levels of inflation. Stock markets, however, had one of their best years on record.

Looking ahead to 2020: a year like no other

Of course, these figures pre-date the arrival of the COVID-19 pandemic in Europe. The effects of the pandemic on the claims, assets and business flows in Europe's insurance markets will only be seen in the 2020 data in next year's "European Insurance in Figures", with the full effects likely to take far longer to materialise. Current estimates put the global insurance industry's COVID-related losses at anywhere between \$50bn and \$100bn (€41-82bn).

The severity of the pandemic and the measures taken by governments in response have differed between national markets. And the effects on insurance business lines differ depending on the characteristics of the specific insurance products sold in each market.

Despite this, certain broad trends have started to emerge. Life and health claims have remained manageable, while some P&C insurers have seen a surge in claims for business interruption, travel assistance and event cancellation. Broadly, lockdowns have led to a fall in motor claims due to the travel restrictions, albeit with significant differences between markets, but there has generally been a rise in property claims, as a result of people spending more time at home. And insurers' investments have been impacted by the effects of the pandemic on the financial markets, as well as the prolonged period of low interest rates. In the longer term, weakened economies will have a dampening effect on the P&C sector, and people's reduced ability to save is likely to affect the life sector, even though the pandemic may also result in increased interest in buying protection.

Nevertheless, overall, the insurance industry in Europe remained strong in 2020, with insurers generally maintaining their solvency positions, while non-life premiums even increased 3.5% in the first half of 2020 compared with the same period of the previous year, according to EIOPA. One reason is that — despite the challenging environment — insurers managed to maintain their operations throughout the periods of lockdown imposed by governments, with many taking full advantage of digital tools to ensure business continuity, while still protecting their customers and employees.

Michaela Koller
Director General

Economic environment

In 2019, global economic growth continued to slow. European (inflation-adjusted) growth decelerated to +1.5% in 2019, compared to +1.9% in 2018. European GDP grew more slowly than that of the US, where growth of 2.3% was registered in 2019, 0.6pp lower than in 2018. China's economy also slowed to 6.1% in 2019, compared to 6.6% a year earlier.

EU GDP increased 1.5% in 2019

Within the EU, national economies grew at different speeds, with Ireland (+5.6%), Malta (+5.3%) and Hungary (+4.6%) at the top of the ranking, while Italy (+0.3%) and Germany (+0.6%) were at the other end of the spectrum. The French economy grew 1.5% and Spain's 2%.

The period between 2009 and 2018 was one of sustained reductions in government deficits driven by austerity measures: the ratio of the EU government deficit to GDP shrank to 0.7% in 2018, the lowest on record. In 2019, as a result of an increase in government expenditure, the deficit slightly increased to 0.8%. This dip, however, did not prevent the EU government debt from reducing by 1.9pp to 77.6% in 2019, mostly due to still favourable cyclical conditions, revenue windfalls and a positive interest rate growth differential. Meanwhile, the EU unemployment rate decreased from 6.6% in 2018 to 6.2% at the end of 2019.

Slow economic growth in the EU was mirrored by a muted level of inflation. Headline inflation in the euro area (as measured by the Harmonised Index of Consumer Prices) stood at 1.2% in 2019. Core inflation (which excludes highly volatile prices such as those for food and energy) fluctuated between 1.1% and 1.4% throughout the year.

Having witnessed a deceleration in economic activity and the falling rate of inflation at the start of the second half of the year, the ECB took the decision to loosen its monetary policy in September 2019 by bringing the interest rate on the deposit facility down by 10 bps to -0.5%. And in November 2019 it restarted net purchases of €20bn a month under the asset purchase programme "for as long as necessary". The main ECB refinancing operations (which provide the bulk of liquidity to the banking system) remained at an interest rate of 0% in 2019; the 0.25% on the marginal lending facility (at which overnight credit is offered to banks) was also maintained.

Stock markets rallied throughout 2019. Indeed, 2019 was one of the best years on record for investors as most European indices produced a stellar performance, starting from a low base after a slump in the fourth quarter of 2018. The Euro Stoxx 50 index grew 25% to 3 745 during 2019 and the MSCI European Union index followed suit with the same result over the year. Overall, favourable financing conditions and slowing yet positive economic performance created fertile grounds for the stock markets.

1. European insurance in 2019

€997bn

Total claims & benefits paid

€2.73bn

Claims & benefits paid per day

€1 671

Claims & benefits paid per capita

1.1 Overview

Claims and benefits paid

Total claims and benefits paid to customers in Insurance Europe member countries totalled €997bn in 2019, equivalent to €1 671 per capita or €2.73bn per day.

In the UK, there was a sharp drop in total claims and benefits in reported life insurance business, as a result of changes in the companies contributing to the data of the Association of British Insurers (ABI), business transfers and restructurings, and a decrease in pension payments. This led to the total European claims and benefits paid in 2019 decreasing 6.2%. In contrast, total claims and benefits paid grew 5.5%* if the UK is excluded.

* Asterisks denote 2019 growth rates excluding the UK

Chart 1: Three-quarters of 2019 claims & benefits paid by five markets

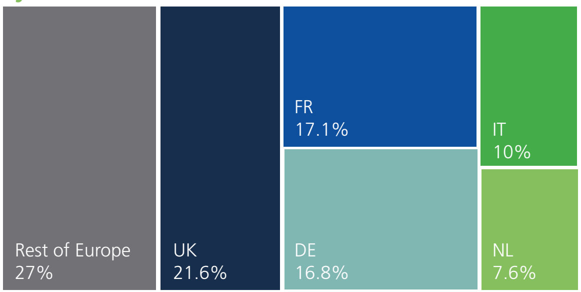


Chart 2: Claims & benefits paid (€bn) & growth — 2018–2019

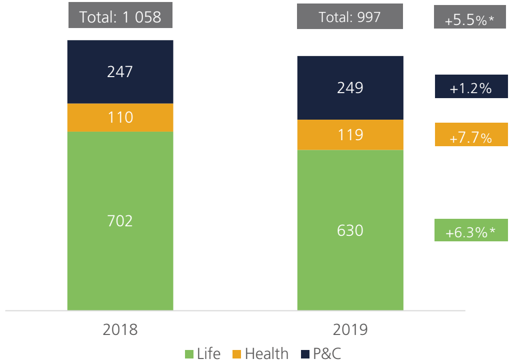
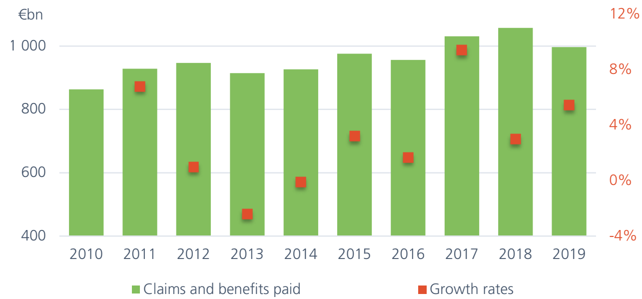


Chart 3: 2019 claims & benefits paid €133bn higher (+16.6%) than a decade ago



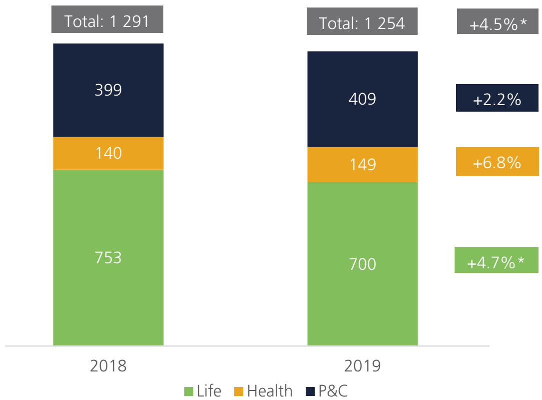
Average claims and benefits paid per capita in Europe — 2019

Premiums

In 2019, total premiums in Insurance Europe member countries amounted to €1 254bn, a decline of 3.3% on the year before. As for benefits and claims, the fall was due to a sharp decline in UK business as a result of changes in the companies contributing to the ABI's data collection, as well as structural changes in the business of ABI members.

In contrast, growth in the rest of Europe reached 4.5%*, with slower but solid growth in P&C at 2.2% and steady growth in health at 6.8%. Life premiums decreased 7.5% across Insurance Europe's entire membership, but increased 4.7%* excluding the UK. Total premiums excluding the UK rose for the seven years to 2019 at an average rate of 3.9%* a year.

Chart 4: Premiums (€bn) & growth — 2018–2019



Positive results in most national markets contributed to that observed growth in insurance premiums in 2019. Europe's five largest markets — the UK, France, Germany, Italy and the Netherlands — together accounted for 76% of all premiums.

The Nordic and the central and eastern European markets also contributed to the favourable result, with growth of 7.3% and 4.2% respectively in these two blocks.

Chart 5: Premium growth rates — 2010–2019

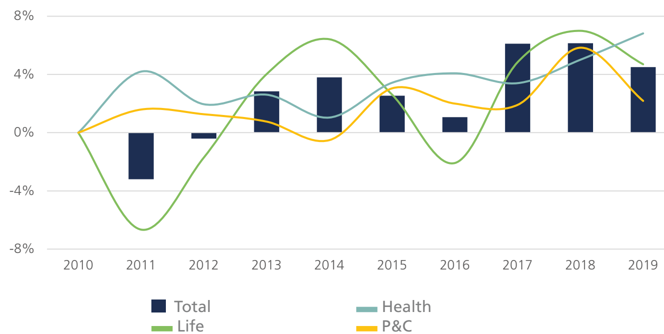
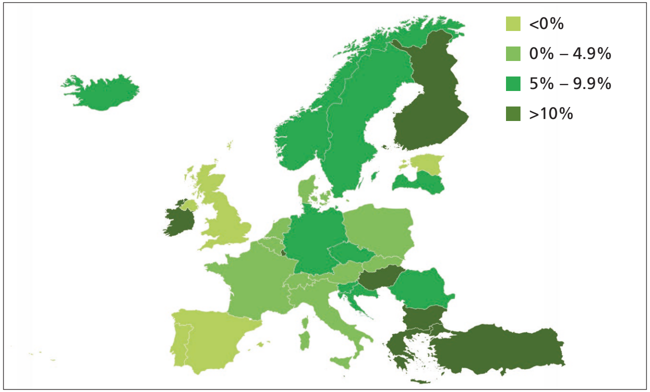


Chart 6: Most markets registered growth, albeit at different speeds — 2019

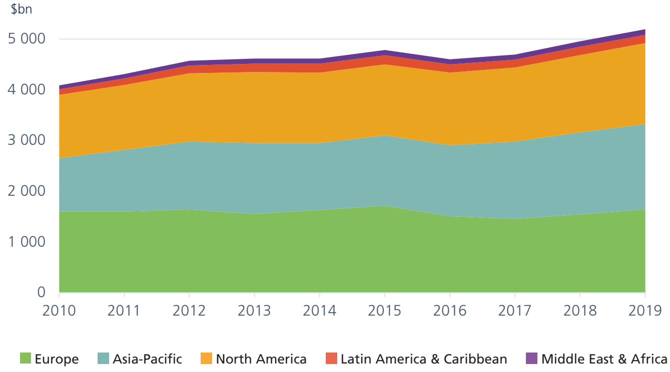


Global premiums

Global premiums continued to expand, growing 2.9% in 2019 after a rise of 3.2% in 2018. Unadjusted for inflation, Asia and North America grew at nearly the same speeds in 2019; 3.9% and 3.8% respectively. Latin America and the Caribbean grew 1.3%, while Europe, owing to the euro depreciation of 1.4% against the dollar, shrank 1.2% in US dollar terms[1].

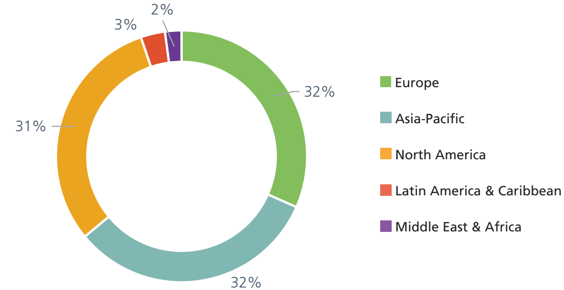
1 Euro depreciation against the dollar and the decrease in UK insurance business both contributed to Europe falling in the regional rankings

Chart 7: Global premiums grew steadily — 2010–2019 ($bn)[2]



Source: Swiss Re Sigma Explorer

Chart 8: Split of world insurance premiums — 2019



Source: Swiss Re Sigma Explorer

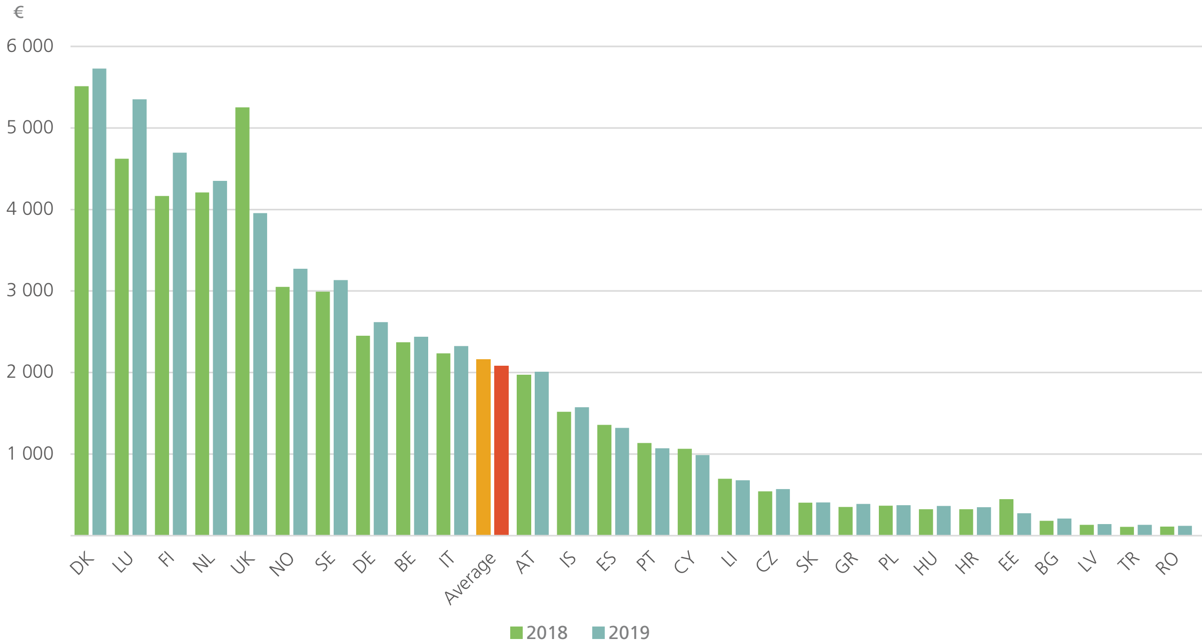
2 Global gross written premiums in nominal (unadjusted for inflation) US dollars from Swiss Re's Sigma world insurance database. Global premium growth rates are US dollar denominated. In 2020, Swiss Re revised the US data to include health insurers.

Density and penetration

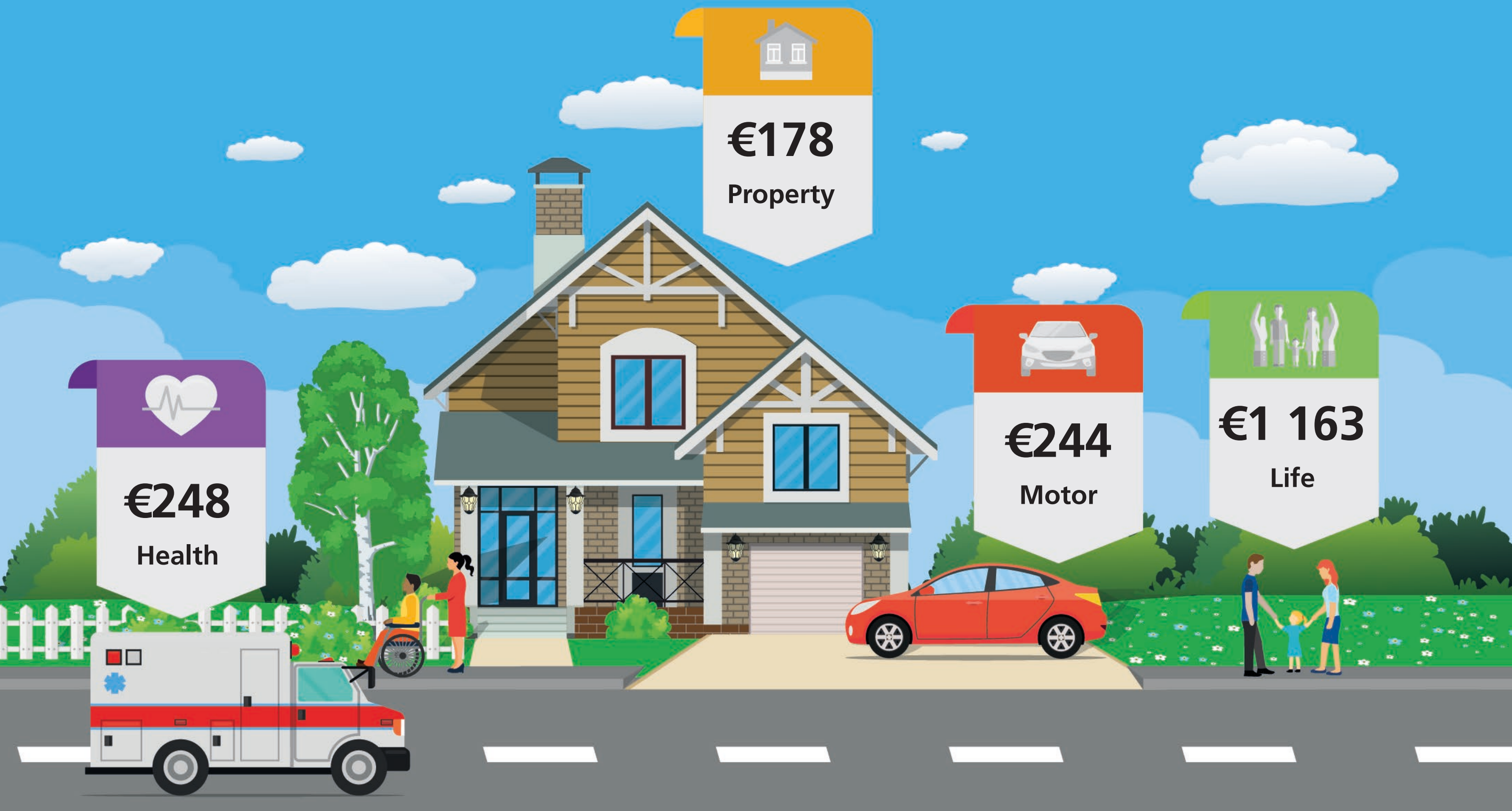
In 2019, the average amount per capita spent on insurance (known as insurance density) in Europe was €2 085, of which €1 163 was spent on life insurance, €248 on health insurance and €680 on P&C insurance.

An average of €2 085 per person was spent on insurance in Europe

Chart 9: Density (total premiums per capita) by country — 2018–2019 (€)



Average spent per capita on insurance in Europe — 2019



Insurance penetration — GWP as a percentage of the area's GDP — is an indicator of insurance activity in the economy. Average insurance penetration in Europe amounted to 7.08% in 2019.

Chart 11: Penetration (premiums as % of GDP) — 2019

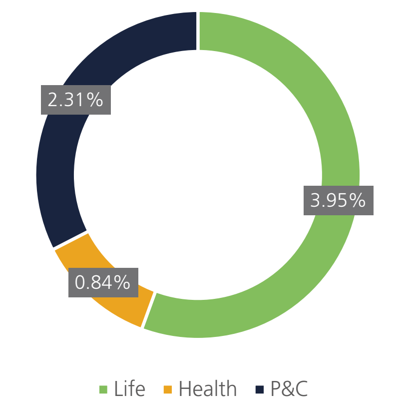
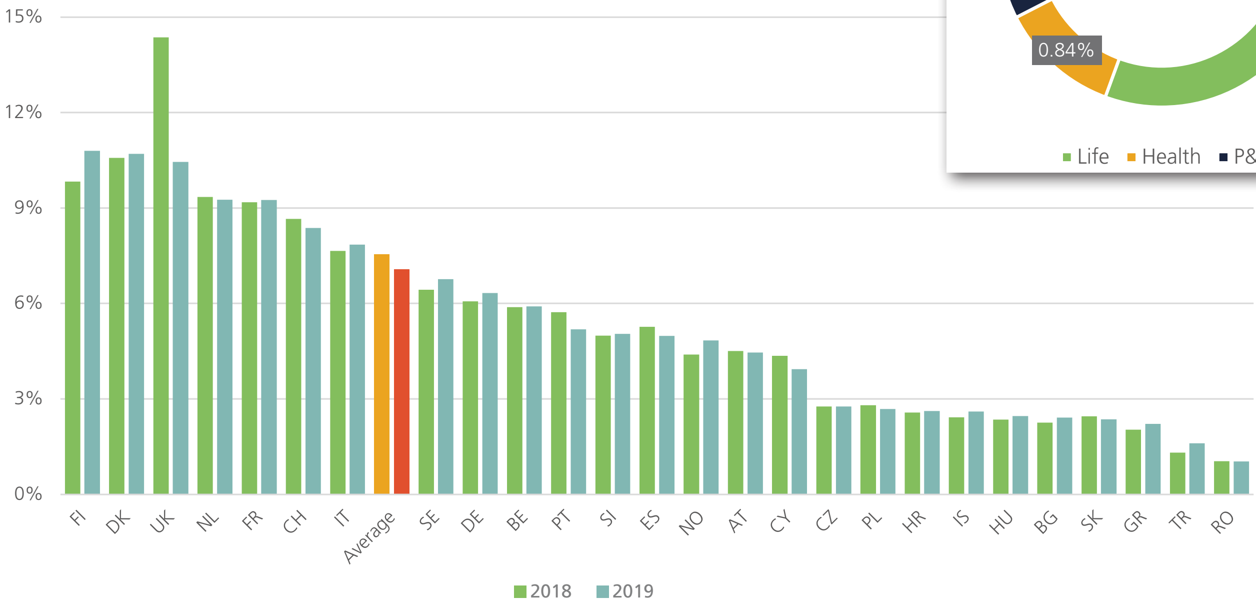


Chart 10: Penetration (total premiums as % of GDP) by country— 2018–2019



1.2 Life insurance

Benefits paid				
2018	2019	Growth	2019 (excluding UK)	Growth (excluding UK)
€702bn	€630bn	↓ -10.8%	€484bn	↑ 6.3%*

Premiums				
2018	2019	Growth	2019 (excluding UK)	Growth (excluding UK)
€753bn	€700bn	↓ -7.5%	€547bn	↑ 4.7%*

Density				
2018	2019	Growth	2019 (excluding UK)	Growth (excluding UK)
€1 262	€1 163	↓ -7.9%	€1 022	↑ 4.3%*

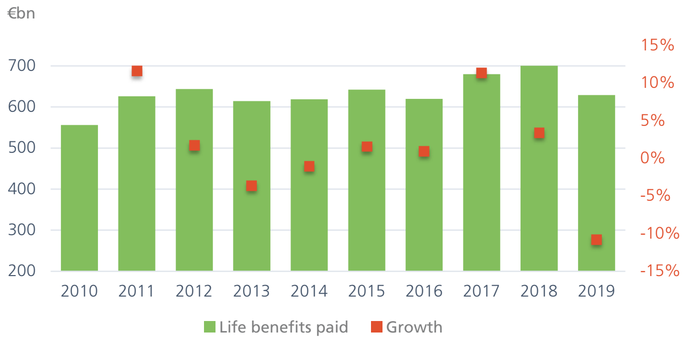
Penetration				
2018	2019	Growth	2019 (excluding UK)	Growth (excluding UK)
4.41%	3.95%	↓ -0.46pp	3.60%	↑ 0.06pp*

Life insurers cover clients' concerns related to their lives, often in the form of a benefit to beneficiaries on the death of the insured person. Some contracts also cover other elements, such as illness, funeral expenses or biometric risks. Life insurance also includes retirement products, such as annuities. The two main types of retirement products are guaranteed and unit-linked.

Benefits paid

Life benefits paid to European policyholders decreased 10.8% year on year to €630bn, or €1 046 per capita, in 2019. Compared to 10 years ago, however, life insurers paid out 14% more in benefits, equivalent to an additional €96 per person.

Chart 12: Life benefits paid — 2010–2019 (€bn)



The sharp drop from 2018 to 2019 was mainly due to a 41.8% decrease in the UK (see note on p6).

Looking just at figures excluding the UK, the picture is quite different: in 2019, benefits paid grew 6.3%* to €484bn, translating into €902 per capita. The increase in the benefits paid to European policyholders excluding the UK over the past decade was 23.1%*, or €169 per capita.

The four largest markets — the UK, France, Germany and Italy — accounted for 68.2% of all benefits paid in 2019, down 5.5% on 2018 due to the decrease in the reported UK figures. The other three markets registered strong growth in benefits paid: Germany 7.4%, Italy 5.5% and France 3.8%.

Significant increases were seen in the benefits paid in 2019 in some smaller markets. In Switzerland, 2019 was an unusual year owing to the decision of Axa Switzerland to exit "full insurance"[3] occupational pensions (Pillar 2). As it was one of Switzerland's largest providers of full coverage pension funds and those companies that did not wish to switch to semi-autonomous or autonomous solutions received their benefits in full, this led to a 38.7% increase in benefits paid in 2019.

3 Full insurance offers the highest security, while with semi-autonomous or autonomous solutions some or all of the investment risk remains with the client

In Finland, a 17.4% increase in benefits paid was triggered by an amendment to the Income Tax Act, resulting in mass surrenders as policyholders switched from investment insurance contracts (unit-linked contracts with life insurance cover) to savings contracts (purely unit-linked).

In Hungary, growth of 14% in benefits paid reflected favourable investment returns.

In Austria, two of the largest companies paid out 26% more in benefits due to a high number of expired unit-linked contracts with a lump-sum pay-out option. This raised the total life benefits paid in the country 9.5% in 2019.

Meanwhile, some countries registered a decline in benefits paid. In Greece, for example, benefits were almost a quarter (-24.7%) lower than in 2018 due to a reduction in contract surrenders. Fewer policyholders sought to cash in their life contracts, after a gradual improvement in the economic situation between 2017 and 2019.

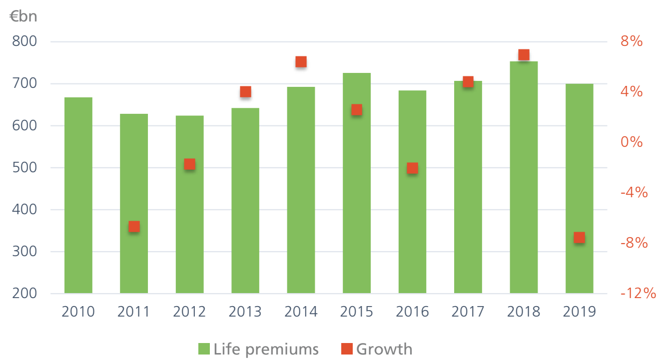
A similar situation was seen in Portugal, where benefits paid declined 11.9% as a result of a reduction in surrenders and fewer policies maturing.

Unit-linked products have been rapidly losing popularity over the last few years in Poland, causing life business to shrink. 2019 saw a continuation of this trend, resulting in 13.6% fewer benefits being paid than the year before. The increasing awareness of the value of (traditional) life insurance products in the Polish market has not been sufficient to balance out the rapid decline in the unit-linked segment.

Premiums

Life premiums in Europe decreased 7.5% in 2019 to €700bn, after a 7% increase in 2018. This decrease is related to the 34.8% decline in premiums in the UK (see p6). Looking at the

Chart 13: Life premiums — 2010–2019 (€bn)



results excluding the UK, in 2019 premiums grew 4.7%* to €547bn.

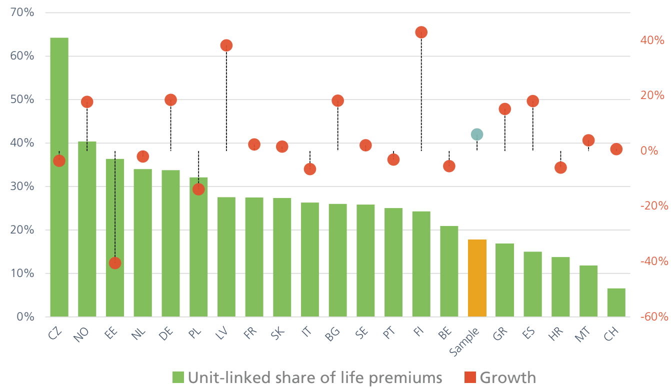
Over the past decade, European life premiums excluding the UK increased 5.3%*, which is likely to be due to the growing nominal median income in Europe, as well as people's increased awareness of the need to save for retirement.

Of all life premiums, 76.3% were written in Europe's five largest markets: the UK, France, Italy, Germany and Spain. These markets' combined share of Europe's total life premiums in 2019 decreased 2.7pp, largely due to the negative dynamics in the UK mentioned above.

The life insurance market continued to be affected by the ECB's monetary policy, which was further loosened. Specifically, the ECB brought the interest rate on the deposit facility down 10 bps to -0.50%. Also, towards the end of 2019, the ECB restarted €20bn a month of net purchases under its asset purchase programme.

The low interest rate environment, combined with the high cost of capital for guaranteed products under the EU's Solvency II regulatory regime, have favoured unit-linked products in recent years. Although they still only account for around 16% of premiums in Insurance Europe's reporting countries, their growth continued to be stronger than that of guaranteed products in 2019, even though demand for guaranteed products remains significant in several markets; unit-linked products grew 5.3% on average, compared with 4.5% growth in guaranteed products.

Chart 14: Unit-linked share of life premiums — 2019



At national level, the picture for life premiums was mixed in 2019, to some extent reflecting the varying proportions of unit-linked and guaranteed products in each market. Financial market performance and legislative developments (tax incentives or disincentives) also played a part.

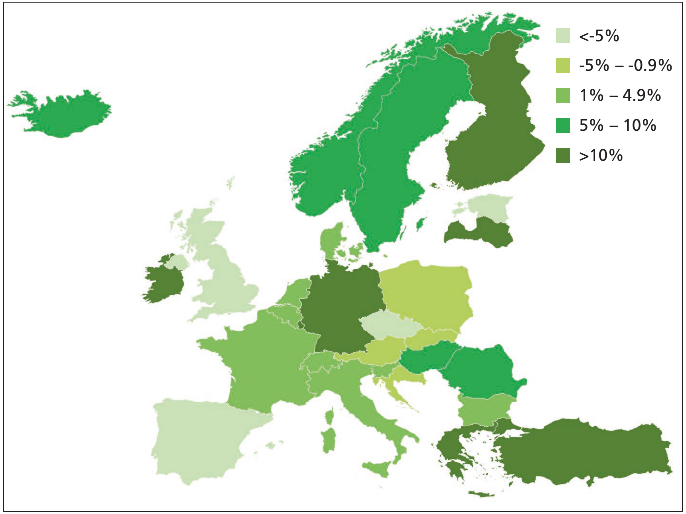
Portugal (-13.7% in 2019), Spain (-5.6%), Austria (-2.1%) and Poland (-2%) are markets in which the majority of products are guaranteed, and which continued to face pressure from the low interest rate environment in 2019.

Other markets with high concentrations of guaranteed products were nevertheless able to register positive growth. In Belgium, growth in guaranteed products (+4.4%) led overall life premiums to grow 2.2% in 2019. In France, a 3.5% increase in premiums was mostly driven by guaranteed products (+3.5%). At the same time, unit-linked products saw a moderate increase (+3.4%) following improvements in financial markets during the first half of 2019 after a turbulent fourth quarter in 2018.

In the Czech Republic, however, unit-linked products, comprising 64% of premiums, were in decline. A drop of 13% in life premiums was driven by a reduction in the number of unit-linked policies. Other important factors relating to this substantial fall were fewer tax incentives since 2015 and a 2016 change to the regulation of intermediaries' commission on private life insurance contracts.

New developments include hybrid products (with both unit-linked and guaranteed elements), which offer higher investment returns combined with a level of protection. In Germany,

Chart 15: Life premium growth by country — 2019



life premiums grew 11.5% as a result of the surge in single premiums written for these products.

Tax incentives or disincentives also often affect premium levels. In Latvia, changes in tax allowances for life insurance contracts, which came into force in 2018, significantly reduced the underwriting of new life contracts, and a decrease of 6.5% was registered in 2018. The market recovered in 2019 (+13.6%) on the back of a 9.3% increase in unit-linked products.

In Finland, amendments to the Income Tax Act that entered into force in early 2020 already had an effect in 2019, with premiums growing 13.1% as a significant number of policyholders switched from investment contracts (unit-linked contracts with life insurance cover) to savings (purely unit-linked) contracts before the Act came into force.

In Hungary, a tax credit for private pensions, available since 2014, has ensured a level playing field with pension products offered by other providers. In 2019, it led to a 6.8% increase in life premiums.

The evolution of premiums can also be the result of changes in pensions schemes. In Norway, the long-term trend of shifting from defined benefit to defined contribution schemes continued in 2019. This drove growth in premiums for unit-linked products (+17%), which contributed to a 9% increase in overall life premiums.

In Greece, strong premium growth (+17.9%) was driven by the increase in personal pension (Pillar 3) products (+31.7%). The increase was seen in both unit-linked (+15.1%) and guaranteed premiums (+14.8%). The interest in private pension products was triggered by the cuts to state pensions during the economic crisis, as well as improvements in the economy in 2019.

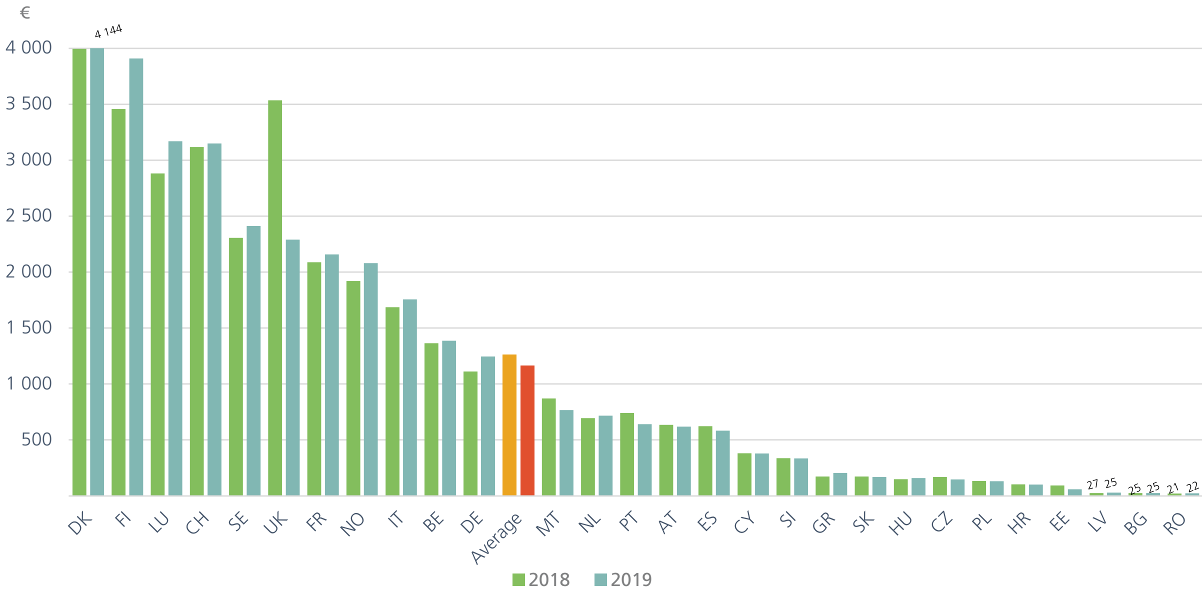
Density and penetration

In 2019, an average of €1 163 per capita was spent on life insurance in Europe, down 7.9% on 2018. Excluding the UK, life insurance penetration in the rest of Europe grew 4.3%* to €1 022 per capita.

The penetration of life premiums in Europe declined 0.46pp to 3.95%. Excluding the UK, penetration increased 0.006pp* to 3.6%.

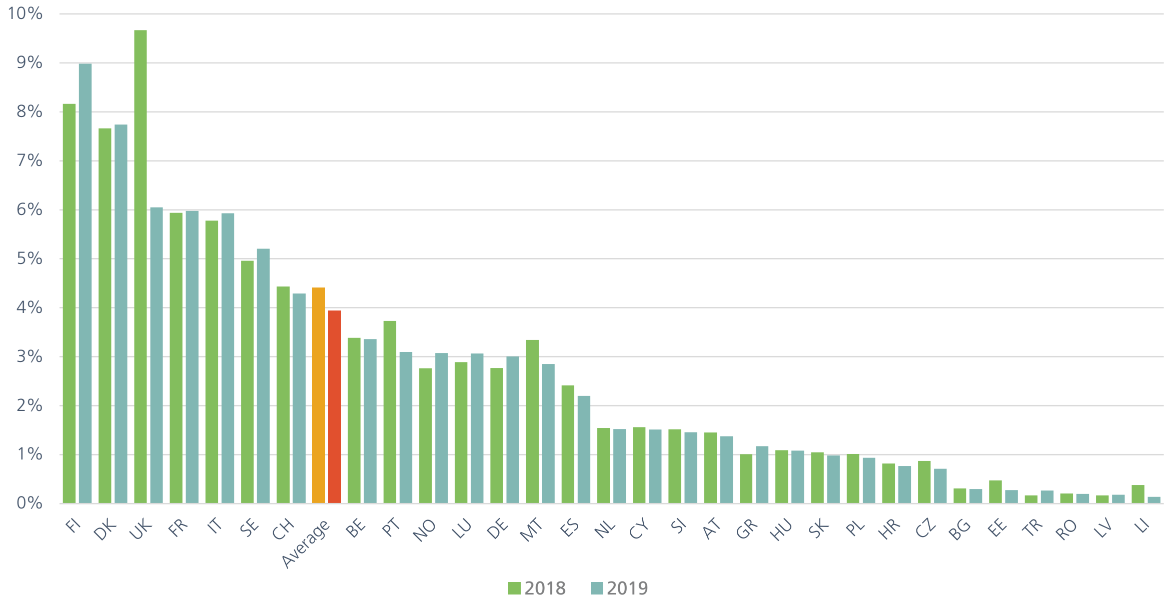
An average of €1 163 per person was spent on life insurance in Europe

Chart 16: Life density (premiums per capita) by country — 2018–2019 (€)



Average life insurance penetration in Europe was 3.95% in 2019

Chart 17: Life penetration (premiums as % of GDP) by country — 2018–2019



1.3 Health insurance

Benefits paid		
2018	2019	Growth
€110bn	€119bn	↑ 7.7%

Premiums		
2018	2019	Growth
€140bn	€149bn	↑ 6.8%

Density		
2018	2019	Growth
€233	€248	↑ 6.4%

Penetration		
2018	2019	Growth
0.81%	0.84%	↑ 0.03pp

The role of private insurers in health

Private insurers provide a range of services, which include extending and supplementing publicly financed healthcare systems, allowing policyholders to benefit from faster access to treatment and a wider choice of healthcare providers.

In national markets across Europe, the role of private insurers differs significantly due to differences in the way national healthcare systems are organised and financed. Private health insurance in national markets typically takes one of the following three forms, or a combination thereof:

Supplementary: offers faster access to treatment and a wider choice of healthcare providers or enhanced services. Often sold in combination with complementary cover and available in almost all national markets, but tends to be small in terms of the percentage of population covered. However, there are some exceptions: in Belgium, for example, it is often offered by employers as part of a benefit package and is estimated to cover up to 60% of the population[4].	**Complementary**: covers excluded charges or services to complement public schemes. Available in many countries for services such as dental and optical care, physiotherapy, etc. In countries such as France, Croatia and Slovenia, it plays a major role and usually comes in the form of coinsurance, in which the policyholder pays a set price for the services. The Netherlands is another example of a major complementary market, see box on p30.	**Substitute**: provides cover for people who are not eligible for, or who opt out of, public schemes. Similar to publicly financed systems but only available to limited groups of people. In Germany, alongside the more common complementary insurance, substitute insurance exists only for the self-employed and sometimes people with income above a certain level. In the Czech Republic, it is mainly for foreigners who are not eligible for the national healthcare system.

4 "Voluntary health insurance in Europe: role and regulation", World Health Organization, 2016

Irrespective of the significant differences between national markets, the role of private insurers is becoming more and more important as demand grows for better quality and faster treatment, and for additional healthcare services.

Health insurance in the Netherlands

The Netherlands is the largest health insurance market in Europe in terms of premiums written. In 2006, the Health Insurance Act (Zvw) made health insurance mandatory, with consumers free to choose their insurance provider. The decision to have the Dutch universal healthcare system operating through private insurers was taken in light of the characteristics of the national market, which include:

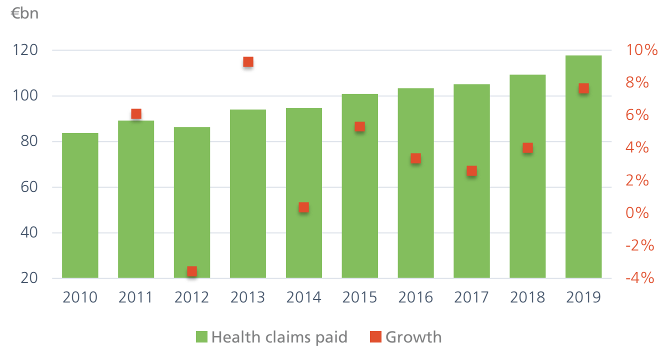
- The long-standing role of private insurers in the market.
- The demand for extra services (dental, optical care, etc.) from a relatively well-educated and well-off society.
- The accessibility and affordability of private health insurance, especially when it is increasingly purchased on a group basis and partially funded by employers.

Claims paid

Both public healthcare systems and private insurers are faced with an ageing European population. As illnesses and chronic conditions tend to become more common with age, healthcare spending increases through the age groups, and has been continuously on the rise over the years, mirroring the ageing trend. In addition to demography, there is a strong correlation between income level and spending on health, with higher income countries spending more.

At EU level, healthcare expenditure per capita (public and private) rose to €2 572 in 2019, 18.5% higher, or around €400

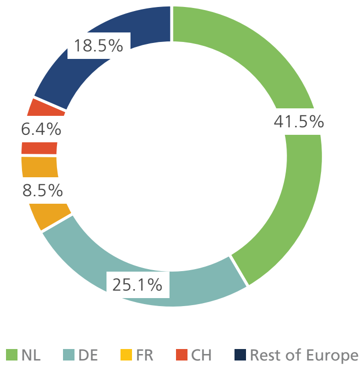
Chart 18: Health claims paid — 2010–2019 (€bn)



more than a decade ago[5]. There are vast differences in spending between countries — the highest spending being in Switzerland, which at €5 241 is four times the lowest; €1 292 in Romania.

The upward trend in healthcare expenditure is reflected in the rising claims paid by private insurers. In addition, as private health insurance markets are expanding, especially for group policies, claims are being paid to a growing number of policyholders.

Chart 19: National shares of claims paid — 2019



Four-fifths of all claims were paid in the four largest markets

5 Health statistics 2020, OECD (link)

Over the past decade, total claims paid increased by a substantial 40.5% to €119bn in 2019. From 2018 to 2019, in particular, the growth rate reached 7.7%, higher than the rates seen in recent years.

Over 40% of all European health claims were paid in the Netherlands in 2019 (a 4.4% increase on 2018). Germany (+4.3%), France (+7.5%) and Switzerland (+5.7%) were the next three largest markets for health claims.

Premiums

Increases in premiums were registered in all countries except the UK (-1.7%) in 2019, resulting in 6.8% growth in total European premiums — the highest growth recorded in a decade. Health premiums increased for 10 consecutive years to reach €149bn in 2019.

As premiums are used to cover future claims, they tend to follow and reflect the cost (present and anticipated) of healthcare materials and services. The evolution in premium volumes also reflects the number of policies sold. Across Europe, growth in premiums has been the rule in recent years, albeit at different paces.

The share of the population covered by private health insurance varies widely in Europe. There are several factors that can influence the take-up of health insurance:

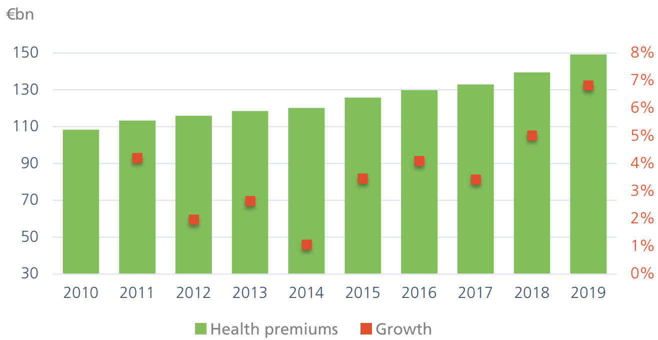
- The quality and timeliness of public services, such as waiting times at public hospitals.
- Eligibility for, and the extent of, the coverage of public schemes, and the demand for services outside those schemes.
- National policy developments, typically the introduction of tax incentives for individuals or employers, or sometimes changes in the scope of public schemes.
- The affordability and attractiveness of insurance products.

For markets in which the primary role of insurers is supplementary, the main driver of private insurance take-up tends to be dissatisfaction with public healthcare services. As the share of the population already covered is usually small in markets with supplementary health insurance, the increase in premiums can be sizeable, such as Bulgaria (+41.1% in 2019), Greece (+15.9%), Poland (+10.5%), Latvia (+8.9%) and Portugal (+8.9%).

For markets in which the role of insurers is complementary, growth tends to be driven by the need for additional services, such as critical disease treatment and long-term care. This was the case in 2019 in Finland (+8.8%), Norway (+7.6%) and Germany (+2.9%).

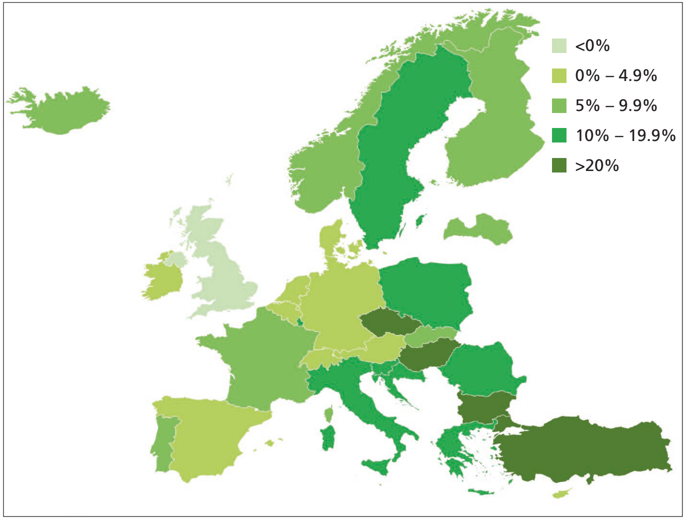
In France, a market in which complementary insurance covers around 96% of the population[6], the evolution of premiums has in recent years reflected specific policy developments. Notably, since 2016, a new regulation has made it obligatory for all French private employers to half-fund group policies of complementary insurance for all their employees. Since this development, contracts written as group policies have increased, contributing partially to the 3.5% growth observed in 2016, which was followed by 4.8% growth in 2017, 6.1% in 2018 and 4.5% in 2019. In 2019, a new reform called "100% Santé" extended the

Chart 20: Health premiums — 2010–2019 (€bn)



6 "Une hausse modérée de la couverture de la population après la généralisation de la complémentaire santé d'entreprise", Mathieu Fouquet (DREES), 2020 (link)

Chart 21: Health premium growth by country — 2019



coverage of complementary insurance to eye care, dental care and hearing aids, as these services used to rely on out-of-pocket spending and access to them was difficult.

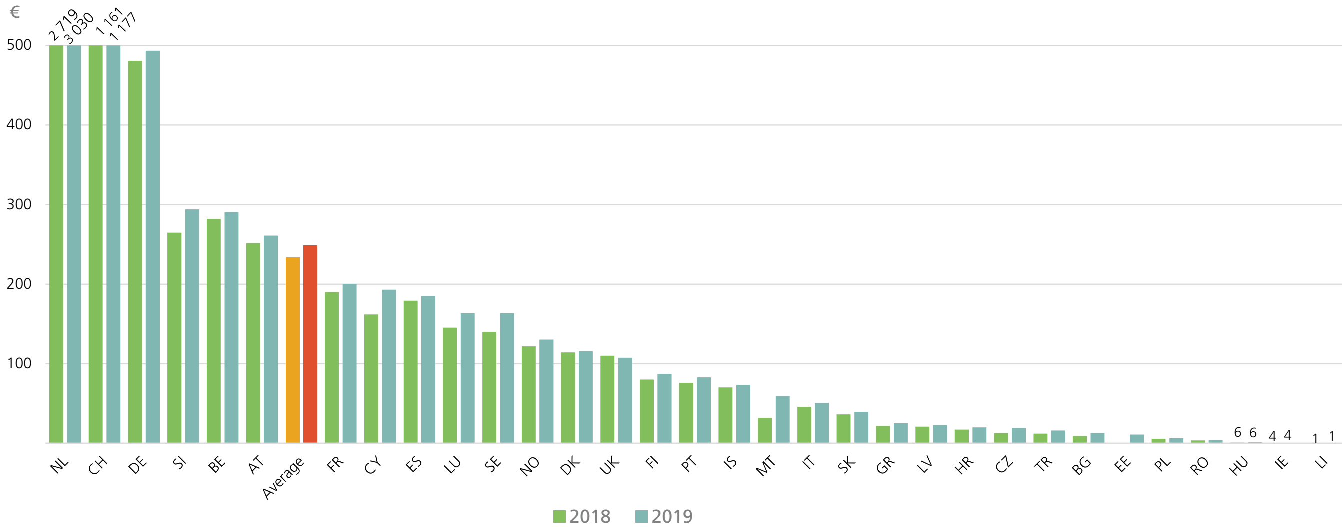
Italy is an example of a country in which the attractiveness of innovative insurance products continues to prove a success. Very solid growth has been observed in the four years since such products were introduced: 9.6% in 2016, 9.5% in 2017, 7.5% in 2018 and 10.8% in 2019.

Density and penetration

On average, the sum spent per capita on private health insurance in Europe in 2019 was €248, or €15 more than in 2018. The health insurance penetration rate in Europe grew slightly to an average of 0.84%. The vast differences observed between countries largely reflect differences in national health systems and the differing roles of private insurers.

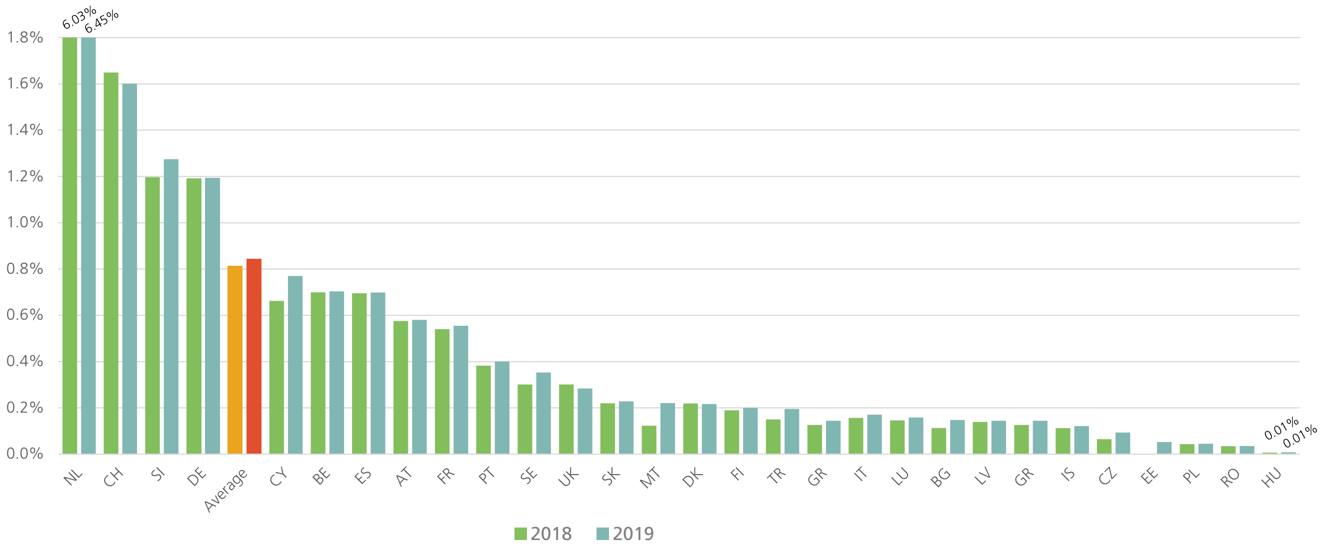
The average amount per capita spent on health insurance in Europe in 2019 was €248

Chart 22: Health density (premiums per capita) by country — 2018–2019 (€)



Health insurance penetration in Europe inched up to an average of 0.84%

Chart 23: Health penetration (premiums as % of GDP) by country — 2018–2019



1.4 Property & casualty insurance

Claims paid		
2018	2019	Growth
€247bn	€249bn	↑ 1.2%

Premiums		
2018	2019	Growth
€399bn	€409bn	↑ 2.2%

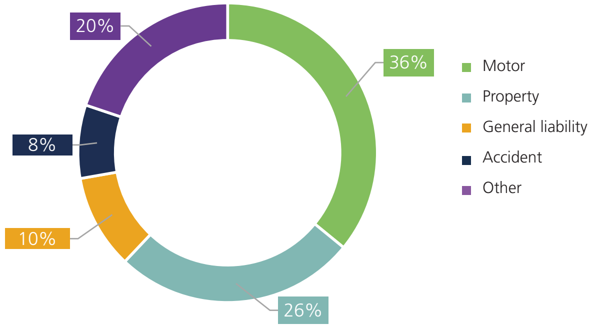
Density		
2018	2019	Growth
€668	€680	↑ 1.8%

Penetration		
2018	2019	Growth
2.33%	2.31%	↓ -0.02pp

Property & casualty (P&C) is an umbrella term to describe a broad range of insurance products covering the risks of damage to the assets of policyholders (car, home, etc.) and offering liability coverage against these risks.

The main P&C business lines in Europe, in terms of premium share, are motor, property, general liability and accident. Other lines include marine, aviation and transport (MAT), legal expenses, credit and surety, miscellaneous financial losses and travel assistance.

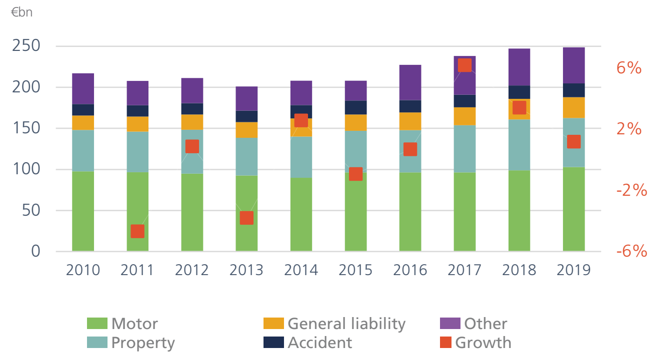
Chart 24: P&C premiums by business line — 2019



Claims paid

P&C claims paid in Europe grew 1.2% in 2019, totalling €249bn or €425 per capita. The five largest markets — the UK (-3.1%), Germany (+1.6%), France (+0.7%), Italy (+2.8%) and Spain (+1.6%) — accounted for nearly 80% of all claims paid.

Chart 25: P&C claims paid — 2010–2019 (€bn)



Other than the UK, markets in which P&C claims were lower than the previous year were the Netherlands (-4.5% in 2019) and Slovenia (-0.5%).

Premiums

P&C insurance is often characterised by cycles of soft market conditions, in which intense competition creates a downward trend in premiums, followed by hard market conditions during which reserves can be accumulated.

In addition, the performance of the P&C sector tends to be closely tied to economic conditions, since these have a strong impact on the demand for protection products. Positive economic growth was registered in Europe in 2019, with the GDP of the EU28 growing 1.6% in 2019. This contributed to the 2.2% growth in P&C premiums in 2019, taking them to €409bn, even though this was slower than the 5.8% in the previous year.

Slowdown in growth was seen both in the largest business line — motor — which nevertheless grew a steady 3.1% to €147bn, and the second largest — property — which expanded by 3.4% to €107bn. Accident insurance also performed positively, up 3% to €33bn. General liability remained stable at €42bn, down by 0.2%.

Chart 27: P&C premiums by business line — 2010–2019 (€bn)

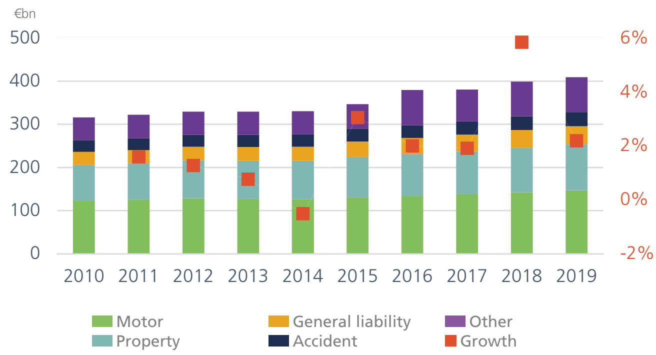


Chart 26: P&C, motor and property growth rates — 2011–2019

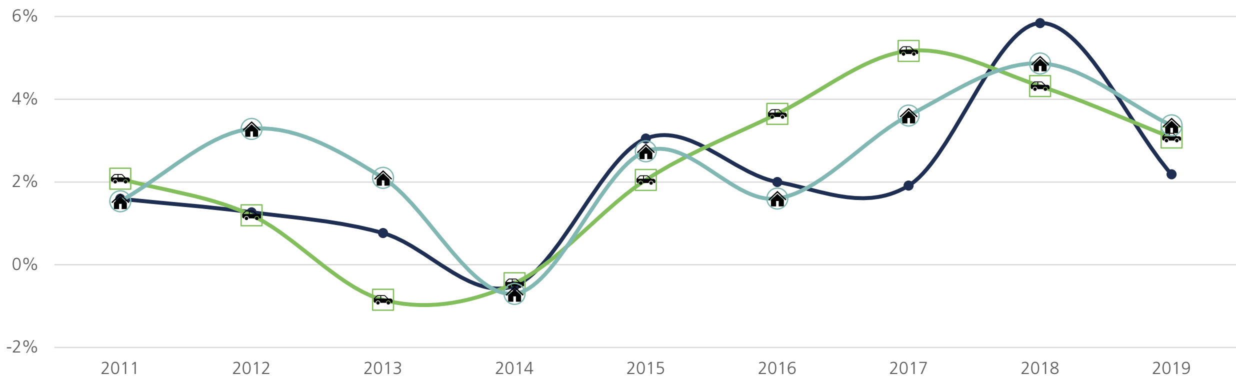
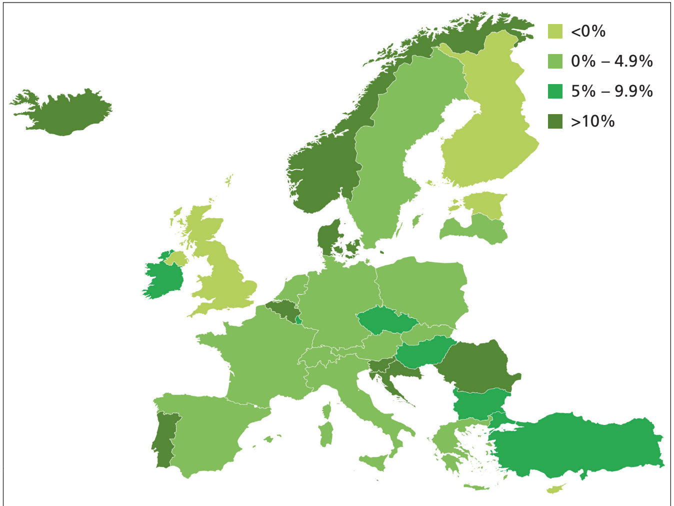


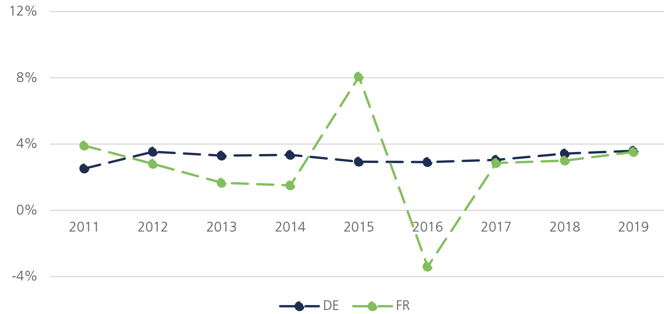
Chart 28: P&C growth by country — 2019



Growth in P&C premiums was observed in nearly all European markets. Finland and the UK were the only countries that did not grow, as premiums there were down 0.9% and 2.6% respectively.

Germany and France, which together accounted for a third of total premiums, continued to be the driving force behind growth. In Germany, premiums grew across all P&C business lines in 2019 (+3.6% in total), including motor (+2.2%) and property (+6.0%). The performance of the German P&C market in 2019 compares

Chart 29: P&C growth rates in two largest markets — 2011–2019



well with the average of around 3% growth throughout the last decade. Over the same period, growth in the French P&C market fluctuated but has remained solid since 2017. In 2019 it reached 3.7%, with a positive development seen in all business lines, underpinned by motor (+3.0%) and property (+4.5%).

Italy is the fourth largest P&C market, half of which is motor business. Here the P&C sector showed a positive development in the last three years, reaching 3.0% growth in 2019, backed mainly by a steady increase in property (+4.0%) and general liability (+6.3%). The Italian motor insurance market, on the other hand, saw only a small increase in premiums in 2019, at 0.8%.

In recent years, exceptionally fast expansion has prevailed in some markets where the penetration of P&C insurance is still low, and where the demand for protection products is booming. The highest growth rates were seen in Turkey (+18.9% in 2019), Hungary (+17.0%), Bulgaria (+16.0%) and Croatia (+9.8%).

Density and penetration

Average P&C premiums per inhabitant in Europe stood at €680 in 2019, which is €12 or 1.8% more than in 2018. The ratio of P&C premiums to GDP decreased to 2.31%, 0.02pp lower than in 2018.

Chart 31: P&C growth rates in selected smaller markets — 2011–2019

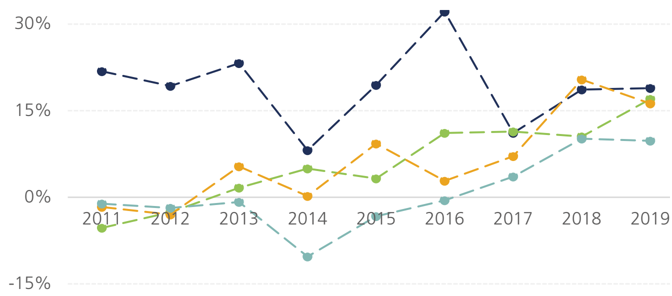


Chart 30: P&C density (premiums per capita) by country — 2018–2019 (€)

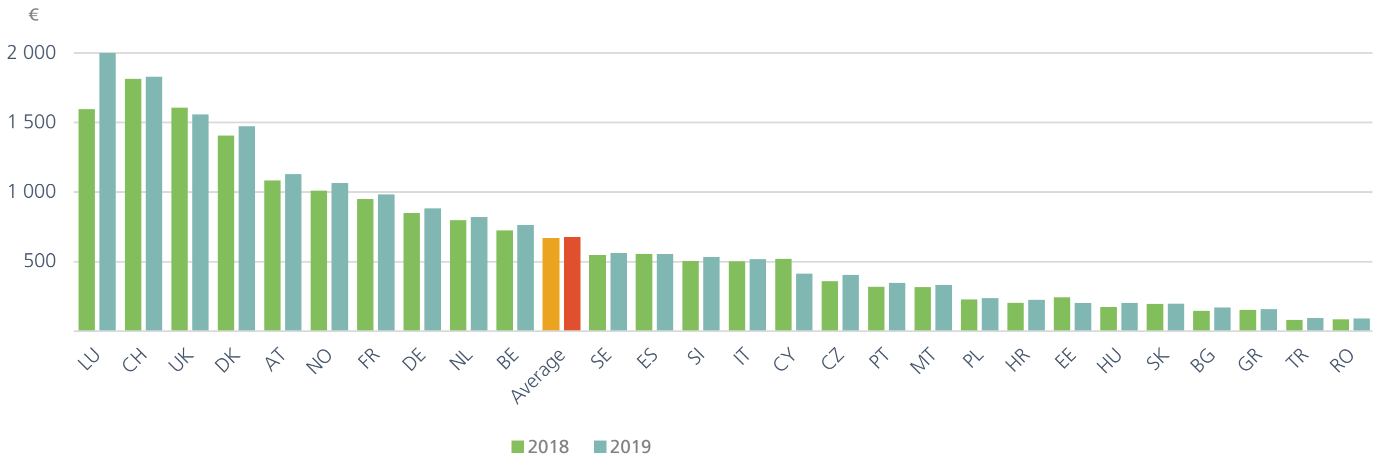
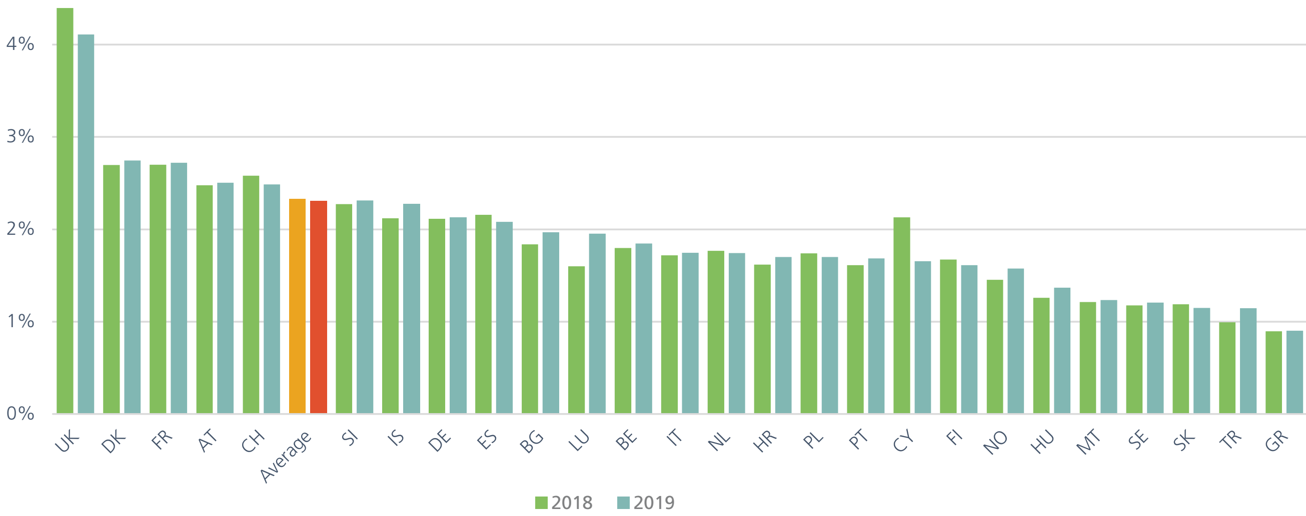


Chart 32: P&C penetration (premiums as % of GDP) by country — 2018–2019



1.4.1 Motor insurance

Motor insurance includes mandatory motor third-party liability (MTPL) and optional damage cover. It is the largest P&C business line and represents 36% of the P&C sector in terms of premiums.

The size of the motor insurance market in a country depends on a range of factors, such as the size of its economy, its geography and its demography. In recent years, an increase in the number of insured vehicles has been observed in most markets.

Table 1: Motor insurance — 2018–2019

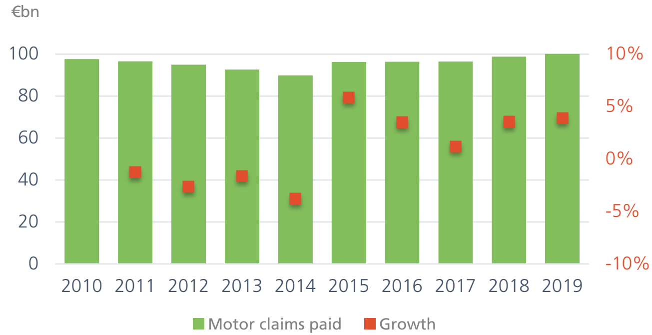
	2018	2019	Growth
Claims paid (€bn)	99	103	3.9%
Premiums (€bn)	142	147	3.1%
Density (€)	237	244	2.8%
Penetration (% of GDP)	0.83%	0.83%	0pp

Claims paid

Road safety in Europe has improved substantially, despite there being more cars on the road. In 2019, fatalities from road accidents were 23% lower than 10 years earlier[7]. Injuries from road accidents also decreased in most European countries over the same period[8]. Overall, there was a drop in the frequency of motor claims.

7 European Commission road safety statistics, 2019 (link)
8 OECD road accident statistics (link)

Chart 33: Motor claims paid — 2010–2019 (€bn)



However, at the same time, the cost of motor claims has been rising due to the increased cost of vehicle repairs (both labour and spare parts), higher medical expenses for injuries and the higher value of stolen vehicles.

As a result, European motor insurers paid a total of €103bn in claims in 2019; 3.9% more than in the previous year and 7.3% more than a decade ago.

Of all motor claims paid in Europe, almost two-thirds were in the four largest markets: Germany (+4.5% annual growth), France (+2.5%), the UK (+3.2%) and Italy (+1.3%).

Chart 34: Motor premiums — 2010–2019 (€bn)

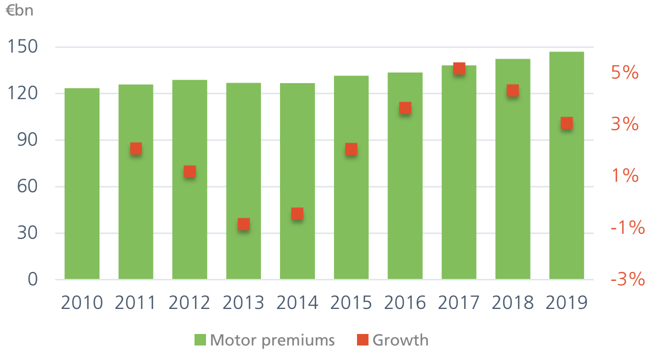
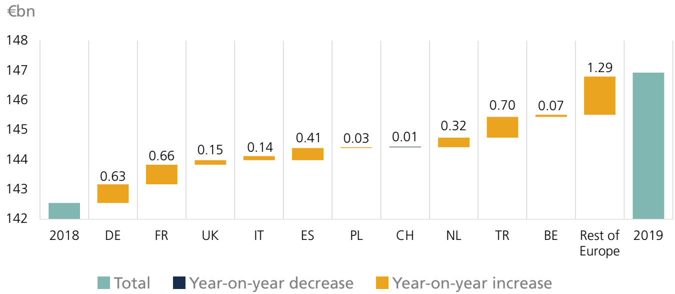


Chart 35: Premium change in 10 largest markets (in descending market size) — 2018–2019 (€bn)



Premiums

Over the past five years, the European motor insurance sector has expanded steadily. This expansion slowed down in 2019 but was still robust, yielding growth of 3.1%, compared to 4.3% in 2018. Motor premiums reached an all-time high of €147bn in 2019.

Growth was seen in nearly all countries, albeit at different paces, with smaller markets usually experiencing higher growth rates than the larger ones. Latvia and Switzerland were the only countries not reporting growth, with premiums remaining largely stable (-0.2% each).

The three largest motor insurance markets, Germany (+2.2% growth), France (+3.0%) and the UK (+0.7%), accounted for half of all motor premiums. Growth in these countries slowed compared to the previous year.

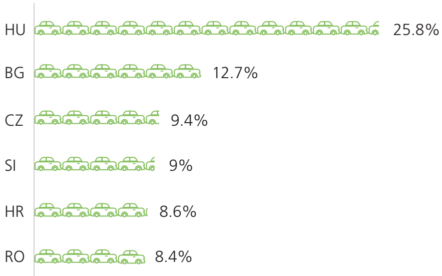
European motor insurance premiums grew to €147bn in 2019

Italy, the fourth largest market, was characterised by persistently strong competition and waning profitability. In 2018, premiums rebounded (+1.2%) after six years of decrease and they continued growing in 2019, although only by 0.8%.

Spain and Poland, the fifth and sixth largest markets, also experienced a slowing of growth: 3.7% in Spain in 2019 (8.1% in 2018) and 0.5% in Poland in 2019 (4.5% in 2018).

Substantial growth was seen in some of the smaller motor markets, led by Hungary with growth of 25.8% as a result of a tax on motor premiums introduced in 2019.

Chart 36: Fastest growing motor markets — 2019



Density and penetration

An average of €244 was spent on motor insurance in Europe in 2019 — a 2.8% increase on 2018. Motor insurance penetration remained at 0.83% of GDP.

In Italy, motor claims paid gradually declined between 2009 and 2017. In 2018 and 2019 slight increases of 0.9% and 1.3% respectively were recorded, but total claims paid were still down by nearly a quarter on 10 years earlier. Premiums also fell, decreasing 18% over the decade.

The decline in claims was the consequence of a drop in both the frequency and the cost of claims in recent years. This positive development mostly took shape after the gradual introduction of “black box” data recorders in vehicles. These devices have successfully promoted more responsible driving behaviour, reduced fraud and enabled insurers to make more accurate assessments of damage.

In 2019, a total of 7.3 million insured vehicles (7.4% more than in 2018) had black boxes installed — more than one in five cars — and this number is expected to grow in 2020, albeit at a slower pace.

1.4.2 Property insurance

Property insurance includes a variety of policies that protect a property against risks such as fire, theft and some types of weather damage.

Table 2: Property insurance — 2018–2019

	2018	2019	Growth
Claims paid (€bn)	64	62	-3.9%
Premiums (€bn)	103	107	3.4%
Density (€)	173	178	3.0%
Penetration (% of GDP)	0.60%	0.60%	0pp

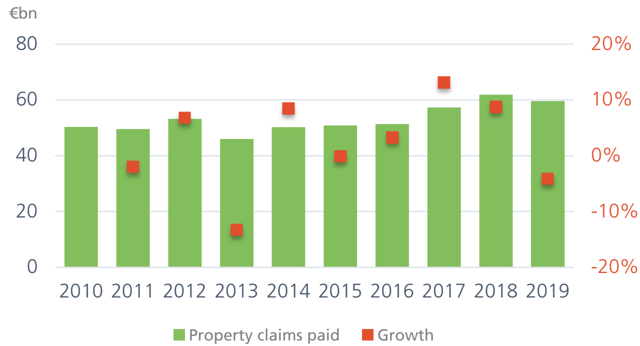
Claims paid

In 2019, €62bn in property claims was paid by insurers, 3.9% or €2bn less than in 2018, but nearly 20% more than the €50bn paid out a decade earlier.

The four largest property markets in Europe — the UK, Germany, France and Spain — paid out around 70% of all European property claims in 2019.

European property insurers paid €62bn in claims in 2019

Chart 37: Property claims paid — 2010–2019 (€bn)

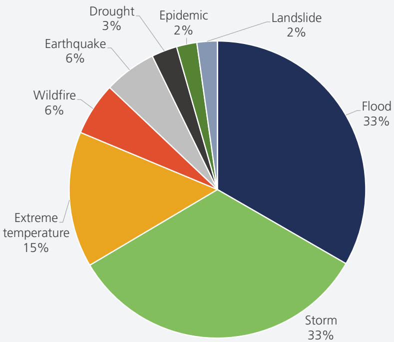


Catastrophes in Europe — 2019

Natural catastrophes

Europe is regularly affected by natural catastrophes (natcat), the vast majority of which are weather-related.

Chart 38: Natcats in Europe by type — 1980–2019



Source: Munich Re NatCatService

National insurance markets for natcat risks are highly diverse, ranging from optional private solutions bundled in property insurance contracts to public insurance pools mostly funded by the state. The take-up of private insurance in a particular market therefore depends on the national legislation in place for natcats, but also on other factors such as the specific risks to which a region is exposed or the level of economic development of the market.

Irrespective of the scheme in place at national level, recent years have seen an increase in natcat-related losses. This trend is likely to continue in years to come and to be linked to climate change, which increases the frequency and severity of weather-related events. However, losses and claims are also related to other factors, such as, importantly, economic development, which results in more people and assets being exposed and vulnerable to the risks (see Figure 1).

After two record-breaking years, fewer natcat events were recorded in Europe in 2019 and the resulting damage was therefore less severe. Nonetheless, a few significant events occurred, notably severe storms and heatwaves.

Winter storm Eberhard in March 2019 caused significant damage in countries including Germany, the Czech Republic, Poland, Belgium, France and Luxembourg. Overall losses exceeded €1.7bn, of which around €1bn were insured[9].

9 "Natural disasters of 2019 in figures", Munich Re (link)

In the summer of 2019, several hailstorms swept through south-eastern France and the Adriatic coast, causing infrastructure and agriculture damage. Overall losses from the summer storms were €2.2bn, with insured losses of about €0.8bn[10].

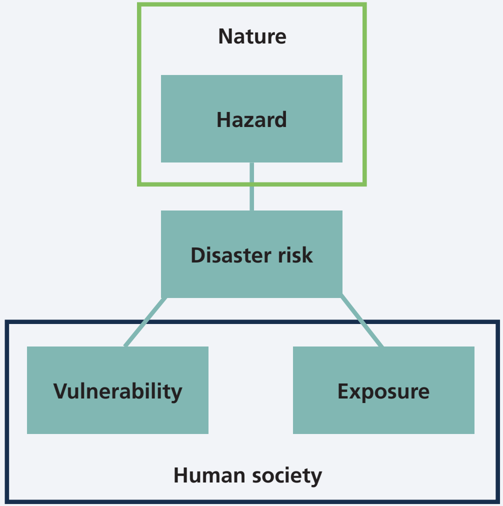
Meanwhile, 2019 was the second warmest year on record and a long dry period led to crop losses in many countries.

Man-made catastrophes

Of course, catastrophes are not only natural but also man-made. In March 2019, a major fire broke out at a Latvian industrial park, resulting in the biggest insured loss ever recorded in the Baltics. Insurers covered around €43m of the losses, a single loss event that was three times more costly than all the property claims combined in the previous year in Latvia.

10 "Tropical cyclones causing billions in losses dominate nat cat picture of 2019", Munich Re (link)

Figure 1: The three elements of a disaster risk[11]



Hazard: the frequency and intensity of a catastrophe

Vulnerability: the susceptibility to damage caused by a catastrophe

Exposure: the value of assets and the population exposed

11 Kron, 2005

Premiums

In 2019, property premiums grew 3.4% to reach a record high of €107bn. Two-thirds of total premiums were in the four biggest property markets — the UK (-2.4%), Germany (+6.0%), France (+4.5%) and Spain (+2.6%).

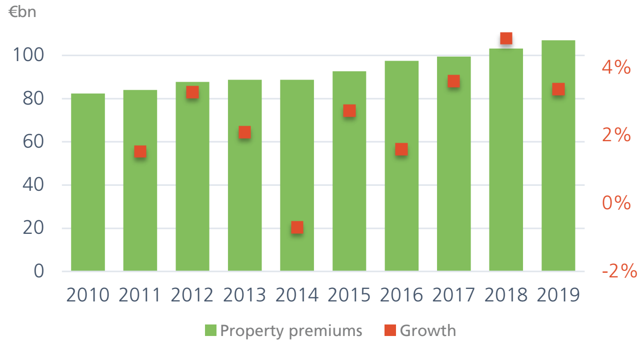
Solid growth was observed in some smaller markets, led by a 27.5% increase in Luxembourg as, ahead of Brexit, newly established insurance companies started underwriting business there in 2019. Other smaller markets with strong growth were Latvia (19.1%), Turkey (15.9%), Malta (13.4%) and Romania (10.0%). Property premiums fell slightly in Greece (-0.7%) and Slovakia (-1.9%).

Density and penetration

In 2019, €178 per capita was spent on property insurance, €5 more than in 2018. Property insurance penetration grew to 0.6%, up only 0.001pp on the year before.

The average spent per capita on property insurance in Europe in 2019 was €178

Chart 39: Property premiums — 2010–2019 (€bn)



1.4.3 General liability and accident insurance

Claims paid for general liability insurance remained stable — up 0.05% at €26bn in 2019. Premiums also remained stable — down 0.2% at €42bn. Premiums grew 3.1% in both Germany and France and 6.3% in Italy, while they decreased 6.0% in the UK.

Accident insurance — which provides financial help to the policyholder in the event of a serious accident or injury, or to their beneficiaries in the event of a fatal accident — recorded a 3.7% increase in claims paid to total €18bn in 2019. Premiums grew 3.0% to €33bn.

2. Insurers’ investment portfolio

€10 433bn

Total value of insurers’ investment portfolio

58.8%

Ratio of investment portfolio to EU GDP

42%

of insurers’ assets are government and corporate bonds

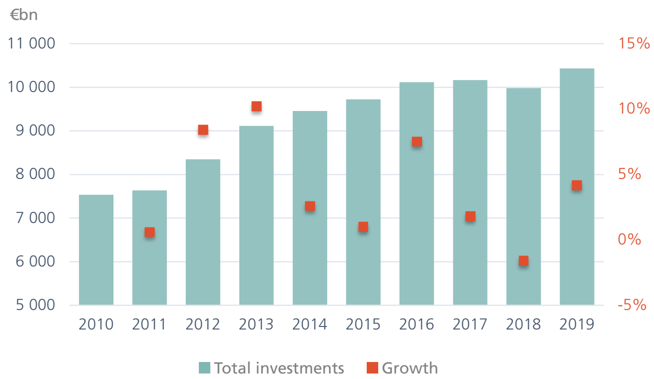
2.1 Evolution of portfolio[12]

The insurance industry is the largest institutional investor in Europe, making insurers important providers of the investments needed for economic growth.

Insurers' portfolio volume depends on both:

- the evolution of the assets in the portfolios; and,
- inflows of new premiums minus outflows of benefits and claims paid, or withdrawals.

Chart 40: Insurers' investment portfolio — 2010–2019 (€bn)



12 Insurers' investment portfolio is defined as the sum of: investments (other than assets held for index-linked and unit-linked contracts) + assets held for index-linked and unit-linked contracts + loans and mortgages

A number of factors influence insurers' investment decision-making and the evolution of their portfolios. As insurers are liability-driven, they need to invest in assets that match their liabilities, particularly in terms of duration. Since a significant share of insurers' liabilities are in pension and savings products and are thus of a long-term nature, they invest a significant proportion of their portfolios in long-term assets.

Insurers need to invest in assets that enable them to act in the best interests of the policyholders whose premiums they are investing. They require assets that achieve attractive returns while maintaining targeted and well-balanced risk/return profiles and good portfolio diversification.

Insurers' investment decisions are also affected by macro-economic factors, including central bank monetary policies, which require them to review their situation on a regular basis, not least to keep their assets and liabilities matched.

Last but not least, prudential regulation plays a defining role in insurers' investment decision-making. Specifically, if the calibrations of capital requirements in the EU's Solvency II regulatory framework are based on wrong risk assumptions, they can create a disincentive for insurers to invest in certain assets.

In 2019, the total investment portfolio managed by insurers in Europe grew 4.2% to €10 433bn, after a 1.6% decline in 2018. The growth was driven by the 4.5%* increase in continental Europe's premiums in 2019, as well as the positive performance of financial markets, which recovered after a turbulent fourth quarter of 2018 caused by international trade tensions and concerns about increases in interest rates by the US Federal Reserve.

Double-digit growth in portfolios was reported by Insurance Europe's member associations in Hungary (18.8%), Bulgaria (17.9%), Sweden (16.8%), Turkey (14.5%), Greece (14%), Latvia (13.5%), Iceland (13.3%), the Netherlands (13.1%) and Norway (10.9%).

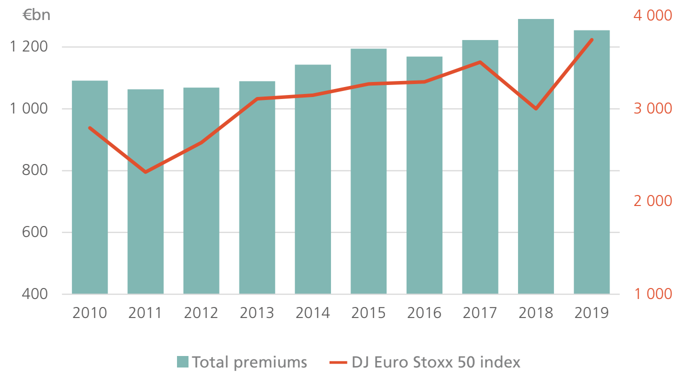
Strong performance was also registered in Finland (9.8%) and France (8.5%), as well as Portugal (8%), Slovakia (7.9%) and Croatia (7.5%).

Only a handful of markets witnessed shrinkage in their portfolios, notably Liechtenstein (-8.5%), the UK (-8.1), the Czech Republic (-8.4%) and Denmark (-6.8%). The drop in the Czech Republic is related to a significant change in the structure of the local insurance market in 2019, including mergers and portfolio transfers among some dominant insurers.

2.2 Impact of financial market performance

After a slump at the end of 2018, stock markets had a bumper year in 2019. Indeed, many financial indices produced double-digit increases. For example, the Euro Stoxx 50 reached 3 745 on the closing day of 2019, a massive 25% higher than at the end of 2018. Both the German DAX and the French CAC 40 showed similar performance (+25.5% and +26.4% respectively). Italy's FTSE MIB increased 8.8%, despite economic stagnation in 2019 in Italy, while the UK's FTSE 100 — affected by Brexit — closed the year "only" 11.5% higher than at the end of 2018.

Chart 41: Premiums provide a stable source of funding



Insurance markets investing large proportions of their portfolios in unit-linked and index-linked products (such as Luxembourg, Ireland, Finland, Hungary and the UK) benefited the most from this development.

In addition, after a spike in political uncertainty in 2018, the political and economic outlook began to stabilise during 2019. This contributed to European government bond yields coming down in all EU countries, with some becoming negative.

In Germany, the 10-year government bond yield decreased 49 bps to -0.30%. In France the drop was 66 bps to 0.04%, in Luxembourg 65 bps to -0.23% and in Austria 65 bps to -0.04%.

In countries in which government bond yields are traditionally characterised by higher volatility, the decline was more pronounced: -127 bps in Hungary down to 1.88%, -130 bps in Portugal to 0.41%, -161 bps in Italy to 1.37%, -177 bps in Cyprus to 0.57%, -286 bps in Greece to 1.42%. Figures published by EIOPA reveal that insurers that invest a significant share of their portfolios in government bonds saw the value of this segment of their portfolios grow steadily in 2019.

2.3 Size and composition of portfolio

EU GDP grew 3.4% in 2019 and insurers' investment portfolio as a share of GDP increased 0.5pp to 58.8%.

Overall, the strategic asset allocations of insurers' portfolios did not change significantly in 2019 compared with the previous year. Insurers continued to invest predominantly in debt-like products, notably government and corporate bonds.

The composition of the assets in insurers' investment portfolios varies greatly between countries. The investment strategy depends on the financial market infrastructure and the range of products historically offered to policyholders. This means that companies in some countries tend to invest in low-risk, fixed income assets, while others favour more variable placements and take on the risk associated with their choice of investment strategy.

At one end of the spectrum are the Spanish insurers that invest three-quarters of their portfolio in government bonds. At the other are insurers in Luxembourg, Ireland and Liechtenstein, with respectively 67%, 71% and 80% of their portfolios held in assets for unit-linked and index-linked contracts. In the case of Luxembourg, national policies play a key role in making unit-linked contracts attractive to customers.

Chart 42: Insurers' investment portfolio as % of GDP — 2018–2019

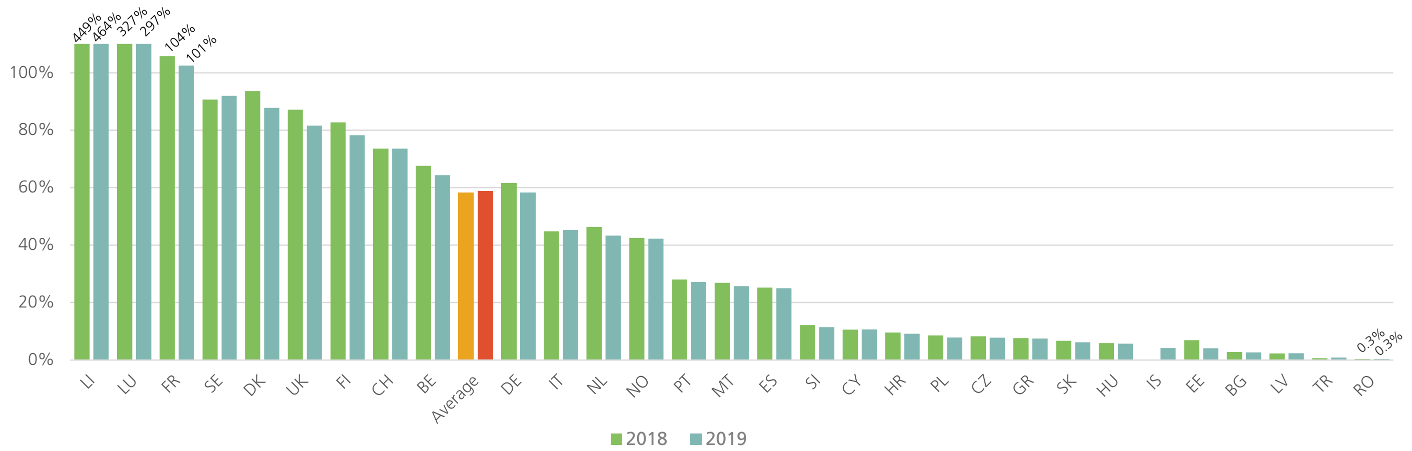
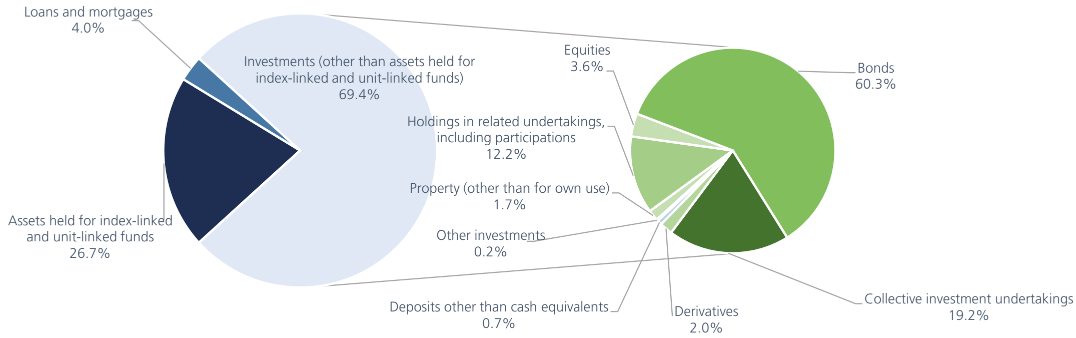
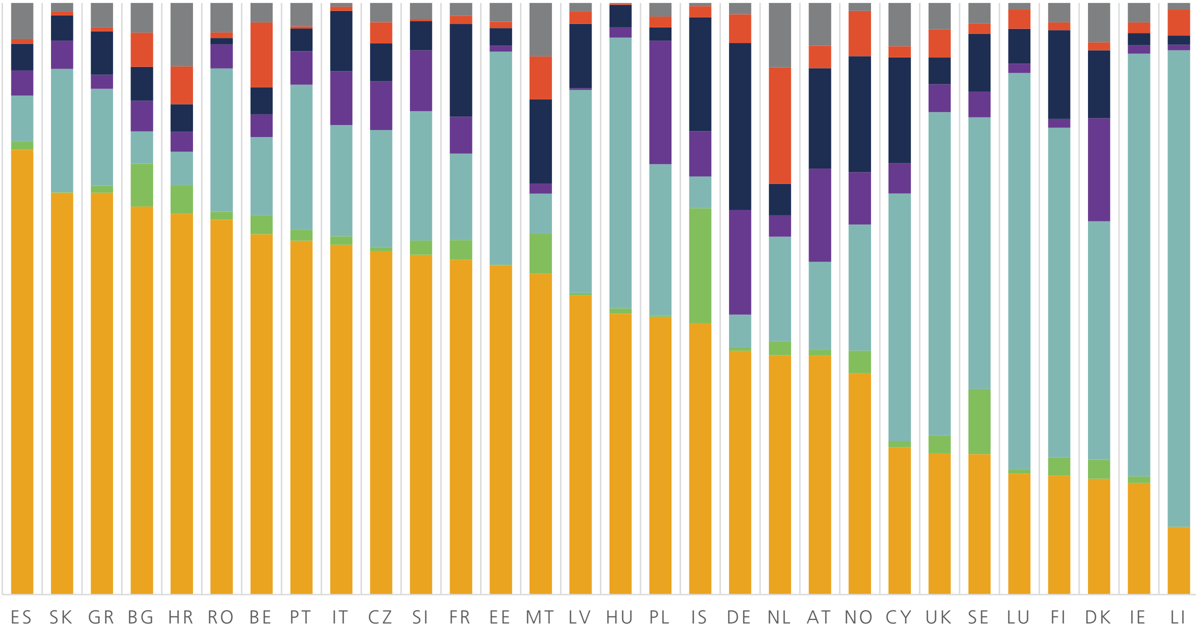


Chart 43: Structure of insurers' investment portfolio — 2019



Source: EIOPA Solvency II Solo Annual Balance Sheet Report

Chart 44: Composition of investment portfolios by country — 2019



"Other" includes: property, other than for own use; derivatives; deposits, other than cash equivalents; and other investments

Source: EIOPA Solo Annual Solvency II report

3. Market structure

3 906

insurance companies

945 000

direct employees

Distribution structures across EU markets are diverse, adapted to consumers' needs and constantly evolving

3.1 Companies and employees

Companies

At the end of 2019, there were a total of 3 906 insurance companies in Europe: 3 653 were licensed domestic undertakings (including subsidiaries) and 46 were third-country branches according to EIOPA[13], plus 148 insurance companies in Switzerland and 59 in Turkey[14]. There were also 1 684 active licensed EEA branches operating in Europe.

During the course of 2019, 57 new domestic undertakings and 93 EEA branches were licensed. Notably, Germany and France each registered nine new domestic undertakings, while eight were registered in Luxembourg, seven in Ireland, five in Malta and four in the UK. The UK saw 13 EU/EEA branches opened, Germany and Italy 11 each, and Spain, France and the Netherlands seven each.

Chart 45: New licences issued — 2019[13]

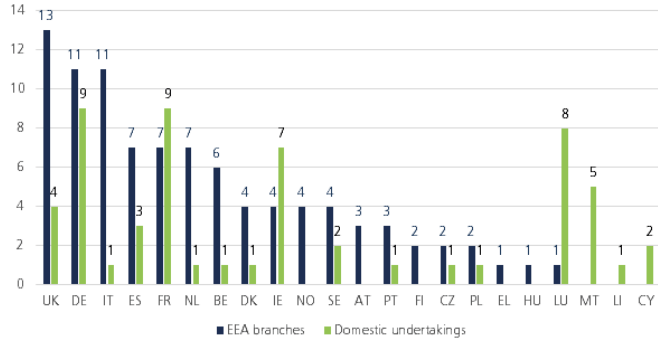
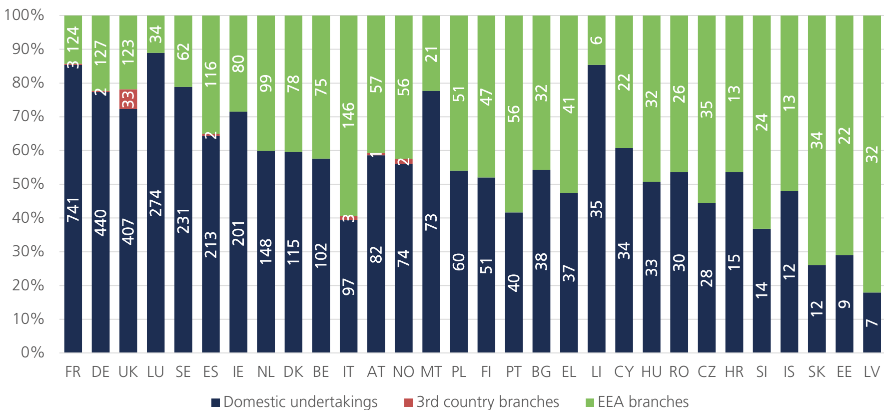


Chart 46: Registered insurance undertakings by type — 2019[13]



13 Register of Insurance Undertakings, EIOPA
14 Association data

Table 3: Top 15 European insurers by GWP — 2019

	Group	Country	GWP (€m)
1	Axa	France	€99 852
2	Allianz	Germany	€82 919
3	Generali	Italy	€69 785
4	Zurich	Switzerland	€42 932
5	Prudential	UK	€40 259
6	Talanx	Germany	€39 494
7	Crédit Agricole Assurances	France	€36 968
8	Aviva	UK	€35 632
9	CNP	France	€33 436
10	BNP Paribas Cardif	France	€23 884
11	Mapfre	Spain	€23 044
12	Aegon	Netherlands	€18 138
13	Poste Vita	Italy	€17 972
14	Ergo	Germany	€17 650
15	Covéa	France	€17 492

Source: "2019 ranking of the largest European insurance groups", MAPFRE Economic Research, July 2020 (link)

Employment

In 2019, there were over 945 000 direct employees in the European insurance sector, a figure largely unchanged from the previous year. Additionally, EIOPA estimated in its 2018 report, "Insurance Distribution Directive — evaluation of the structure of insurance intermediaries markets in Europe", that in 2017 there were nearly 1.1m intermediaries in Europe, including brokers, agents, bancassurance or other intermediaries.

The European insurance sector employed over 945 000 people directly in 2019

3.2 Distribution channels

Insurance is sold either directly by insurers or through several different channels, the most common of which are brokers, agents and bancassurance. The popularity of each channel varies depending on both the market and the type of insurance product. This diversity of channels, which makes it possible for insurers to adjust to the differing cultures, needs and preferences in individual markets, is in the interest of consumers.

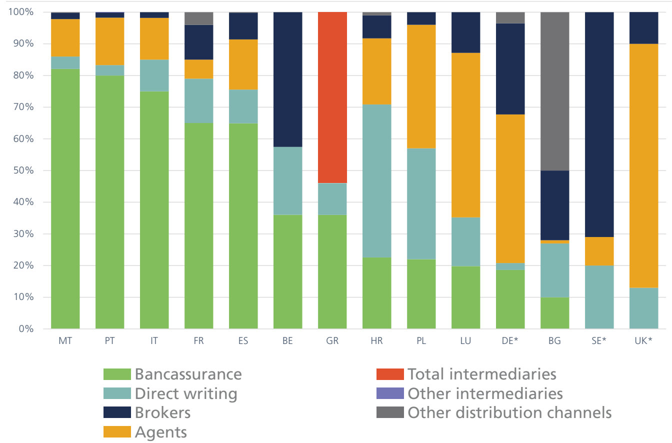
Life insurance

Among the largest life insurance markets, products were mainly sold via bancassurance in Italy (75% of GWP in 2018, which is the most recent year for which a breakdown is available), in Spain (64.9%) and in France (65%), whereas in the UK life products were mainly sold by brokers (71%).

The other European markets in which bancassurance was most dominant were Malta (82.1%), Turkey (79.7%) and Portugal (80%).

Agents were the main distribution channel in Luxembourg (42.5%) and Germany (46.9%).

Chart 47: Life distribution channels (% of GWP) — 2018



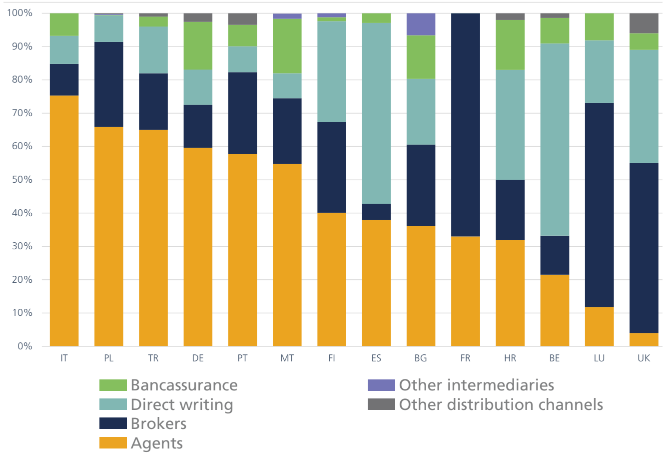
Figures are for new business only

Bancassurance is the main life distribution channel in Europe

Non-life insurance

In both large and small markets, non-life insurance policies were mainly distributed through agents and brokers.

Chart 48: Non-life distribution channels (% of GWP) — 2018



Non-life insurance policies are mainly distributed through agents and brokers in Europe

Agents predominated in Italy (75.3%), Poland (65%), Turkey (59.6%) and Germany (57.7%). Meanwhile, brokers accounted for 67% of non-life premiums in Bulgaria, 61.2% in Belgium and 51% in the UK.

In contrast, Croatia had the largest proportion of non-life products sold directly (57.7%), followed by Finland (54.3%).

Developments in distribution

Advances in distribution are driven by changes in consumer needs and preferences, as well as by regulatory and technological developments.

On the regulatory side, the latest EU legislation — such as the Insurance Distribution Directive and the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation — is likely to have an impact on existing distribution structures, as are regulatory developments in individual EU countries.

Technological advances are significantly changing consumers' expectations of insurance and will have an impact on the structure of the market. Consumers are embracing innovation in financial services; they want new products and services that respond to their needs and the added convenience of interacting with their insurers when, how and where they want.

Likewise, the digital environment enables both established companies and insurtech start-ups to bring new products and services to the market much faster and to better meet consumers' emerging needs. Alternative communication channels, such as social media, make choosing or buying insurance more efficient. No longer an annual transaction, the consumer/insurer relationship in the digital age is more of a day-to-day experience.

It is crucial that the EU regulatory framework remains conducive to innovation and allows consumers, established companies and new market entrants/start-ups to benefit from the opportunities that digitalisation offers. Regulation and supervision should therefore be activity-based to ensure that consumers are effectively and equally protected whether they purchase their insurance products from established insurers or from new market entrants.

European Insurance in Figures and its dataset are available on the Insurance Europe website: www.insuranceeurope.eu

Brussels, March 2021

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